

To: Future Oxfordshire Partnership (formerly the Oxfordshire Growth Board)

Title of Report: Oxfordshire Housing and Growth Deal Progress Report – Year 4, Quarter 1

Date: 20 September 2021

Report of Paul Staines: Interim Head of Programme

Status: Open

Executive Summary and Purpose:

The purpose of this report is to update the Future Oxfordshire Partnership on progress, at the end of the first quarter Year 4 (2021/22) with the Oxfordshire Housing and Growth Deal (the Deal).

The report provides a summary of the following strands of the Deal.

- Housing from Infrastructure Programme
- Affordable Housing programme
- Oxfordshire Plan 2050

The fourth strand of the Deal, Productivity, is reported separately to the OxLEP Board.

Oxfordshire County Council, as the Accountable Body, provide a separate assurance statement, detailing the financial position of the Growth Deal elsewhere on this agenda.

How this report contributes to the Oxfordshire Strategic Vision Outcomes:

The Oxfordshire Housing and Growth Deal has a key role to play in delivering well-designed infrastructure and homes, sufficient in numbers, location, type, size, tenure and affordability to meet the needs of our county, as set out in the Strategic Vision.

You can refer to the Vision outcomes on the Future Oxfordshire Partnership website – [here](#).

Recommendation:

That the Future Oxfordshire Partnership notes the progress as at Quarter 1, 2021/22 towards the Oxfordshire Housing and Growth Deal.

Appendices: None

Housing from Infrastructure Programme

- 1) The Homes from Infrastructure Programme (Hfl) is a £150m investment in strategic infrastructure to support the acceleration of already planned housing in Oxfordshire.
- 2) The Hfl programme has two aspects.
 - Firstly, the commitment to spend £30m per annum over 5 years on named strategic infrastructure projects, identified as accelerators for planned housing growth in Oxfordshire.
 - Secondly that this infrastructure expenditure will then accelerate 6,549 planned homes that might not otherwise have come forward at this pace. This is because either the completed infrastructure allows housing to be built earlier than otherwise or the planned investment provides developers with confidence to build out sites faster than they might otherwise.
- 3) The Hfl timeline originally agreed in the Deal was a five-year period from 2018/19 to 2022/23. This has been extended for up to two years to March 2025 to allow schemes to complete.

Infrastructure

- 4) Oxfordshire County Council (OCC) are the lead delivery partner for the infrastructure element of Hfl which they deliver through their capital projects governance framework.
- 5) The infrastructure element of the Hfl programme comprises 23 infrastructure projects that include road, rail, cycle routes and footpaths, as well as social infrastructure such as schools. A link to a list of the schemes can be found [here](#).
- 6) The commitment from Oxfordshire is that we will programme schemes such that we can draw the grant down in five equal tranches of £30m per year. Previous reports have highlighted the challenge of this linear draw down of grant and the fact that this does not align to the typical spend profile of an infrastructure project, which usually sees expenditure towards the latter stages of the project when construction is completed. Nonetheless, we have been able to draw down grant as required for each of the first three years of the Hfl programme
- 7) In the last quarter, in addition to progressing scheme delivery, officers have also been engaged in an annual review of the programme, designed to ensure that the schemes included in the programme are both deliverable within the timeframe for the programme and costs are controlled.
- 8) This review, reflecting both scheme specific issues and the effect of the COVID pandemic upon the programme has resulted in revised timelines for several schemes that will now complete during the two-year extension

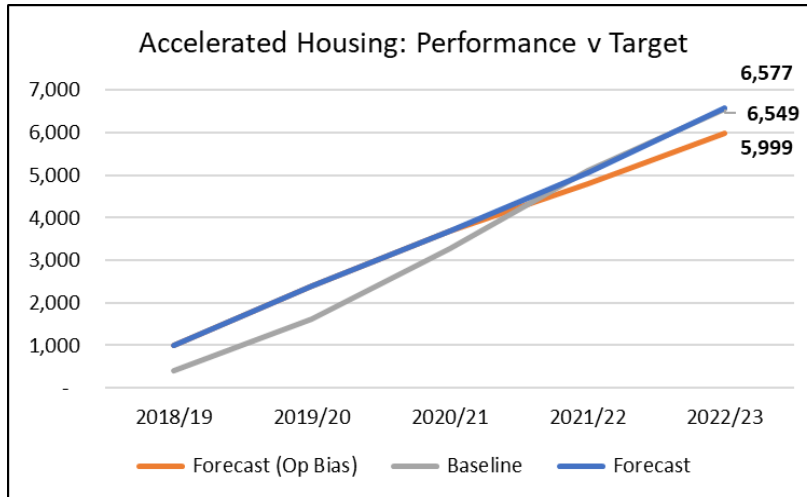
period for the programme. However, although there are delays to scheme completion, this will not affect the drawdown of grant for the schemes as they will be funded via recycled grant, committed earlier in the programme and now reclaimed.

