

To: Future Oxfordshire Partnership

Title of Report: Oxfordshire Housing and Growth Deal Progress Report – Year 4, Quarter 3

Date: 22 March 2022

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 third 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.

- Homes 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) and the governance framework for the Deal.

Oxfordshire County Council, as the Accountable Body, provide a separate report and 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 [here](#).

Recommendation:

That the Future Oxfordshire Partnership notes the progress as at Quarter 3, 2021/22 towards the Oxfordshire Housing and Growth Deal.

Appendices: None

Homes 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 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, subject to the approval of an infrastructure business case, to allow both the infrastructure schemes to be completed and for the relevant accelerated housing to be attributed.

Infrastructure

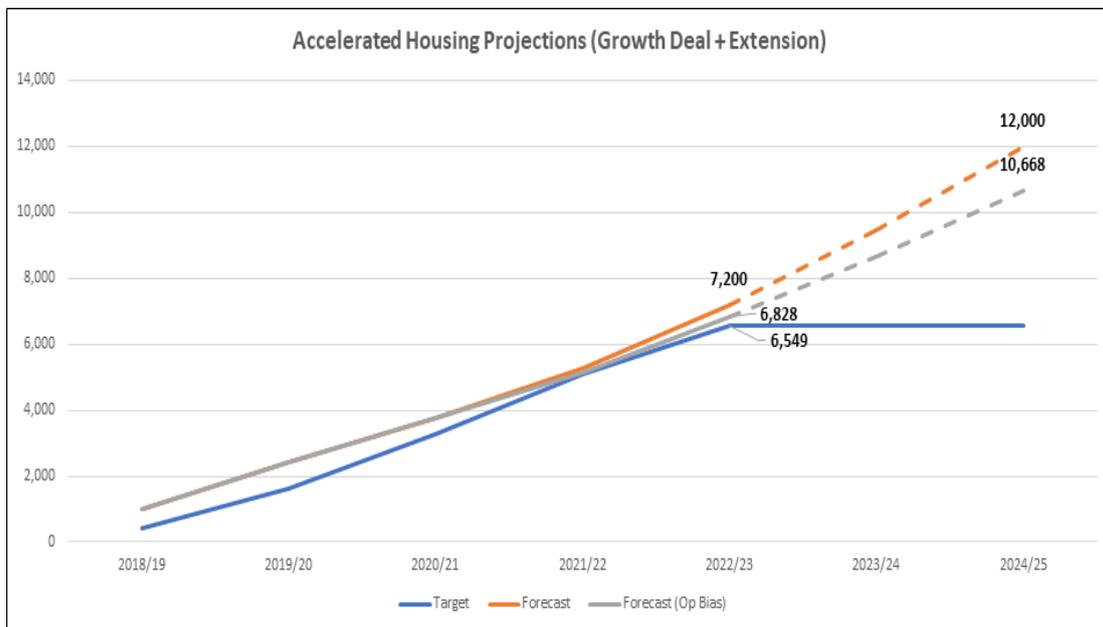
- 4) Oxfordshire County Council (OCC) are the lead delivery partner for the infrastructure element of Hfl which they deliver through their capital projects governance framework.
- 5) The infrastructure element of the Hfl programme comprises a range of infrastructure projects that include road, rail, cycle routes and footpaths, as well as social infrastructure such as schools.
- 6) The last report to FOP advised of the outcomes of 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. This review has now been implemented and both the financial data- contained in the report of the Accountable Body- and the data on accelerated housing contained in the subsequent section have been updated to reflect these changes.
- 7) The last report also highlighted that the remaining infrastructure schemes had an emerging challenge to remain on target for the £30m spend for this year. This challenge has been caused by third party delays in the approval of a business case for one scheme, which has led to consequent delays in contract signatures.
- 8) It has therefore been agreed that we instead use Hfl finance to forward fund an 'oven ready' infrastructure scheme with immediate repayment. This is an established methodology previously agreed with Government that ensures that we meet the annual spend target.

