

**To:** Oxfordshire Growth Board

**Title of Report:** Oxfordshire Housing and Growth Deal Progress Report – Quarter One Year Three

**Date:** 22 September 2020

**Report of:** Bev Hindle, Growth Board Director

**Status:** Open

**Executive Summary and Purpose:**

The purpose of this report is to update the Growth Board on progress at Quarter One, Year 3 (2020/21) with the Oxfordshire Housing and Growth Deal (the Deal).

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

- Infrastructure programme
- Affordable Housing programme
- Oxfordshire Plan 2050.

The fourth strand of the Deal, Productivity is reported through the OXLEP Board under separate arrangements.

A summary of the current governance position is also contained in the report.

A separate assurance statement detailing the financial position of the Growth Deal will be reported separately by Oxfordshire County Council, as the Accountable Body.

**Recommendation:**

- I. That the Growth Board notes the progress at Quarter 1, 2020/21 towards the Housing and Growth Deal.

**BACKGROUND- AN AGREED EXTENSION TO THE DEAL**

- 1) The Board will recall that officers reported verbally at the last meeting on discussions with Government over potential changes to the terms of the Deal, recognising the historic delivery issues we had highlighted previously and the impact of the COVID pandemic.

2) We highlighted the following key issues as challenges to successful delivery:

- A lack of a mobilisation period across all workstreams- leading to delays in being able to deliver the programmes
- Infrastructure delivery delays not anticipated at the outset of the programme
- The affordable housing grant rates agreed in the Deal not being competitive
- The challenges of the agreed Oxfordshire Plan timetable, together with uncertainties about whether current plan requirements will enable to delivery of a sound Plan in Examination.

3) Government recognised these challenges and agreed with Oxfordshire on a set of amendments to the terms of the Deal to ensure that the investment of money time and energy by both parties would bear fruit where at all possible. These amendments are:

- An agreement to extend the infrastructure programme by up to two years- where delays mean the scheme will not be delivered within 5 years- agreement to be a scheme by scheme basis.,
- Agreement that the value of the Deal to aid market recovery should be maximised and that a wider set of infrastructure priorities for the Deal could be agreed, without losing the focus upon housing delivery being consequent upon the infrastructure investment.
- Agreement to extend the current three-year affordable housing programme to a fourth year to reflect the delays caused by the COVID pandemic- with additional flexibility into a 5<sup>th</sup> year, on a scheme by scheme basis to allow schemes to be completed.
- Agreement that Oxfordshire will have flexibility to exceed the current affordable housing grant rates where circumstances require it, within the overall targets agreed in the Deal and subject to an agreed value for money Framework.
- Agreement that government would consider extensions of timelines to the Oxfordshire Plan 2050 to ensure delivery but would require the rationale for this and not an open-ended period for delivery- due to the knock-on consequences to further Plan-making.
- Agreement to the need for further joint work to ensure that the 2050 Plan would have the opportunity to perform well in Examination.

4) In agreeing to these revised Oxfordshire Plan proposals however government advised that the planning flexibilities granted to Oxfordshire to deliver the 2050 Plan were enshrined in a ministerial statement and consequently, whilst needing to align where possible to a revised timetable, flexing these presented a serious challenge and was not likely to be supported.

- 5) The presentation given by Oxfordshire in support of our proposals and full notes of the meeting and are on the Growth Board website

<https://www.oxfordshiregrowthboard.org/oxfordshire-housing-growth-deal-extension/>

## **HOMES FROM INFRASTRUCTURE PROGRAMME**

- 6) The Growth Board are aware that the Homes from Infrastructure Programme (Hfi) is a £150m investment in strategic infrastructure to support the acceleration of already planned housing in Oxfordshire over a five-year period from 2018/19 to 2022/23. The infrastructure projects include road, rail, cycle routes and footpaths, as well as social infrastructure such as schools.
- 7) The Hfi programme has two aspects.
- Firstly, the commitment to spend £30 million per annum on named infrastructure projects that have been identified as accelerators for planned housing growth in Oxfordshire.
  - Secondly that this expenditure will then accelerate 6,549 planned homes that might not otherwise have come forward at this pace.

