

To: Future Oxfordshire Partnership

Title of Report: Oxfordshire Housing and Growth Deal Progress Report – Year 5, Quarter 1, 2022/23

Date: 27 September 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 (FOP) on progress, at the end of the first quarter of the fifth and final year (2022/23) with the Oxfordshire Housing and Growth Deal (the Deal). The report also incorporates the position at the end of 2021/22

The report provides a summary of the following three strands of the Deal:

- Housing from Infrastructure Programme.
- The residual Oxfordshire Affordable Housing Programme.
- The Oxfordshire Infrastructure Strategy (OxIS)

The fourth strand of the Deal- Productivity- is reported separately to the Oxfordshire Local Enterprise Partnership (OxLEP) Board

The report also updates on governance of the Deal, whilst Oxfordshire County Council, as the Accountable Body, supply a separate report and assurance statement, detailing the financial position of the Deal elsewhere on this agenda. Finally, there is also a separate report on the Oxfordshire Plan on the agenda following the recent decision to conclude this element of the Deal

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 the end of the first quarter of the fifth year, June 2022 of the Oxfordshire Housing and Growth Deal, incorporating the update as at the end of quarter 1 2022/23.

Housing from Infrastructure Programme

- 1) The Housing 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 developers to build housing 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. Government then offered the ability-by exception- to extend the Hfl for up to two years to March 31st, 2025, for specific named projects and subject to the approval of individual infrastructure business cases, to allow both the completion of infrastructure schemes and the associated accelerated housing.

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 is a mix of infrastructure projects that include road, rail, cycle routes and footpaths, as well as social infrastructure such as schools.
- 6) Since the last report OCC have decided to undertake a comprehensive review of their entire infrastructure programme, in response to emerging cost pressures across several programmes including those in the Hfl programme. The review looks to ensure that the overall capital programme is returned to balance and within that the Hfl schemes included are both deliverable within the relevant timeframe, that costs are controlled and that the outcomes of the programme- accelerated housing- are both timely and proportionate to the investment.
- 7) OCC will complete the review in the autumn and the conclusions on the Hfl programme brought to FOP for consideration before OCC cabinet make any required decisions. This is covered in more detail in a separate report on this agenda
- 8) The Growth Deal finance report, also on this meeting's agenda reminds us that the Hfl grant funding is being paid to Oxfordshire County Council in five equal annual instalments of £30.0m. 2022/23 is the fifth and final year for the

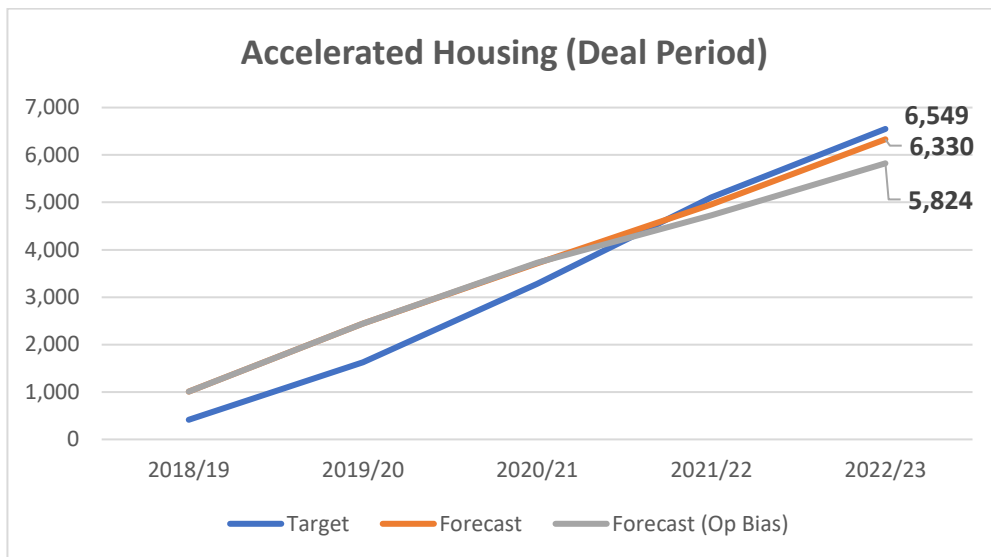
receipt of funding towards the Infrastructure Fund Programme. We have received £120m so far. Following the decision to end the Oxfordshire Plan 2050, the Department for Levelling Up, Housing and Communities are reviewing the implications for both the agreement to extend the programme and the final £30m instalment of the grant funding.

