

## **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 between Government and the Oxfordshire partners earlier this year and to seek approval of the year one programmes for infrastructure and affordable housing.
- 2) The Deal provides £215 million of additional government funding for Oxfordshire, to deliver the key infrastructure required to bring forward proposed housing development, together with 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. Finally, the Deal provides funding to secure economic growth in key industry sectors designed to enable a step change in economic growth.
- 3) The outline agreement set a number of key milestones places the Growth Board at the heart of the delivery regime for the Deal and this report updates on progress towards these milestones, provides detail on the year one infrastructure and affordable housing programmes and seeks the Board's approval for these

### **RECOMMENDATIONS**

- (i) *That the Growth Board note the progress towards the Housing and Growth Deal Milestones as set out in the Delivery Plan*
- (ii) *That the Growth Board endorses the year one programmes for affordable housing and infrastructure delivery as agreed by the Oxfordshire Partners.*

### **BACKGROUND**

- 4) Integral to the management of the deal is the Delivery Plan, which sets out the key milestones and targets for each element of the Deal upon which Government funding will be dependant.
- 5) The key elements of the deal, as set out in the Outline Agreement are:
  - Infrastructure Delivery
  - Strategic Housing Delivery and Affordable Housing
  - A Joint Statutory Spatial Plan and Planning Flexibilities
  - Productivity
- 6) The remainder of this report updates the Board with progress against the relevant milestones

### **INFRASTRUCTURE DELIVERY**

- 7) 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.

- 8) The intention is that the funding for infrastructure from the Deal will help us to support the delivery of housing that is in Local Plans that is dependent upon infrastructure that is as yet not fully funded..
- 9) Integral to the Infrastructure Delivery Programme will be the housing development sites and number of houses the infrastructure schemes will support the delivery of.
- 10) Using evidence from the Oxfordshire Infrastructure Strategy (OxIS) the Infrastructure Delivery Programme will focus on unlocking the housing planned for in current and emerging Local Plans, and prioritised using the OxIS ranking mechanism agreed by the Board.
- 11) In developing and refining the proposed Programme, a number of factors have been taken into consideration, including the ability of each scheme to support housing:
  - Deliverability, in terms of: readiness / completion of design;
  - Consultation or approvals/permissions required.
  - Value for Money – measured against number of houses scheme will support.
  - Strategic Fit as identified in OxIS and Local Plans.
  - Interrelationship with other infrastructure proposals/schemes –including sequencing
  - Predicated Transport and other strategic outcomes, for example changes in trip patterns.
  - That Oxfordshire is successful in its bid for a Forward Funding Housing Infrastructure Fund (HIF) bid for Didcot Garden Town. If this bid is unsuccessful, the infrastructure programme will require redesigning.
- 12) A key milestone in the Deal is the commitment to agreeing with Government a Year One Programme by 31st March 2018 This programme is attached at Appendix One of this report.
- 13) In line with the commitments outlined in the Deal Delivery Plan, Officials from Homes England, Ministry for Housing, Communities, and Local Government, and Department for Transport have reviewed the proposed Year One programme and confirmed they are content with the year one programme [TBC by MHCLG].
- 14) Officers have tested the year one programme using the Ready Reckoner tool, which evaluates the cost benefit ratio of schemes to housing delivered. This tool was similarly used to appraise the recent Housing Infrastructure Funding bids.
- 15) The calculation assessed the potential total ask over the full five years of the year one programme against the corresponding five-year housing trajectories and rated as Good overall in the value for money category
- 16) The agreed Year One Infrastructure Programme attached at Appendix One is anticipated to unlock homes to meet the 414 housing delivery target for year one, as set out in the Housing and Growth Deal Delivery Plan.
- 17) The Board will recognise that, whilst infrastructure is a key issue in housing delivery there are challenges that require resolution to bring housing development forward and the key task for the relevant officers will be to ensure that these homes are delivered.
- 18) The capacity fund accompanying the Deal will be used in part to draw together the resources needed to ensure a cohesive partnership approach to ensuring housing delivery.