## **Infrastructure**

- 8) The Growth Board will recall that in the last update officers advised that the partners, led by Oxfordshire County Council (OCC), who are the lead delivery partner for the infrastructure workstream and deliver the projects through their capital projects governance framework and project lifecycle, had embarked upon a review of the infrastructure programme in the final quarter of 2019/20 with the intention of agreeing with government a revised delivery profile and associated financial trajectory.
- 9) This review is attached at appendix one of this report. It offers first a summary of the changes by district and a Gantt chart showing the deliverability timelines for each infrastructure scheme.
- 10) The regular review of Infrastructure programmes is part of a normal process to ensure that each scheme is updated, and any changes are factored into a revised programme and all changes are dealt with in an open and transparent manner.
- 11) Moving forward we will now use this revised programme to report against in detail, both to the Programme Board and Infrastructure Sub-group and provide summary information to the Board for endorsement prior to its formal approval by the County council.
- 12) The review of the infrastructure programme has also illustrated the benefits of reflecting upon a wider set of priorities than just accelerated housing and the deliverability of schemes as influenced by the pandemic. For example, the emerging priorities for growth in Oxfordshire developed for the next iteration of OxIS, the declared climate change emergencies and the recognition that the infrastructure investment is a tool for economic stimulus and housing market recovery.

13) Accordingly, as agreed with Government officers have been discussion with Homes England about how we might apply these wider priorities to any future proposed changes to the programme, without losing the key requirement that housing should be the consequence of the infrastructure investment. Homes England have recognised the merits of a wider approach and discussions are ongoing.

## **Risk Management**

14) The following risks have been identified as the key risks to the infrastructure programme:

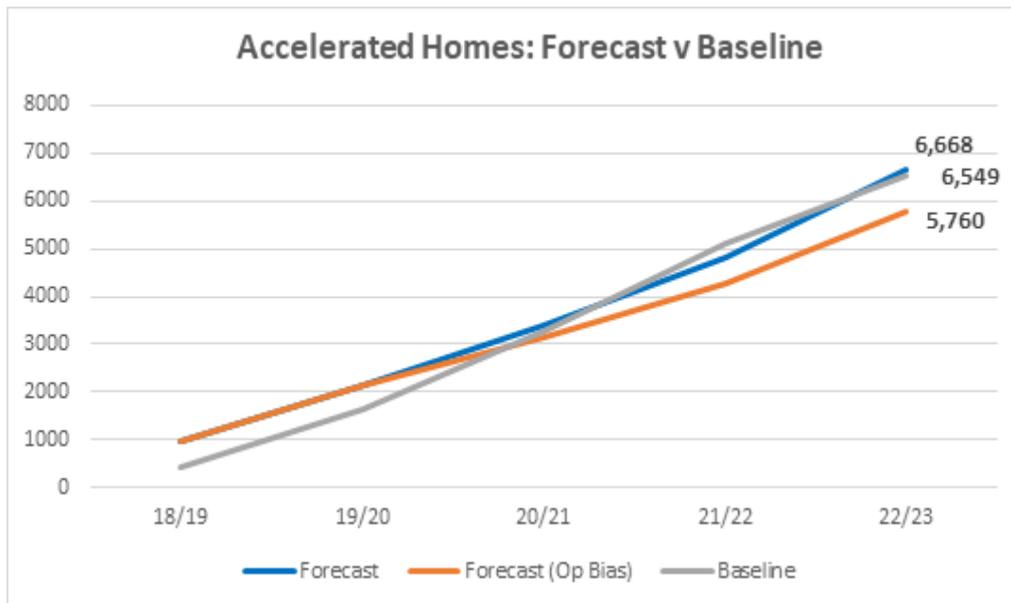
- The backloading of the infrastructure programme, an issue compounded by the pandemic that has led to concerns that some schemes may fall outside of the 5-year timeframe of the Deal. Consequently, as advised Government has recognised this issue and have signalled that they will allow certain infrastructure schemes to continue beyond the current 5 years of the Deal- approved on a scheme by scheme basis.
- Managing the impact of the infrastructure programme upon the Oxfordshire road network- recognising that there are other significant infrastructure investment programmes in the same time frame.
- Procurement and market readiness.
- Potential delays due to the need to acquire land through compulsory purchase.
- Reliance on third parties (developers / network rail etc) for delivery.
- The continuing impact of the COVID pandemic, for example delays to schemes caused by lockdown, interruptions to supply and labour chains and the wish of contracts to be renegotiated by infrastructure providers to reflect their new operating environment.

15) Officers have developed risk registers for each infrastructure scheme, including appropriate mitigations that are regularly reported to the Programme Board to ensure that risk is managed.