Risk Management

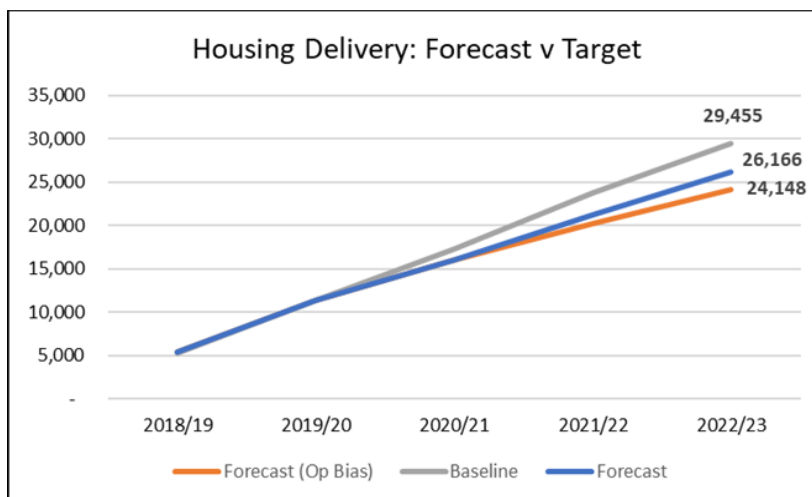
- 9) The OCC manages each infrastructure project, in conjunction with relevant partners and all risks and issues are identified and mitigated.
- 10) Officers have, as part of their performance management of the programme, identified all relevant risks to each project and supplied a RAG (Red/Amber/Green) rating for each scheme. The Growth Deal Programme Board receive monthly reports of risks alongside any mitigations to ensure that we continue to manage risks appropriately. This also forms part of the quarterly monitoring information provided to Homes England.
- 11) At a strategic level, the overall programme also has a Risk Register or RAID Log, updated quarterly, and reported to the Programme Board. This Strategic RAID Log holds the following risks to the Hfl programme together with actions proposed to mitigate.
 - The backloading of the programme, an issue compounded by the pandemic that has led to concerns that some schemes may fall outside of the 5-year timeframe of the Hfl programme. Government recognised this issue and have extended the programme for a further two years to enable the completion of delayed infrastructure schemes.
 - The continuing commitment to spend £30m annually on the Hfl programme when this linear financial profile does not reflect the reality of infrastructure project spend, which is typically heavily backloaded to the build phases.
 - Managing the impact of the Hfl programme upon the Oxfordshire road network- recognising that there are other significant infrastructure investment programmes in the same timeframe.
 - Shortages of both labour and materials causing delays to projects. This is a growing risk to the programme and is a recognised national phenomenon.
 - Potential project delays due to the need for some schemes to secure land through adversarial routes such as compulsory purchase.
 - Reliance on third parties (developers / network rail, etc) for delivery.
 - The continuing impact of the pandemic, for example further delays to schemes caused by current and future restrictions, safe work practices restricting productivity, interruptions to supply and labour chains and the wish of contracts to be renegotiated by infrastructure providers to reflect their new operating environment.

Delivering Housing from Infrastructure

- 12) Oxfordshire has agreed with Homes England that the Housing from Infrastructure delivery trajectory will be revised every six months with an interim report including changes only by exception.
- 13) Accordingly, the estimated position for the Housing from Infrastructure (Hfl) programme as of 30th June remains as follows:



14) The graph shows that partners continue to anticipate that accelerated housing trajectory over the original five years of the Deal will still be above target at 6,577 homes against a baseline of 6,549. However, when applying the 20% optimism bias for the remaining years of the Deal the trajectory falls to 5,999.



15) Partners also expect that overall completions will be 26,166 homes against the target of 29,455 homes and when the optimism bias is applied to the remaining years of the Deal this falls to 24,148.