Risk Management

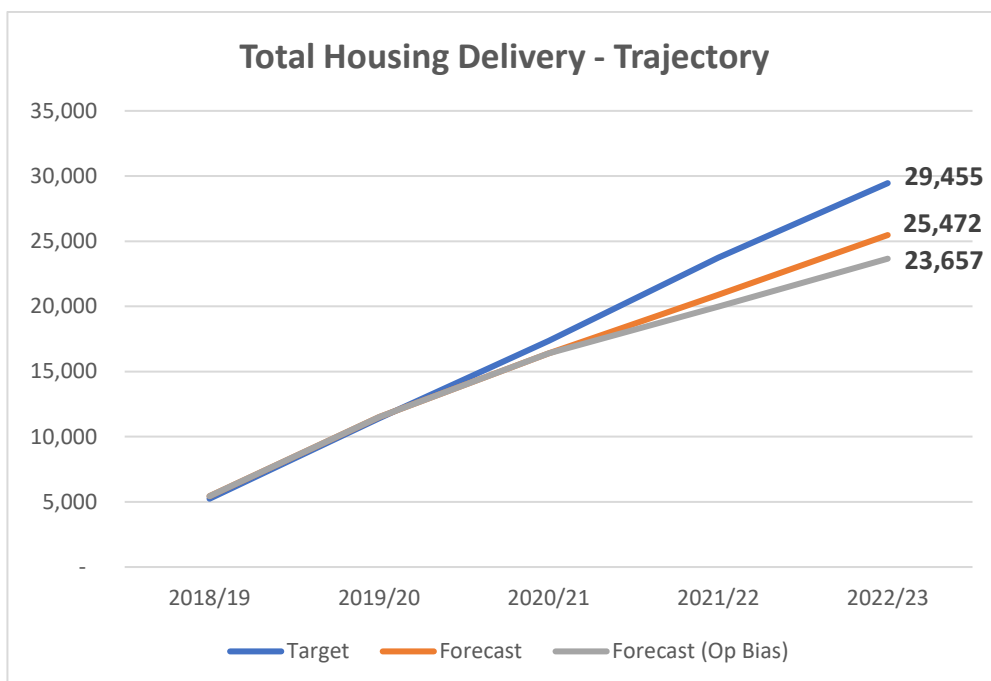
- 9) The OCC manages each infrastructure project, in conjunction with relevant partners, and all risks and issues are identified and mitigated. Officers have, as part of their performance management of the programme, named all relevant risks to each project and supplied a RAG (Red/Amber/Green) rating for each scheme.
- 10) The Growth Deal Programme Board receive monthly reports of these risks alongside any mitigations to ensure that we continue to manage risks appropriately.
- 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:
 - Rising costs of both labour and materials. This continues to be a growing risk to the programme and is a recognised national phenomenon. FOP received a report- on part one of the infrastructure review- at its June meeting that highlighted the growing inflationary pressures and their impact upon the Deal.
 - 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.
 - 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

- 12) As referenced in paragraph 2, the 'benefit' of the Hfl programme is the acceleration of at least 6549 planned homes that can be brought forward by developers faster than originally timetabled, thanks to the investment in required infrastructure.
- 13) The Growth Deal Core Team supply data on accelerated housing quarterly to Homes England. The data is developed by council partners who compile it as part of their ongoing monitoring of housing delivery in their districts. The method partners use to collect this information is to carry out a full annual review of all relevant housing sites, including site visits and developer discussions after the financial year end, and then supplement and amended this data with desktop reviews for the remaining quarters.
- 14) The graphs below show the position as at 31/3/22 and are the results of a full review of housing trajectories by the partners.