## **Delivering Housing from Infrastructure**

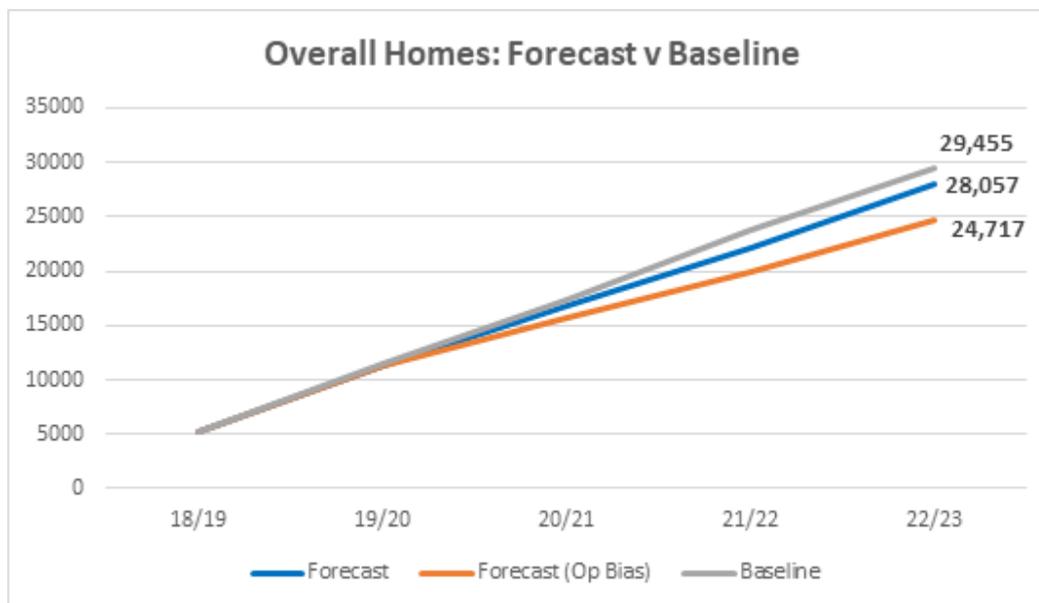
16) In the last report to the Board we advised that the completion of the year end data for the second year of the deal to March 2020 had been delayed by the COVID pandemic.

17) Partners have now completed the exercise and the year end data for the Hfl programme is as follows



18) The Board will note that the trajectory has reduced since we last reported to the Board and although remaining above target, is now below the 6549 target, when the 20% optimism bias is applied to the expected delivery in the remaining years of the programme

19) Looking at the overall housing delivery trajectory for the growth deal period, the graph below offers the year end position.



20) In My last report I advised that officers expected that the effect of the COVID pandemic would be to delay housing completions and consequently reduce the total number of homes accelerated in the Deal as this was time limited. Advice from partners is that this has been the case in all districts except Oxford and this is reflected in the figures.

21) This impact upon housing acceleration is a key reason why government have offered an additional period of time for the completion of the infrastructure to allow the full benefits of the schemes on housing acceleration to be realised.

22) Officers are in the process of calculating how many homes would be accelerated in years 6 and 7 of the infrastructure programme and will report on this to the housing advisory subgroup

## **Risk Management**

23) The delivery plans contain the following risks, identified as the key to the delivery of homes:

- The pace of infrastructure delivery now heavily influenced by COVID. Particularly that identified as crucial to the acceleration of homes and the consequent impact on the pace of related housing development.
- Reliance on third parties (developers / network rail etc) for delivery of infrastructure.
- The speed of resolution of any planning issues needed to unblock sites, this has also been delayed by COVID.
- Potential impact of external market factors and the health of the economy.
- The stage and pace of development of some of Oxfordshire's Local Plans.

24) Ongoing analysis of the above risks ensure a comprehensive understanding of mitigation activities are planned.

## **AFFORDABLE HOUSING PROGRAMME (OAHP)**

25) In our last report to the Board I advised that the Affordable Housing Programme (OAHP) has also been affected by the COVID crisis with all development sites closing as a result of the pandemic. This has led Registered Providers reporting significant delays in their delivery trajectories, typically between 6-9 months.

26) Recognising the last-minute impact upon the year two programme, government agreed to pay the grant for the full programme of 192 units and asked the accountable body to hold this money until the district partners reported that schemes had achieved the relevant contractual milestone.

