

To: Future Oxfordshire Partnership- formerly the Oxfordshire Growth Board

Title of Report: Oxfordshire Housing and Growth Deal Progress Report – Year 4, Quarter 2

Date: 30 November 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 (The Partnership) on progress, at the end of the second 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 whilst this report also updates on progress with the Oxfordshire Infrastructure Strategy (OxIS)

Oxfordshire County Council, as the Accountable Body, provide a separate assurance statement, detailing the financial position of the 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.

Recommendation:

That the Future Oxfordshire Partnership notes the progress as at Quarter 2, 2021/22 towards the Oxfordshire Housing and Growth Deal.

Appendices: None

Housing from Infrastructure Programme

- 1) The Homes from Infrastructure Programme (Hfi) 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 planned or the investment provides developers with confidence to build out sites faster than they otherwise might.
- 3) The Hfl timeline originally agreed in the Deal was a five-year period from 2018/19 to March 31st, 2022/23. This has been extended for up to two years to March 31st, 2025 to allow schemes to complete and for the relevant housing to be attributed.

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) In the last quarter, in addition to progressing scheme delivery, officers have also been engaged in a review of the infrastructure programme, designed to ensure that the schemes included are both deliverable within the timeframe, that costs are controlled and that the outcomes of the programme-accelerated housing- are both timely and proportionate to the investment. A separate report on the implications of this review, seeking the endorsement of The Partnership forms part of the agenda for this meeting.
- 7) OCC also report that the remaining infrastructure schemes also demonstrate challenges to delivery that are being managed. Consequently, there is an emerging challenge to remain on target for the £30 million spend for this year. Officers are considering mitigations and options that we will discuss with Homes England as appropriate and report back at future meetings.

Risk Management

- 8) The OCC manages each infrastructure project, in conjunction with relevant partners and all risks and issues are identified and mitigated.
- 9) 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.

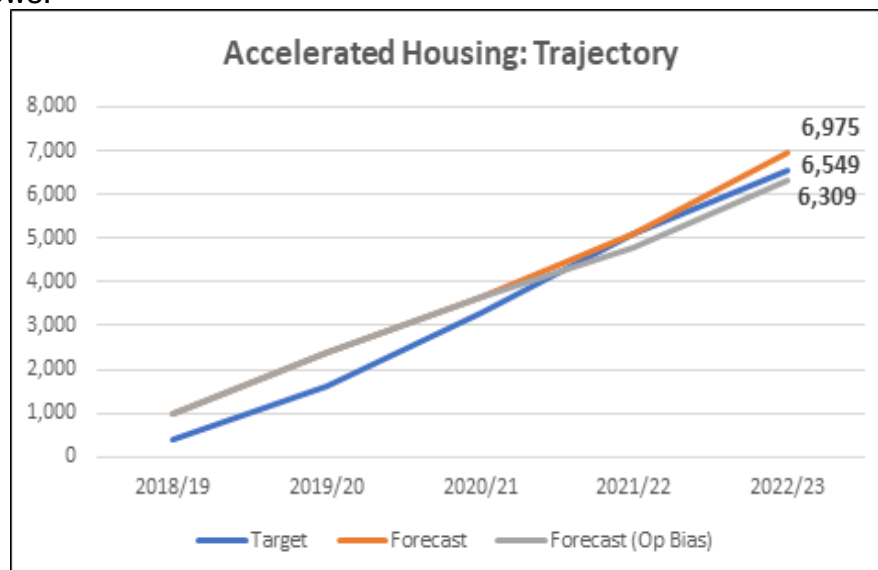
10) At a strategic level, the overall programme also has a Risk Register or RAID Log, updated quarterly, and reported to the Programme Board. This Strategic RAID Log holds the following risks to the Hfl programme together with actions proposed to mitigate.

- 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 over this extended period, subject to the approval of revised business cases demonstrating delivery within that timeframe
- 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.

Delivering Housing from Infrastructure

11) The Partnership has agreed with Homes England that the Hfl delivery trajectory will be revised every six months with an interim report including changes only by exception. Accordingly, this report contains the confirmed year end position and projections forward at 30th September 2021