## **AFFORDABLE HOUSING PROGRAMME**

- 19) 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.
- 20) The Delivery Plan sets out an indicative trajectory for the Affordable Housing Programme and commitment to delivering 1,320 affordable homes to start on site by March 2021. The Delivery Plan commits the Growth Board to agreeing the first year of the Affordable Housing Delivery Programme by 31st March, with a second and third year programme to be completed by September 2018
- 21) The Board should note that the Year One programme allows for flexibility. Oxfordshire councils have drawn together a Year One programme totalling 229 units across all the districts against a target of just 148 in the agreed Delivery Plan for the first year. This reflects our ambition to deliver over and above the agreed delivery plan, an ambition reinforced by agreed flexibility within the programme that allows other sites to come forward. These opportunities to flex the programme will be reviewed as part of our on-going monitoring process
- 22) The programme delivers a range of affordable housing types, social and affordable rented and low costs home ownership. Registered Providers in the rural districts will deliver the homes whilst the Oxford Local Housing Company will deliver the Year One programme in the city.
- 23) Inevitably, due to the pace of the programme we will be delivering the year one programme through established delivery mechanisms and taking advantage of existing opportunities across the county. However, central to our agreement of the Deal is a commitment to explore innovative ways of delivering additional affordable housing units and officers will be seeking to explore various options for years two and three of the programme. This will also provide opportunity to balance the tenure and geographic split of the programme, to reflect both need and our aspirations for the programme.
- 24) The Year One programme has been audited by Homes England who has confirmed that all units offered are potentially deliverable and that they are content they are offered in the programme. The programme is attached at Appendix Two of this report
- 25) Once we have agreed the Year One programme with Government, officers will be working quickly to open dialogue with developers. Equally importantly will be early dialogue with Registered Providers since they will be the main delivery partners outside of the city.
- 26) Once the appropriate resources to manage the programme are in place, we will develop a bespoke programme management framework to monitor progress and develop the years 2 & 3 programmes.

## **JOINT STATUTORY SPATIAL PLAN AND PLANNING FLEXIBILITIES**

- 27) The Board will be aware of the key commitment in the Deal to develop an Oxfordshire Joint Statutory Spatial Plan (JSSP). Building on the existing Local Plans, OxIS, and Oxfordshire Transport Strategy, 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.

- 28) 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.
- 29) Government have recognised the challenges Oxfordshire faces from unplanned development during the period of preparation and years following adoption, and has agreed to grant planning flexibilities on a time limited basis to provide some protection from the risk of unplanned development. Now that the National Planning Policy Framework (NPPF) changes have been published for consultation, the partners will take forward the work with Government to develop the detail of the planning flexibilities as agreed in the Deal. The Delivery Plan makes clear that the milestones for the JSSP are dependent on implementation of these flexibilities.
- 30) The key objectives for the development of the JSSP in year one are as follows
- Draft Oxfordshire-wide Statement of Common Ground (SoCG) - 31 March 2018
  - Joint JSSP Project Board established to take forward JSSP under Section 28 – July 2018
- 31) In respect of the SoCG, a draft taking into account the draft National Planning Policy Framework (NPPF) changes and associated guidance is being prepared by the deadline. The SoCG will be finalised once the final NPPF is confirmed.

## **PRODUCTIVITY**

- 32) Productivity is an integral component of the Oxfordshire. It is central to delivering the vision for accelerated growth across the County in critical economic sectors, supporting innovation clusters, and attracting investment.
- 33) The Deal commits partners , led by OxLEP to the development of a Local Industrial Strategy (LIS), the Deal also 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 excellent science clusters and businesses with scale up potential through emerging sector deals, the development of a dedicated investor programme for trade and investment, an enhanced Growth Hub, and developing a more responsive skills system.
- 34) Where meetings have commenced with Departments there is good understanding of the opportunities that the Deal, the Industrial Strategy trailblazer and wider Oxford Cambridge corridor creates. The ability to take forward key ambitions of the White Paper and align cross-departmental policy objectives has also helped build an increasing willingness among officials to jointly develop and design solutions.
- 35) Our ambition is for clear work plans and deliverables for the year one targets to be agreed with officials following initial sessions with each department, across the relevant component of the productivity stream. These will help to shape a suite of interventions, with identified investment, that would also inform the emerging LIS.

## **TERMS OF REFERENCE AND DEAL GOVERNANCE**

- 36) Oversight of the delivery of the Deal will be by the Growth Board it 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. Agreement within the Deal is that progress on delivery of the work programmes will be monitored and reported to the Growth Board on a quarterly basis.