27) Of these delayed year two schemes all are progressing and will be completed within the current year of the OAHP, as agreed with Homes England.

28) Regarding the year three programme, officers were requested by government to carry out a review and report by the end of May. The outcome of the review was that:

- The full three-year programme has been materially reduced by the pandemic and now stands at 759 units against the target of 1322 units- 57% of target.
- Predicted drawdown of budget will be £29.81 million against the full budget of £60 million, a drawdown of £49.5% of budget.

29) This review was a material factor in government agreeing to the flexibilities detailed earlier in this report.

30) Following the agreement of the flexibilities officers from across the partnership have begun the process of considering how a fourth year of the programme and the ability to flex grant rates to bring affordable homes forward could assist us in meeting the targets agreed in the Deal. This work is ongoing and is due to be reported to Homes England by early of September. Once this revised programme has been finalised and approved by the Housing Advisory sub-group. Officers will provide a verbal update at the Board meeting

## **Risk Management**

31) The key risks to delivery of individual schemes within the OAHP, are primarily from delays in planning and tender processes caused by the COVID crisis together with financial challenges to schemes viability. These risks are managed at district/city level.

32) In addition to these site-specific risks, there are more general risks identified for the Programme, these are:

- That the OAHP is not currently large enough to withstand the anticipated dropout rate of schemes that typically occurs through the programme. Experience to date suggests that up to a third of schemes can be delayed in any one year for a variety of reasons, and the OAHP needs to have the capacity to allow for such drop out and still deliver to target.

33) The risks to the OAHP of the anticipated downturn in the economy, slowing housing completion rates and thence the affordable units developed.

## **OXFORDSHIRE PLAN 2050**

34) Work in quarter one has been focussed on several key areas:

- Launch of the Oxfordshire Open Thought exercise: [www.oxfordshireopenthought.org](http://www.oxfordshireopenthought.org) to engage organisations and individuals in a conversation about the future of the county
- Reviewing the programme and designing new processes and procedures in the light of Covid-19 implications
- Continuing engagement with stakeholders, in particular the Duty to Co-operate bodies
- Commissioning and progression of technical studies, building the evidence base
- Progressing work in co-ordination with the Liaison and Heads of Planning Groups, the steering and working groups of technical expert officers and through Sustainability Appraisal

35) Open Thought is an online platform for the public to have their say on how we shape our county as part of the Oxfordshire Plan 2050. The new Open Thought website seeks to promote debate and discussion around the key topics of climate change, living and working in the future, and connectivity in Oxfordshire. Several hundred people have so far engaged with the exercise. A team of interns from Oxford Brookes University's School of the Built Environment has been recruited to work with the team to help process the responses. The team will also begin to analyse the responses to try to extract

innovative and bold policy ideas for the Oxfordshire Plan 2050 and share those on the Open Thought website to further the discussion.

- 36) Since the start of the Covid-19 restrictions, the team has been working hard to assess the impact on the overall programme. Many of the consultants involved in developing the evidence base have reassured us that much of their work can continue with some amendments. We are working to ensure that work on the evidence base incorporates where appropriate consideration of the changing economic and social circumstances of the Covid-19 situation and any possible longer-term impacts of those. There are also technical limitations when attempting to brief councillors and answer their questions, the team are finding new ways to do this remotely. There is also a challenge to programme the required officer and member meetings on emerging work when meetings will now likely be dominated by the Covid-19 response and recovery, limiting consideration of the Plan.
- 37) Meetings have been continuing with the Duty to Co-operate bodies (a prescribed list of bodies that there is a statutory duty on the district/city councils to co-operate with in plan making). Those discussions will continue and develop throughout the project to ensure that any strategic matters and cross boundary issues are identified and addressed through the Plan.
- 38) The production of the Plan requires a significant level of technical work to form the evidence base. The evidence base will help to shape the policy options for the Plan, then be used to test those options, and in due course will form the supporting evidence for the consideration of the Plan at examination by an Inspector. Several key evidence studies are underway with consultants appointed. Each technical commission is being carried out with the involvement of all the authority partners, via a steering group to oversee the commission.
- 39) The Liaison and Heads of Planning Groups continue to meet monthly to progress and steer the work on the project. In addition, the series of informal steering groups and working groups that have been established to oversee specialist topic workstreams, such as health, transport and natural capital continue to input and work is being refined through the Sustainability Appraisal process (with options assessed against environmental, economic and social objectives).

