

To: Cabinet
Date: 13 October 2021
Report of: Scrutiny Committee
Title of Report: Development of Land at South Oxford Science Village

Summary and recommendations	
Purpose of report:	To present Scrutiny Committee recommendations concerning the Development of Land at South Oxford Science Village report
Key decision:	Yes
Scrutiny Lead Member:	Councillor Liz Wade, Chair of the Scrutiny Committee
Cabinet Member:	Councillor Ed Turner Deputy and Leader and Cabinet Member for Finance and Asset Management; Councillor Alex Hollingsworth, Cabinet Member for Planning and Housing Delivery
Corporate Priority:	Enable an inclusive economy; Deliver more, affordable housing; Support thriving communities; and Pursue a zero carbon Oxford
Policy Framework:	Council Strategy 2020-24
Recommendation: That the Cabinet states whether it agrees or disagrees with the recommendations in the body of this report.	

Appendices
None

Introduction and overview

1. At its meeting on October 2021, the Scrutiny Committee considered a report to Cabinet concerning the Council's proposed Development of Land at South Oxford Science Village.

2. The Committee would like to thank Councillor Alex Hollingsworth, Cabinet Member for Planning and Housing Delivery for presenting the report and answering questions, and Jenny Barker, Regeneration Manager, for authoring the report and supporting the meeting.

Summary and recommendation

3. Councillor Alex Hollingsworth, Cabinet Member for Planning & Housing Delivery, introduced the report which provided an update on proposals for the development of land in partnership with Magdalen College and Thames Water. The report set out options for delivery of the scheme and the rationale for the preferred option.
4. Owing to the commercial sensitivity of the proposals the Committee's discussion of them was held in closed session and is reported briefly here. Issues that were considered in detail by the Committee included:
 - The working relationships between partners and degree to which there existed a shared vision
 - Clarifications over the requirements of the South Oxfordshire Local Plan
 - The impact of possible changes to building regulations at local or national level
 - Opportunities for delivering social value
5. The Committee wishes make clear that it is supportive of the overall proposals to proceed on the basis of engaging a master developer. This not only provides the most optimal balance between risk/reward and control, but it also recognises the significant draw on senior officer time of a more involved process. Alongside its overall support, however, the Committee makes four recommendations, relating to i) environmental standards, ii) delivering social value, and iii) the recommended scheme of delegation.

Environmental Standards

6. The Committee recognises that on a project such as this there are multiple strategic objectives, and that these strategic objectives can be in tension with one another. This is true even of the Council's own objectives, where there is a balance to be struck between its commitment to high environmental standards and its wish to provide more affordable housing. The particular strategic objectives of joint venture partners further amplify the complexity and need for trade-offs.
7. With its express corporate objective to pursue a zero carbon Oxford the Council's commitment to high environmental standards is expected to be more advanced than its prospective joint venture partners. The Committee understands that increased costs accruing from a higher prioritisation of environmental standards on the entire development would be liable to be reflected in the Council's contribution to costs. However, the Committee is keen that the Council's position does not entail the abandonment of its commitment to high environmental standards.

8. The multiple uncertainties and trade-offs that are to be made over the course of the development mean that the Committee recognises that it is not realistic to seek a specific commitment to environmental standards. However, it is keen that a marker be put down to recognise the particular importance of environmental standards, and a commitment be made to pursue them as far as possible within the confines posed by operating within a joint venture model and the necessity of internal strategic trade-offs.
9. One way in which the Committee feels the Council can optimise the delivery of environmental standards is to ensure that full consideration is given to what can be achieved throughout the project, and in particular at key stages. The Committee views the agreement between partners and the master developer agreement as being particularly important in this regard.

Recommendation 1: That, so far as is possible without compromising other key strategic objectives for the development, the Council affords the greatest possible weight to environmental standards and seeks that this importance is reflected at all stages of the development, including the agreement between partners and in the master developer agreement.

10. The following recommendation is similar in intention to the above, but is more specific in scope. The minimum standards to which the development can be built are the higher of national Building Regulations or those contained within the Local Plan of the relevant planning authority, in this case South Oxfordshire District Council. As noted, ambition by the Council to build beyond this minimum standard would mean incurring significant cost. The Committee is of the view, however, that there is a strong business case for the joint venture group as a whole to adopt above-minimum standards.
11. The project is of significant scale, such that it is expected to extend into the next decade. This is a period over which minimum energy standards may not remain static. Indeed, growing public consciousness of the climate emergency and the increasing proximity of net zero goals may suggest a tightening of building energy efficiency standards at a national level are likely. Equally, the recent change in administration in South Oxfordshire District is likely to be at least partially explained by environmental concerns, and which may in due course be reflected in local requirements.
12. This situation poses a risk to the joint venture should it proceed on the basis of current-minimum requirements. Any subsequent tightening would require re-planning to ensure compliance with new standards, an outcome which would be a best-case scenario. The worst case scenario could require retrofitting to meet new standards, a situation soon to be applied to the domestic lettings market. Doing so would be highly disruptive, expensive and much less financially efficient than designing and building to higher standards at the time of construction. The Committee views the provision of a buffer against this risk being realised as providing a sound business reason for the joint venture as a whole to proceed with above-minimum standards, and the Committee hopes that the Council will pursue this point with partners.