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 Hfl programme also has a Risk Register updated quarterly and reported to the Programme Board. This Register 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.
 - Both shortages and rising costs of both labour and materials. This continues to be 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 Homes from Infrastructure

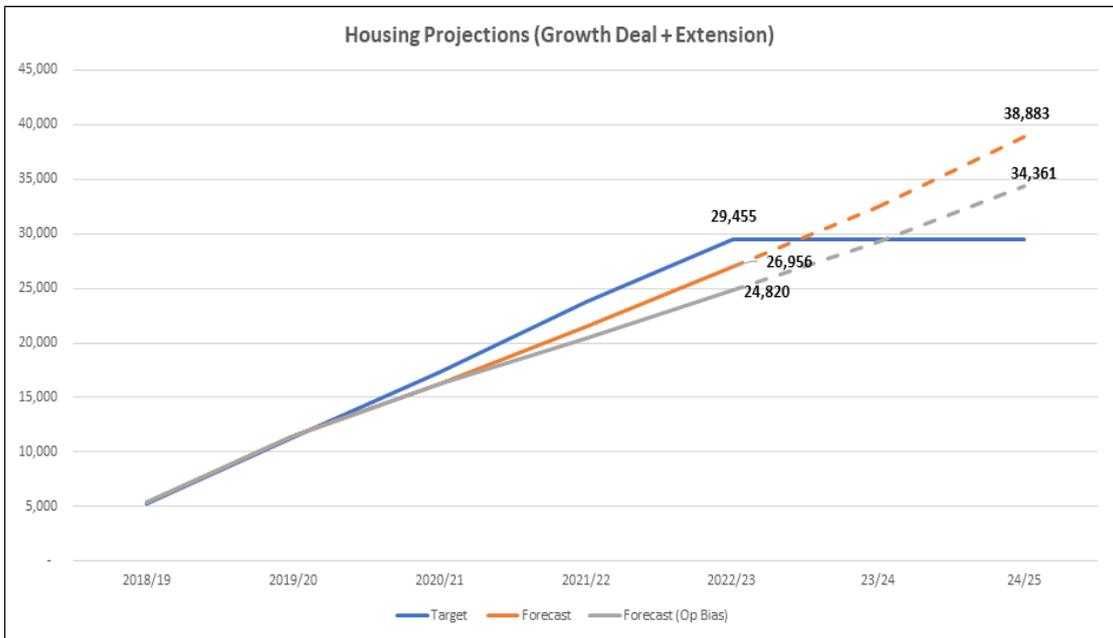
- 12) As advised in paragraph 3, in July 2020, to reflect the impact upon the Hfl programme caused by the pandemic and other issues, Oxfordshire was granted a two-year extension to the Hfl programme to ensure that housing accelerated was delivered as planned. Accordingly, to reflect this the graphs below offer an opportunity to understand how this extension positively affects our delivery trajectory.
- 13) The position for the Homes from Infrastructure (Hfl) programme is as follows:



14) The graph shows that we continue to anticipate that accelerated housing trajectory over the original five years of the Hfl programme will be above target at 7,200 homes, or 6,828 homes when applying the 20% optimism bias, against a baseline of 6,549. When applying the two-year extension, the trajectory grows to 12,000, or 10,668 when the optimism bias is applied. Both these figures are significantly above target.