## **Risk Management**

- 40) The following have been identified as the key risks to the production of the Oxfordshire Plan 2050:
- Challenges of being a front-runner, producing a new type of Plan with little bespoke guidance in national policy.
  - Challenging timeframe for production of the Plan given the complexities of the topics it will cover and of partnership working.
  - 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.
  - Links with external projects such as the OxCam Arc.
  - Links with and relationship to district Local Plans especially with those which haven't yet been adopted.

- 41) Officers have developed a detailed risk register including mitigations that are reported to the Heads of Planning Group and the Programme Board to ensure that risk is managed.

## **DEAL GOVERNANCE AND FINANCE**

- 42) Managing the priorities of the Programme Office in Q1 were delivered within a changing and challenging environment primarily created by the impact of Covid 19.

- 43) The focus has been to balance the achievement of business priorities within a virtual environment together with developing and setting up initiatives to support the team. The key achievements have been:

The financial management of the Growth Deal Capacity Fund:

- Production of the monthly financial statements
- Management and resolution of any transactional queries
- Initial review of budget forecast for the period 2020/21 - 2022/23 for staffing and non-staffing costs
- Working in collaboration with OCC Finance, as the accountable body, who now present a monthly assurance statement to accompany the Capacity Fund financial statement to the Growth Deal Programme Board.

Completion of Lessons Learn exercise:

- In collaboration with the Growth Deal Core Team, undertook an initial review of the Programme Governance of the Growth Deal in terms of;
- what went well,
- the initiatives implemented and in development, and,
- highlighting the need to finalise certain elements of the governance programme e.g. Growth Board and Growth Deal roles and responsibilities to enable the Growth Deal Programme Assurance framework to be finalised and fully implemented.

- 44) Continuing Business Continuity Planning:

- Developed the Business Continuity Plan for the Growth Deal Core team and the Growth Board Support team
- Manage the submission of regular Covid 19 reports on the impact to the team and its business priorities.

- 45) Risk Management

- Strategic RAID (Risks, Assumptions, Issues and Dependencies) – developing the executive reporting pack.

- 46) Managing the Growth Deal Programme Board

- virtual meeting schedule and accompanying Board papers.

- 47) Supporting the team during the transition of working from home.

- Setting regular weekly team sessions to provide space whereby the teams can 'virtually' meet up, to act as an informal communication hub to share news and to maintain the team bond.

## **Risk Management**

- 48) In reviewing the presentation of the Strategic Risk Log (risks, assumptions, issues and dependencies), work has continued to design an executive reporting pack aggregating the strategic risk and issue profile of the Growth Deal programme.
- 49) This work is also now encompassing an assessment of the risk management process resulting from the impact of Covid 19 and the learning gained from the development of the Business Continuity Plan.
- 50) Presentation to the Growth Deal Programme Board is scheduled for Q2, with the plan to produce the executive reporting pack on a quarterly basis. Any critical risk raised as a result of exceptional circumstances will be reported immediately.

## **LEGAL IMPLICATIONS**

- 51) None arising from this report.

## **OTHER IMPLICATIONS**

- 52) None arising from this report.

## **CONCLUSION**

- 53) This report outlines progress against the agreed Growth Deal year three, quarter one milestones.
- 54) The last quarter of the Deal has seen significant changes as we understand and address both the historic challenges the Deal has faced since its inception and those challenges presented by the COVID pandemic
- 55) The report shows that despite these challenges progress is being made towards meeting our commitments under the Deal and there are robust management arrangements, both within each council and across the partnership to address risks and issues as they arise.
- 56) The flexibilities granted by government to assist us in securing the Deal are a significant moment for Oxfordshire and ensure that as we focus upon the delivery of the contract we can do so against a more realistic timetable and with the ability to ensure that the Deal 's utility is maximised for Oxfordshire.
- 57) The report asks the Growth Board to note progress with the Deal and the achievement against the milestones committed to.

## **BACKGROUND PAPERS**

None

Report Author: Paul Staines, Growth Board Service Delivery Manager on behalf of Bev Hindle, Growth Board Director.