16) The Growth Deal team are working with partners to establish a half year position in time for the quarter two report. This will include an assessment of whether the revised timelines for some schemes in the infrastructure programme referred to in paragraphs 7/8 impact upon the accelerated housing trajectory.

Risk Management

17) The risk management of the housing element of the Hfl programme has two elements. Firstly, there is the impact of the related infrastructure programme described in the earlier section but there are also non infrastructure related risks to housing delivery. The partnership has developed a two-tier risk assessment process that allows for consideration of both sets of risks and

issues, reported monthly to the Programme Board and quarterly to Homes England.

18) Partners have also developed a Strategic Risk Register or RAID Log that names and addresses the following programme wide risks and issues.

- The pace of infrastructure delivery, particularly that identified as crucial to the acceleration of homes and the consequent impact on the pace of related housing development.
- Any macroeconomic issues that cause a potential slowdown of housing development.
- Shortages of both labour and materials causing delays to projects. This is a growing risk to the programme and is a recognised national phenomenon.
- The speed of resolution of any planning issues needed to unblock sites.
- Potential impact of external market factors and the health of the economy- for example, the stamp duty holiday has had a positive effect upon demand for housing, but recent market analysis suggests that the market is slowing.

Affordable Housing Programme (OAHF)

19) As reported to the July meeting, officers met with both Homes England and MHCLG in May to provide a full year end report on progress with the OAHF. The headlines of this report were:

- Agreement that we had achieved our agreed Year 3 target of 275 additional affordable homes and a total grant drawdown of £11,282,175, (quarter 4 grant of £5,211,175) received on 24th May.
- Advice to MHCLG that we had developed a Year 4 programme of 806 units sent to Homes England along with a contingency programme of 896 units from which we can draw the required 664 homes required units to meet our target.
- An anticipated first quarter grant drawdown of £3,019,200 for 60 units

20) The July report also advised that:

- There was a commitment from council partners to apply an additional £4.5m of local authority funds to the programme - specifically to help the development of low or zero carbon homes and other strategic priorities. The Year 4 programme has 366 homes classified as such.
- The OAHF will, upon completion, lever in more than £4m of RCGF (Recycled Capital Grant Fund) from Registered Providers to Oxfordshire.

21) The achievement of 36 units in the first quarter of year four reminds partners of the challenge of delivery of the final year of the OAHF. Addressing the challenge of delivery is a constant one for the OAHF and officers use a comprehensive programme management regime involving close engagement with all partners that enables us to track schemes closely and project manage risks and issues where possible to ensure delivery.

Risk Management

22) The key risks to delivery of individual schemes within the OAHF, are primarily from delays in scheme development, planning and tender

processes, together with financial challenges to schemes viability. The partners manage these risks at district/city level.

23) In addition to these site-specific risks, there are more general risks identified for the Programme, these are identified in the RAID Log as:

- That the OAHP is not large enough to withstand the expected dropout rate of schemes that typically occurs through the programme. The programme needs to have the ability to allow for such drop out and still deliver to target. Mitigation of this risk is a persistent challenge, but one important response has been the development of the contingency programme, which can be used to draw in other units as required.
- The risks to the OAHP of a downturn in the economy, slowing housing completion rates and thence the affordable units developed.
- MHCLG review and reduce the budget for the OAHP.
- Shortages of both labour and materials causing delays to projects as well as affecting costs and viability. This is a growing risk to the programme and is a recognised national phenomenon.

Oxfordshire Plan 2050

24) The focus of the Oxfordshire Plan Team (the Team) in this quarter has been on finalising the Oxfordshire Plan Regulation 18 document into a finalised Plan ready for consultation, whilst also preparing the consultation framework.

25) The key work areas have been:

- Finalising the spatial policy options for the consultation.
- Finalising and agreeing the policy options and supporting evidence.
- Developing the Consultation Framework.

Finalising the Spatial Policy Options for the Plan

26) Whilst it will not be the role of the Oxfordshire Plan to allocate sites for development it will offer an assessment of strategic development options for local plans to reflect in their next iterations. At this stage of the Oxfordshire Plan's development, councils are looking to establish and consult upon a range of spatial policy options that could inform later decisions. The Oxfordshire Plan team have been working with partner councils and the Oxfordshire Plan Advisory Sub-group on agreeing a suite of spatial policy options that will be a key focus for the Regulation 18 consultation.