- 37) Underneath this an officer structure is being established to deliver the Deal, commencing with lead officers for each of the programme strands and overarching management of the deal, using the capacity funding provided. This structure once established will drive the delivery of the Deal, report on programmes progress, and make recommendations to the Growth Board on funding decisions.
- 38) 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. Accordingly, it is proposed that these revised ToR are brought to the April 26<sup>th</sup> meeting of the Board.
- 39) Alongside the ToR there will be a MoU between the Growth Board and the accountable body. This sets out the roles and responsibilities of both party including dispute resolution, financial management and audit arrangements. It also sets out the services provided by the accountable body. In addition, funding agreements will be put in place between the accountable body and the Growth Board member once funding allocations are agreed which will cover financial and compliance requirements including clawback arrangements for misuse/misappropriation of funding

## CAPACITY FUNDING

- 40) The Board will be aware that as part of the Deal Oxfordshire received £5 million of 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. The yearly indicative split of funding is as follows.

Amount (£)	Date
£0.5m	Upon Deal's agreement
£1.8	paid on 1 April 2018,
£1.4	on 1 April 2019
£1.3m	on 1 April 2020

- 41) Officers are undertaking 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. As a first step, interim programme leads are being recruited to enable the delivery of the Deal to accelerate to the next level.

## CONCLUSION

- 42) This report is the first on the Deal's progress to come before the Board, reflecting its position as the body charged with oversight of the Deal's delivery. It demonstrates that the Oxfordshire partners have made significant progress in delivering against the year one milestones of the Deal, for example, detailed year one delivery plans for infrastructure and affordable housing agreed with HE, a draft SoCG and progress with reviewing the ToR for the Board.
- 43) The Board is asked to note this progress and endorse the year one programmes for infrastructure and affordable housing as agreed by the partners with Homes England.

**APPENDIX ONE: PROPOSED YEAR ONE OXFORDSHIRE HOUSING AND GROWTH INFRASTRUCTURE PROGRAMME TO BE AGREED WITH GOVERNMENT**

<b>Project Name</b>	<b>Year 1 Milestones</b>	<b>Estimated Y1 spend (£)</b>	<b>Potential total impact of Growth Deal for 5 Year Programme (£)</b>	<b>Full cost of scheme (£)</b>
<b>A40 Western Strategic Corridor Improvements</b>	Stage 1 - Outline Business Case - Feasibility to single option	1,000,000	16,450,000	18,900,000
<b>Access to Carterton</b>	Stage 1 - Outline Business Case - Feasibility - single option	575,000	9,800,000	11,500,000
<b>Access to Headington</b>	Stage 2 - Full business case - Start construction	3,000,000	3,500,000	3,500,000
<b>Oxford City-wide Cycle and Pedestrian Routes</b>	Stage 0B - Initial Business Case - Feasibility – options	1,400,000	4,600,000	4,600,000
<b>A4260 and A44 Corridors Improvements</b>	Completion of Stage 1 Business Case - Feasibility - single option	1,500,000	6,590,000	65,900,000
<b>Botley Road Rail Bridge</b>	Stage 1 - Outline Business Case - Preliminary design	500,000	500,000	40,000,000
<b>South East Oxford Corridor Improvements</b>	Stage 1 - Outline Business Case - Feasibility to single option	300,000	1,000,000	14,000,000
<b>Botley Road Corridor</b>	Botley Road Corridor Phase 1: Stage 2 Full Business Case - Detailed design/ start construction Botley Road Corridor Phase 2: Stage 0B - Initial Business Case	3,250,000	3,750,000	8,750,000
<b>Featherbed Lane Capacity Improvements and Junction Widening at A4130/B4017</b>	Enabling works	200,000	2,500,000	10,000,000
<b>Tramway Road (Banbury)</b>	Completion of Stage 1 business case - Feasibility - Single option. (Potentially Preliminary design/ Detailed design/ and Construction of Junction Signalling)	657,000	1,253,500	2,507,000
<b>Scheme Advancement</b>		20,112,000	24,557,308	94,391,308
<b>Totals</b>		<b>32,494,000</b>	<b>74,500,808</b>	<b>274,048,308</b>

**APPENDIX TWO: YEAR ONE AFFORDABLE HOUSING PROGRAMME**

<b>Council</b>	<b>Rented</b>	<b>Low cost home ownership</b>	<b>Total units</b>	<b>Cost</b>
Cherwell	18	19	37	£1.285m
Oxford	80	18	98	£4.69m
South Oxfordshire	1	5	6	£0.18m
Vale of White Horse	4	2	6	£0.23m
West Oxfordshire	48	34	82	£2.05m
<b>Total</b>	<b>151</b>	<b>78</b>	<b>229</b>	<b>£8.435</b>

This page is intentionally left blank