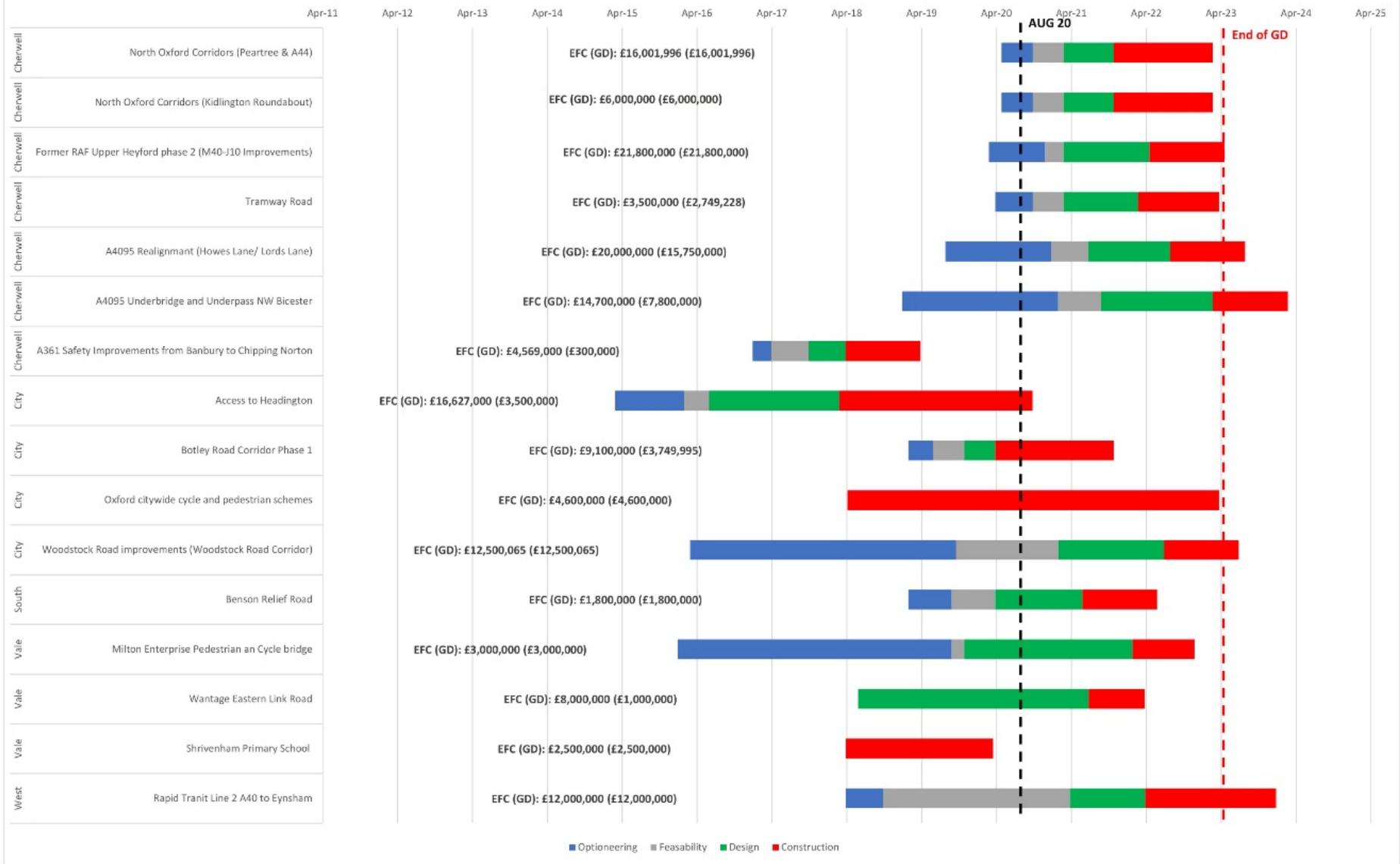
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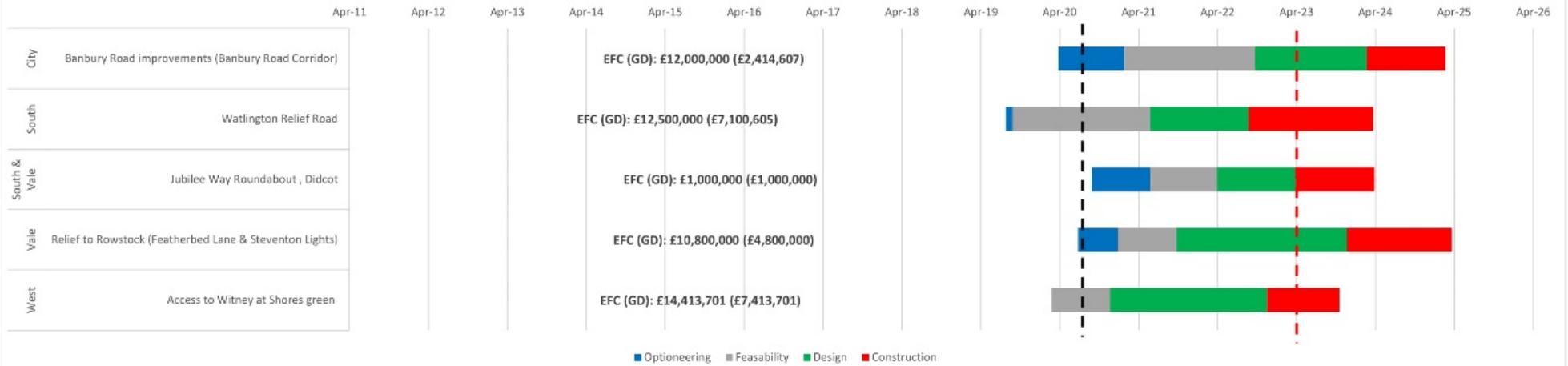
Appendix 1: a summary of the changes by district and Gantt chart showing the deliverability timelines