Finalising and agreeing the policy options and supporting evidence

27) Alongside the spatial policy options the Oxfordshire Plan Regulation 18 document will also consult on a suite of related policy options designed to establish what future development could look like and how it addresses issues such as the environment, low carbon development, nature preservation and recovery, future transport and others.

28) These two key components of the Oxfordshire Plan are then supported by an evidence base made up of a range of technical studies that provide valuable baseline information, mapping, projections, and analysis on topics related to environmental, social and economic factors that will influence the

Plan. The evidence base studies have been published alongside the Plan (Regulation 18 part 2) consultation document so that those engaging with the consultation can understand the work that has informed its drafting.

- 29) Following the Regulation 18 consultation the evidence base will support decisions on spatial options and form part of the supporting evidence for the consideration of the Plan at Examination by an Inspector.

Developing the Consultation Framework

30) The consultation of the Regulation 18 document began on time on 30th July.

31) As previously advised, the primary consultation route is a bespoke website, using the Oxfordshire Openthought platform that was successful for the part one consultation.

32) To complement this the Team are hosting a series of seminar/workshops throughout August and September. These are a mixed of generic workshops for interested residents caulked with specific themed workshops on the environment. There are also specific by invitation workshops with the CPRE and developers.

33) There will also be focus groups commissioned to offer a representative view of local people and seminars with local colleges, a method of engagement that has proved beneficial in the past are also planned.

Risk Management

34) The following key risks to the production of the Oxfordshire Plan 2050, previously reported remain important considerations:

- Challenges of being a front-runner, producing a new type of Plan with little bespoke guidance in national policy – this has become more relevant with the publication of the Planning White Paper.
- Challenging timeframe for production of the Plan given the complexities of the topics it will cover and of partnership working – this is mitigated by the new timetable outlined above although there is no further contingency.
- The development of a clear, agreed spatial strategy to form the basis of the policies; without this the defence of the Plan and its policies would be impossible – development of the Strategic Vision seeks to help to fill this space.
- Links with external projects, for example the OxCam Arc Spatial Framework.
- Links with and relationship to district Local Plans.

35) Officers have developed a detailed risk register including mitigations to ensure that risks are appropriately managed.

Deal Governance

36) The Growth Deal Capacity Fund continues to be monitored by the Programme Office with monthly financial statements reported to the Growth Deal Programme Board. No key issues to report and monitoring, from

Quarter 1 2021/22, represents the balance of funds remaining in the Capacity Fund, following the transfer of the Oxfordshire Plan budget balance from Oxford City Council responsibility at the end of 2020/21.

- 37) An internal audit of the Capacity Fund, by Oxfordshire County Council, is currently in progress. An update will be shared once the outcome of the report has been received.
- 38) The draft budget reforecast for 2021/22 – 2023/24, to reflect the agreed extension of the Growth Deal within the constraints of the remaining budget of the Capacity Fund, is under review. As soon as the figures have been agreed, the Capacity Fund financial statement will be updated.
- 39) The Strategic RAID (Risks, Assumptions, Issues and Dependencies) Log continues to be monitored and reported to the Growth Deal Programme Board on a monthly/quarterly basis. Further detailed work with the risk and issue owners on the specific actions to lessen the impact and probability of key risks and issues will continue during Quarter 2.
- 40) During Quarter 1, the Programme Office has also been responsible for progressing with the recruitment vacancies within the Oxfordshire Plan team. Progress on the recruitment to be reported in Quarter 2.

Legal Implications

- 41) None arising from this report.

Other Implications

- 42) None arising from this report.

Conclusion

- 43) This report outlines progress against the agreed Growth Deal milestones.
- 44) The report shows that despite these challenges Oxfordshire continues to make good progress towards meeting our commitments under the Deal and there are continually evolving robust best practice partnership and management arrangements, both within each council and across the partnership to address risks and issues as they arise. MHCLG recognised these arrangements as best practice in the year end meeting discussed earlier in the report.
- 45) The report asks the Future Oxfordshire Partnership to note progress with the Oxfordshire Housing and Growth Deal, as at 30th June 2021, the first quarter of the fourth year of the Deal and the achievement against the milestones committed to.

Background Papers

None

Report Author: Paul Staines, Interim Head of Programme

Contact information: paul.staines@oxfordshire.gov.uk