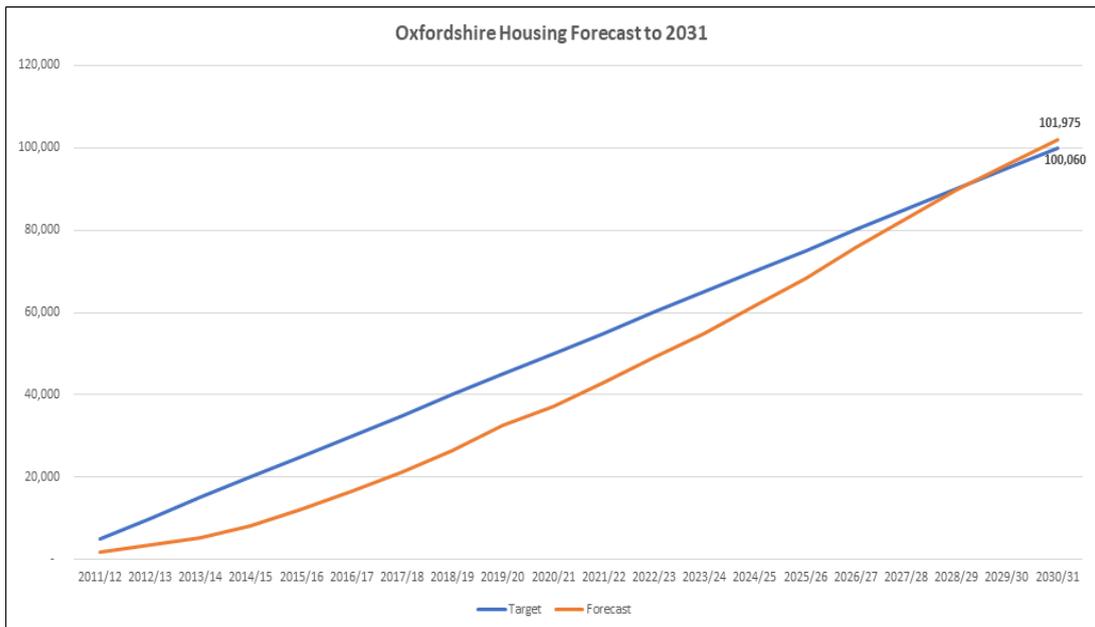
15) The graph demonstrates that our performance for accelerated housing remain robust and above target, within the original timescale for the Deal and significantly above when the extension is applied, this despite the challenges that the housing sector has faced in the last few years. This provides further evidence that the investment in infrastructure continues to bolster market confidence on those sites when compared to the wider housing market.

16) Turning to the trajectory for overall completions, the graph below demonstrates that, for the original 5 years of the Hfl programme overall, against the target of 29,455 homes, completions will be 26,956 homes or 24,820 when the optimism bias is applied. These figures are a slight improvement on the estimates reported at the last quarter but are still below target.



17) Considering this overall completion trajectory, the current data suggests that Oxfordshire may not meet the agreed delivery trajectory within the original 5 years of the Growth Deal. However, when we factor in the agreed two-year extension, current data suggests that Oxfordshire will exceed its target of 29,455 units for housing delivery, both before and after the imposition of the optimism bias reduction, completing 38,883 or 34,361 units, respectively.

18) Finally, both these targets detailed above were negotiated within an overall commitment to plan and support the delivery of 100,000 homes by 2031. The graph below, collated from the latest set of housing delivery trajectories from councils shows how we expect to meet this overall commitment



Risk Management

- 19) 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.
- 20) 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.
- 21) The Partnership has also developed an overarching Strategic Risk Register or RAID (Risks, Assumptions, Issues and Dependencies) 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.
 - Increasing costs of raw materials, again 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)

- 22) In the first three years of the OAHF, funding of £25.6m was claimed that supported the delivery of an additional 663 affordable housing units.
- 23) During the first three quarters of Year 4 of the OAHF Oxfordshire secured 86 additional affordable homes and a grant drawdown of £4.7m. A further 127 homes and a grant drawdown of £5.3m are expected to be completed in the final quarter of the year.
- 24) The achievement of 86 units in the first three quarters of Year Four reminds us of the challenge of delivery of the final year of the OAHF when compared to the required programme. 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.
- 25) As reported in the last quarter, as we approach the final stages of the OAHF it has become 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 months of the programme.

26) Consequently, following analysis of the delivery plan, a bespoke approach has been agreed with Homes England and the Department for Levelling Up, Housing and Communities (DLUHC) to maximise the number of affordable homes deliverable through the OAHP in the remaining period of the OAHP. This approach will provide flexibility and support to the delivery of schemes this year, and as necessary, into the future.