<b>Housing and Growth Deal Infrastructure</b>	
<b>Summary proposed changes</b>	
<b>Cherwell</b>	
<ul style="list-style-type: none"> <li>• Fully fund the Upper Heyford Junction 10, M40</li> <li>• Fully fund the Howes Lane realignment including the underbridge, underpass and road</li> <li>• Fully fund the alterations to Kidlington roundabout</li> <li>• Reduce GD contribution to Access to Banbury (Hennef Way) to deliver optioneering and establish the strategic case</li> <li>• Funding of the A361 Bloxham Rd to A4260 Oxford Rd improvements.</li> <li>• No change to Tramway, Peartree Roundabout and A44 improvements</li> </ul>	
<b>Oxford City</b>	
<ul style="list-style-type: none"> <li>• All allocations remain the same Connecting Oxford, Oxford Station, Oxpens Bridge and Cycle improvements, Woodstock Road improvements</li> <li>• Part fund Banbury Road corridor up until final design</li> </ul>	
<b>South Oxfordshire</b>	
<ul style="list-style-type: none"> <li>• No change to proposed allocation towards Benson Relief Road, Watlington Relief Road, Golden Balls or Didcot Central Corridor</li> </ul>	
<b>Vale of White Horse</b>	
<ul style="list-style-type: none"> <li>• No change to Milton Heights bridge</li> <li>• Slight reduction in Wantage Eastern link Road due to surplus funding - but still funded for completion.</li> <li>• Reduction in allocation to Frilford and Marcham lights as this is in optioneering and solution may not be delivered by 2023</li> <li>• Part fund Steventon lights and Rowstock roundabout improvements, depending on optioneering exercise.</li> </ul>	
<b>West Oxfordshire</b>	
<ul style="list-style-type: none"> <li>• Increase funding to support the A40 Science Transit scheme</li> <li>• Increase the partial funding towards Shores Green slips to get to a point that land acquisition can be finalised</li> <li>• Access to Carterton remains unfunded but developed through to end of feasibility</li> </ul>	