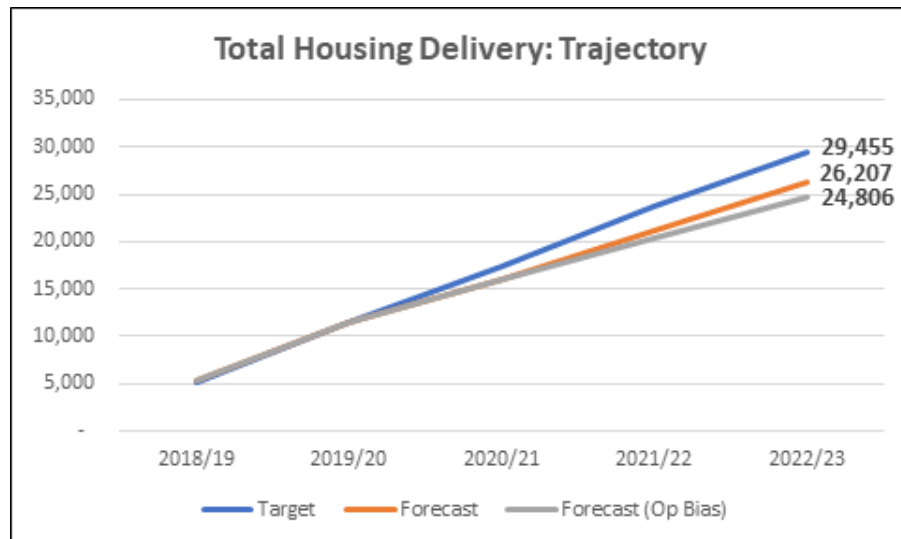
12) The position for the Housing from Infrastructure (Hfl) programme is as follows:



13) The graph shows that we continue to anticipate that accelerated housing trajectory over the original five years of the Deal will be above target at 6,975 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 6,309.

- 14) The graph demonstrates that the figures for accelerated housing remain robust and above target – before optimism bias adjustments- despite the challenges that the housing sector has faced in the last year. This provides further evidence that the investment in infrastructure continues to bolster market confidence on those sites when compared to the wider housing market.



- 15) The Partnership also reports that overall completions will be 26,207 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 24,806. These figures are an improvement on the estimates reported at the last quarter but are still below target.

- 16) Considering the overall completions trajectory, evidence suggests that developers took a pessimistic view of their performance in their in-year estimates when compared to what they were able to develop through the year, perhaps overestimating the effects of the pandemic. Nonetheless a challenge remains to achieve this target in the final years of the Deal

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) The Partnership has 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 the influence of the pandemic and supply side issues that has slowed the pace of

infrastructure schemes identified as crucial to the acceleration of homes and the consequent impact on the pace of the related housing.

Government recognised this issue and have extended the programme for a further two years to enable partners to attribute the homes accelerated to the programme.

- 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.

Affordable Housing Programme (OAHF)

19) The second quarter of the OAHF secured 50 additional affordable homes, meaning a total of 86 units so far this year and a grant drawdown of £4.8 million

20) The achievement of 86 units in the first half of year four reminds us of the challenge of delivery of the final year of the OAHF when compared to the required programme.

21) 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.

22) As we approached the half year stage it became apparent through this programme management regime that several of the schemes identified in the pipeline do not yet have planning permission or have other challenges that may impact deliverability within the remaining six months of the programme.

23) Consequently, following analysis of the current delivery plan, a bespoke approach has been agreed with Homes England and DLUHC to maximise the number of affordable homes deliverable through the OAHF in the remaining period of the OAHF. This approach will provide flexibility and support to the delivery of schemes this year, and as necessary, into the future.

24) Officers will continue to manage the delivery of the identified OAHF programme and secure their delivery, albeit by accessing different funding streams and report progress as we head towards the conclusion of the OAHF in March 2022.

25) This agreed approach offers welcome flexibility on start dates for construction, reduces the risk associated with the timing of planning decisions, and will help to deliver much needed affordable homes.

26) There are however several schemes that are either so well advanced through our programme application process, or that are outside of the parameters of the HE programmes such that they need to continue through the OAHP and a budget of £10m for delivery of these schemes through the OAHP has been agreed.

Risk Management

27) The key risks to delivery of individual schemes within the OAHP, 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.

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

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

29) The focus of this workstream in the second quarter has been on firstly finalising the Oxfordshire Plan Regulation 18 document ready for consultation, which then commenced on time on 31st July and secondly ensuring that the consultation was successful in reaching as wide an audience as possible.

30) The consultation ran for 10 weeks, closing on the 8th October and as previously advised, the primary consultation route was a bespoke website, using the Oxfordshire Open Thought platform that was successful for the Part One consultation.

31) To complement this the Team hosted a series of seminar/workshops throughout August and September. These were a mixture of generic workshops for interested residents complemented by a specific themed workshop on the environment. There were also specific by invitation workshops with the CPRE, Neighbourhood Plan Groups and with developers.

32) The team also commissioned a focus group to offer a representative view of local people and seminars with local colleges.

33) Overall, the consultation is considered a success. We received nearly 3000 responses from a range of individuals and some 360 different organisations.