27) Officers will continue to manage the delivery of the identified OAHP programme and secure their delivery, albeit by accessing different funding streams and report progress as we head towards the conclusion of the OAHP. It is hoped that under these revised arrangements it will be possible to deliver the agreed target for the OAHP of 1322 homes.

28) 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.

Risk Management

29) 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.

30) 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

31) The focus of this workstream in the third quarter has been the collation and analysis of the Oxfordshire Plan regulation 18 (part 2) consultation.

32) The consultation ran over 10 weeks, from July to October 2021, using a bespoke online consultation platform, together with a range of other tools such as social media and bespoke webinars to gather views from a range of interests, such as developers, landowners, business representatives, residents, environmental and neighbourhood groups. We also commissioned a focus group to offer a representative view of local people and seminars with local colleges.

33) We received a broad range of responses to the consultation, from statutory consultees, district councils, neighbouring authorities, town and parish councils, major employers, infrastructure providers, developers, landowners and government agencies. We also received a number of ideas and

suggestions about where new homes, jobs and infrastructure should be located across Oxfordshire to meet future needs and how it should come forward, including new site proposals (e.g., mixed use, housing and major strategic employment sites) and strategic infrastructure proposals.

34) Officers across the local planning authorities are in the process of analysing the responses to the recent consultation (regulation 18, part 2) on the emerging plan and will report on the detailed findings and next steps in due course. This includes the inter-relationships between the Oxfordshire Plan and Local Plan reviews and other relevant supporting strategies (e.g. Oxfordshire Infrastructure Strategy).

35) Subject to approval from cabinets/executives this month, an update to the Statement of Community Involvement will be published and made publicly available on the web site at [Oxfordshire Plan 2050 - Planning together for a better Oxfordshire](https://oxfordshireplan.org) (<https://oxfordshireplan.org>). The statement sets out Oxfordshire's approach to the effective and meaningful engagement of people and organisations in the preparation of the plan and has been updated to reflect the government's recent lifting of the coronavirus restrictions (as set out in legislation) and the increased use of social media and other digital engagement tools during consultation periods. In turn, it will help to ensure that the emerging policies and proposals of the Oxfordshire Plan reflect the needs, aspirations and concerns of residents and businesses across Oxfordshire.

Risk Management

36) The following key risks to the production of the Oxfordshire Plan 2050, as 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 Oxford-Cambridge Arc Spatial Framework.
- Links with and relationship to city / district Local Plans.

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

Oxfordshire Infrastructure Strategy (OxIS)

38) The refreshed Oxfordshire Infrastructure Strategy (OxIS) was a commitment by Oxfordshire in the Deal.

39) The draft strategy was considered and endorsed by the Partnership at its January meeting. The next stage of its journey will be its consideration by partner councils. The strategy was considered and endorsed by Oxfordshire County Council on 15th February.

40) The second phase of the OxIS project concerns the infrastructure implications of the Oxfordshire Plan 2050. The timeline and project plan for this next stage of OxIS will be programmed to align to the Oxfordshire Plan timetable.

Deal Governance

41) The Growth Deal Capacity Fund continues to be closely monitored by the Programme Office with monthly financial statements reported to the Growth Deal Programme Board and to the Accountable Body. Current work in progress is the financial reforecast of the Capacity Fund. This is in draft and awaiting the outcome from the proposal to extend the Oxfordshire Plan timeline before it can be finalised. A further update will be reported in Q4.

42) Monthly Programme Highlight Reports, which report on the latest financial and business metrics of the key programmes of the Growth Deal, continue to be presented to the Growth Deal Programme Board for review, challenge and noting.

43) 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.

44) During Quarter 3, the Programme Office has also been responsible for progressing with the recruitment vacancies within the Oxfordshire Plan team. A temporary Project Support Officer joined the team until April to assist with the project management of the Deal with a focus upon the Oxfordshire Plan.

Legal Implications

45) None arising from this report.

Other Implications

46) None arising from this report.

Conclusion

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

48) 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.

49) The report asks the Future Oxfordshire Partnership to note progress with the Oxfordshire Housing and Growth Deal, as at 31st December 2021, the third 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