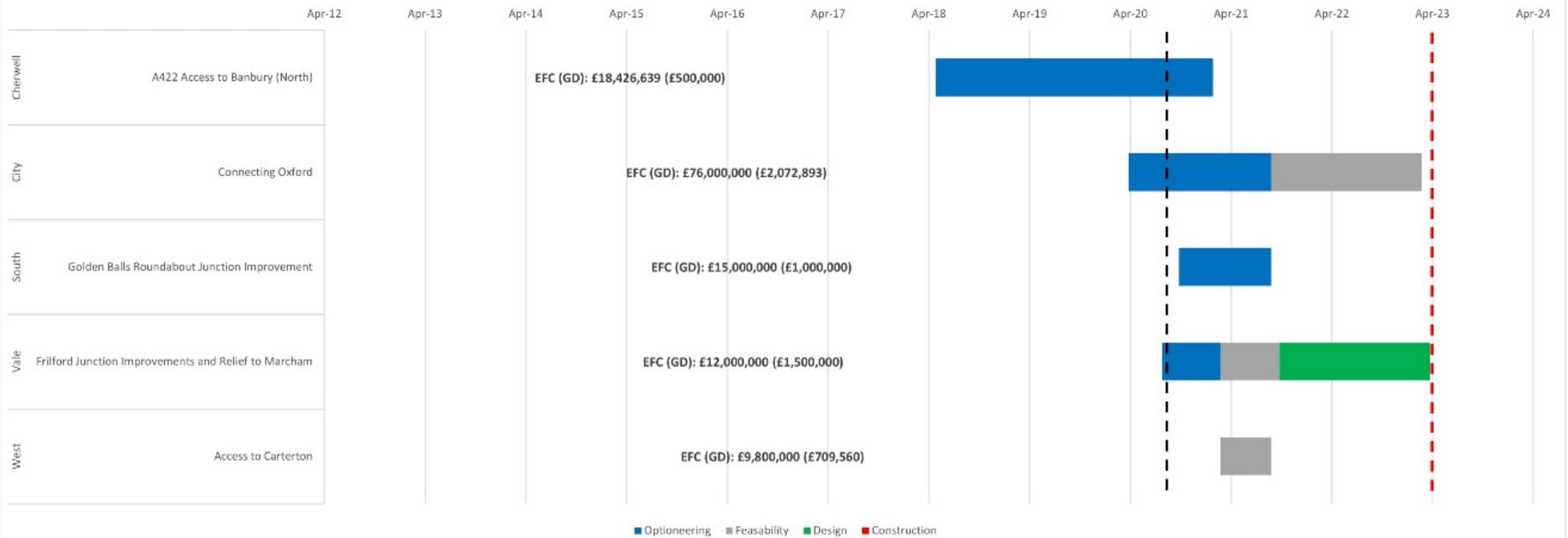
### Fully Funded



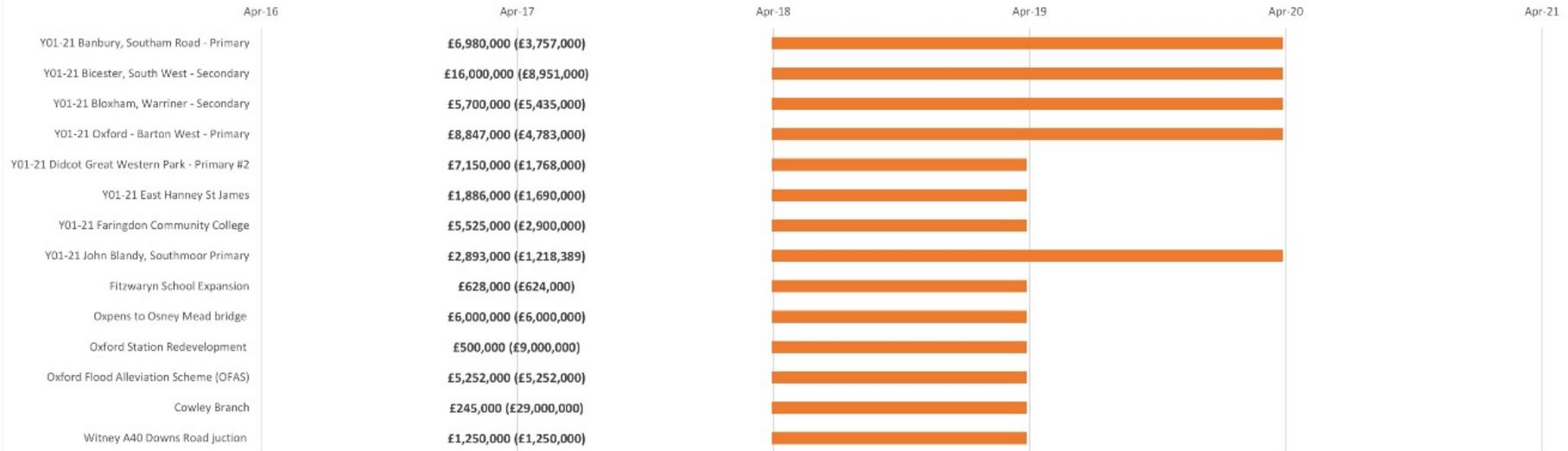
Part Funded schemes - other funding from developer or more than 50% funded



Unfunded Schemes - optioneering/ feasibility/ design funded only - no clear funding source identified



### Funding Contributions



### HIF Schemes