34) There was strong presence on social media for the Plan with regular posts and promotions on all the major platforms. Some additional promotional work had been commissioned via the Facebook platform which had resulted in significant levels of additional engagement and this was considered to represent good value for money in comparison to traditional media. Engagement with younger residents was a particular priority and

Instagram was the social media platform being used for this targeted promotion.

- 35) The last meeting of the Oxfordshire Plan Advisory subgroup (the subgroup) was advised that following the end of the consultation it was intended to brief them at their next meeting, setting out both a demographic break down of respondents and some of the key points emerging from the responses. A report on the consultation will be prepared for the Councils.
- 36) The subgroup also received detailed updates on the progress with the Oxfordshire Plan. There have been three broad areas of reporting in this quarter.

Oxfordshire Plan Policies

- 37) There are some 32 policies in the Oxfordshire Plan, grouped under 5 themes and each of these has been examined through the consultation process. The responses have been and are being logged and recorded throughout November and will be adjusted in the light of these and other developments.
- 38) Responses have highlighted that whilst many of the policies are largely in place others have further development required. One area of response concerned the affordable housing policy and the degree to which a policy at the Oxfordshire Plan level could usefully add value to the policies in each district's local plans, given the collective priority that affordable housing has in Oxfordshire. Following the advice of the subgroup a workshop of planning and housing officers will be convened to ensure this policy is fully scoped and will report back to the subgroup on any changes.

Assessing Spatial options

- 39) A third key plank of the next stage of the Oxfordshire Plan will be looking at the spatial options and considering how these align to the strategic options approach set out in the Regulation 18 consultation, as amended by that consultation.
- 40) The piece of work is being overseen by a working group drawn from across the councils and overseen by the Heads of Planning.

Engagement through Reg 19

- 41) At its last meeting, the subgroup considered engagement of key partners through the next stage of the Oxfordshire Plan in response to a recognition that early communication with members across councils will be vital to ensuring engagement with the emerging Plan. The subgroup discussed various methods of communication and engagement and asked officers to return to a later meeting with a formulated programme of engagement.

Risk Management

- 42) 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 uncertainty over the Government's Planning Reform agenda.

- Challenging timeframe for production of the Plan given the complexities of the topics it will cover and of partnership working.
- Links with external projects, for example the OxCam Arc Spatial Framework.
- Links with and relationship to district Local Plans.

43) Officers have developed a detailed risk register including mitigations to ensure that risks are appropriately managed. Meetings are planned with the Planning Inspectorate and with DLUHC to address some of the issues above.

Oxfordshire Infrastructure Strategy (OxIS)

44) The refreshed Oxfordshire infrastructure Strategy was a commitment by Oxfordshire in the Deal.

45) The draft strategy was consulted upon over the summer and consequently several infrastructure schemes that were not in the original long list attached to OxIS were suggested.

46) In addition, officers considered the recently published Bus Service Improvement Plan (BSIP). This is Oxfordshire's plan to deliver the requirements of the National Bus Strategy and includes 13 capital schemes considered necessary to deliver those requirements at an indicative cost of circa £36 million.

47) Both because of the importance of BSIP and the need for this funding to be secured to progress the Plan, it was felt to be remiss not to include its proposals in OxIS.

48) Cumulatively, this has led to the addition of some 25 additional infrastructure schemes being added to the long list that needed to be assessed by our consultants. This has led to a delay in finalising the Stage 1 OxIS report, which will now be considered by the Partnership in January 2022.

49) The second part of the OxIS project concerns the infrastructure implications of the Oxfordshire Plan 2050. This remains on track to deliver against the agreed timeline for the Plan

Deal Governance

50) The Growth Deal Capacity Fund continues to be monitored by the Programme Office with monthly financial statements reported to the Growth Deal Programme Board with reports to the programme Board monthly.

51) An internal audit of the Capacity Fund, by Oxfordshire County Council, is still currently in progress. An update will be shared with the Programme Board once the outcome of the report has been received.

52) The Strategic RAID (Risks, Assumptions, Issues and Dependencies) Log continues to be monitored and reported to the 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.

53) During Quarter 2, the Programme Office has also been responsible for progressing with the recruitment vacancies within the Oxfordshire Plan team. A new programme Lead for the Oxfordshire Plan joined on 1st November and a principal planner on the 15th. We are now in the process of actively progressing with the recruitment to fill the vacancy for the Project Support Officer role.

Legal Implications

54) None arising from this report.

Other Implications

55) None arising from this report.

Conclusion

56) This report outlines progress against the agreed Growth Deal milestones.

57) The report shows that despite the challenges highlighted in the report Oxfordshire continues to make 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.

58) The report asks the Future Oxfordshire Partnership to note progress with the Oxfordshire Housing and Growth Deal, as at 30th September 2021, the second quarter of the fourth year of the Deal and the achievement against the milestones committed to.

Background Papers

None

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