15) The graph above shows that the partners have revised their projections for accelerated housing delivery downwards since the last review and that we now believe that the accelerated housing trajectory, over the original five years of the Hfl programme will be below the target of 6549 homes at 6330 homes, or 5824 homes when applying the 20% optimism bias.



16) A similar downward trend is also clear for the overall 5-year trajectory, demonstrated in the graph above which shows that, for the original 5 years of the Hfl programme overall, against the target of 29,455 homes, completions will be 25,472 homes or 23,657 when we apply the optimism bias.

17) Considering this overall completion trajectory, the current data suggests that Oxfordshire may not meet the agreed delivery targets within the original 5 years of the Growth Deal and may need to take advantage of the two-year extension granted by DLUHC. The calculation of the housing implications will first require the permission for certain infrastructure schemes to be

granted the extension referred to in paragraph 9, as it is the housing accelerated by these schemes that will be allowed to be included in our totals.

Risk Management

18) 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.

19) 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 then to Homes England.

20) 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.
- 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.
- Potential impact of external market factors and the health of the economy.

Affordable Housing Programme (OAHP)

21) The OAHP funding stream concluded on 31st March 2022.

22) During the four years of the OAHP partners delivered or enabled 936 units of affordable housing and drew down £35.6 million of grant. This included the full agreed draw down of £10 million in the final year of the OAHP. These homes are a delivery of 71% of the original target and a drawdown of 59% of the grant, proving that the units achieved were good value to the public purse.

23) This achievement complements the successful mainstream delivery of affordable housing targets across the councils of Oxfordshire. Typically, the OAHP has added about 10% to the level of affordable housing delivery in the county each year.

24) As reported in March, as we approached the final stages of the OAHP it became clear that several of the schemes that partners had invested significant time and resources into completing by the 31/3/22 deadline would

not make this end date because, for example schemes had yet to secure planning permission or have other deliverability challenges.

25) Following analysis of the current delivery plan, we agree a bespoke approach with DLUHC to maximise the number of affordable homes deliverable through the OAHP in the remaining period of the Deal and into the future. This approach provided flexibility and support to the delivery of schemes this year, and as necessary, into the future and 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

26) The key risks to delivery of those individual schemes enabled by 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.

Oxfordshire Infrastructure Strategy (OxIS)

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

28) The project is in two parts and the first of these was considered and endorsed by FOP at its January 2022 meeting. Subsequently, Oxfordshire County Council approved OxIS at its cabinet meeting on 15th February and further work is underway to embed the principles of OxIS in a toolkit for infrastructure assessment.

29) The second phase of the OxIS project was related to the Oxfordshire Plan. Now that this project has ceased officers are discussing how best to reorient the OxIS project to reflect the new landscape. Once a proposition has been developed officers will discuss with the appointed consultant a revised tender process and timeline for the project as appropriate.

Deal Governance

30) The Growth Deal Capacity Fund continues to be checked by the Programme Office with monthly financial statements reported to the Growth Deal Programme Board and to the Accountable Body.

31) 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.

32) 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.

Legal Implications

33)None arising from this report.

Other Implications

34)None arising from this report.

Conclusion

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

36)The report highlights that, as we draw towards the conclusion of the Deal that we continue to make progress towards meeting our commitments and that, as risks and issues arise there are continually evolving partnership and management arrangements, both within each council and across the partnership to address these.

37)The report asks the Future Oxfordshire Partnership to note progress with the Oxfordshire Housing and Growth Deal both at the end of March and June 2022 and the continued achievement against the milestones committed to.

Background Papers

None

Report Author: Paul Staines, Interim Head of Programme

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