Recommendation 2: That the Council recognises the risk of national or local energy efficiency building standards rising over the course of the

development, determines a risk-adjusted baseline for energy efficiency standard for buildings on the development, and seeks to encourage partners of the business case for adopting a standard beyond current South Oxfordshire District Council Local Plan standards.

Delivering Social Value

13. The Committee recognises that the Council is one of the foremost performers amongst councils nationwide in delivering social value from its spending, ensuring that the way it spends public money maximises the generation of public good. Over the course of a development of the scale and duration such as is anticipated the difference in social outcomes between taking such an approach and not doing so is very significant. The Committee would therefore clearly welcome the application of a pro social value approach.
14. The Council, as a minority partner in a joint venture, is clearly unable to act unilaterally on this, so the Committee seeks that it work with partners to develop an agreed approach. One issue it would welcome particular thought being given to is not simply how to ensure that the master developer generates social value, but also if and how there is a way to ensure that sub-developers too can be required to contribute.

Recommendation 3: That the Council works with partners to seek to optimise social value generation throughout all the stages of the project.

Scheme of Delegation

15. The Committee noted that in the Cabinet report recommendations contained delegations to a number of officers, but no Cabinet members. This was queried and it was confirmed that the omission was made in error. The Committee recommends that this be amended.

Recommendation 4: That the Council includes the Cabinet members for Planning and Housing Delivery and Finance and Asset Management as consultees the delegations referred to in recommendations 1 – 3 the Cabinet report

Further Consideration

16. The Committee does not anticipate revisiting this topic in the current civic year. It would, however, welcome the opportunity in the future of continuing its monitoring through the Companies Scrutiny Panel membership's involvement in the Shareholder and Joint Venture Group.

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Cabinet response to recommendations of the Scrutiny Committee made on 05/10/2021 concerning the Development of Land at South Oxford Science Village

Response provided by Deputy Leader and Cabinet Member for Finance and Asset Management, Ed Turner, and Cabinet Member for Planning and Housing Delivery, Alex Hollingsworth

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<i>Recommendation</i>	<i>Agree?</i>	<i>Comment</i>
<p>1) That, so far as is possible without compromising other key strategic objectives for the development, the Council affords the greatest possible weight to environmental standards and seeks that this importance is reflected at all stages of the development, including the agreement between partners and in the master developer agreement.</p>	<p>Agree</p>	<p>The Council will be one of three partners who will be promoting the development of the site and for the development to progress it will need to be commercially viable; as the report sets out, different partners have different objectives, and it will be essential to achieve consensus about the degree to which these are pursued, which may require that a balance be struck between desirable elements and the essential infrastructure required for the site such as schools and road improvements as well as much needed affordable housing. It is also worth pointing out that South Oxfordshire District Council, as the planning authority, may also have requirements that the scheme and the partners will need to meet. But, as set out in the answer to recommendation 2 below, pursuing the highest possible environmental standards while being conscious of these constraints is the best way to mitigate against both the risks of changes to environmental standards and more importantly, against the risks of climate change itself.</p>
<p>2) That the Council recognises the risk of national or local energy efficiency building standards rising over the course of the development, determines a risk-adjusted baseline for energy efficiency standard for buildings on the development, and seeks to encourage partners of the business case for</p>	<p>Agree</p>	<p>The detailed analysis of the scheme does currently include in the risk assessment the likelihood that nationally or locally set environmental standards will change, and that the timetable for any such changes is currently uncertain. The partners are aware that South Oxfordshire District Council has started worked on a new Local Plan, and has</p>

<p>adopting a standard beyond current South Oxfordshire District Council Local Plan standards.</p>		<p>made clear its aspirations to set the highest possible environmental standards in that Plan. At this early stage of course it is not certain what those standards will be and when any new Local Plan might be adopted. Nonetheless it is the Council's view as a partner in the project that the best way to mitigate this risk is pursue standards that are not just beyond those in the Building Regulations, but more importantly beyond the more rigorous standards that are a requirement of the current South Oxfordshire Local Plan.</p>
<p>3) That the Council works with partners to seek to optimise social value generation throughout all the stages of the project.</p>	<p>Agree</p>	<p>While pursuing additional measures that impact on costs and thus viability is subject to agreement and compromise between the partners, the pursuit of social value through the development is something that adds value rather than cost, and is something therefore that the Council will promote to its partners and in particular through the appointment of the Master Developer. This is a very significant development, with great opportunities for new jobs, training and skills for local people, and the City Council would like to see this sort of social value reflected not just in the outcome of the development, but as part of the criteria against which the appointment of the Master Developer is measured.</p>
<p>4) That the Council includes the Cabinet members for Planning and Housing Delivery and Finance and Asset Management as consultees to the delegations referred to in recommendations 1 – 3 the Cabinet report</p>	<p>Agree</p>	<p>Consultation with both Cabinet members will be added to the delegation recommendations in the report; this was a drafting error in the report, and Scrutiny are thanked for spotting it.</p>

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