

CABINET - 12 FEBRUARY 2018

Common Report to Oxfordshire Councils Oxfordshire Housing and Growth Deal

Report by Director of Planning & Place

1. PURPOSE

- 1.1. To consider the Oxfordshire Housing and Growth Deal (the Deal) announced by Government in the November Budget, which provides £215 million of additional Government funding for Oxfordshire, along with a package of planning freedoms and flexibilities for the Oxfordshire authorities. The outline agreement makes it clear that full agreement of the Deal is subject to agreement by each local authority and the Oxfordshire Local Enterprise Board (OxLEP) (referred to collectively as the "Oxfordshire Partners"). The deal also requires a detailed Delivery Plan to be agreed by Oxfordshire Partners, Homes England and the Ministry of Housing, Communities and Local Government (MHCLG) by 31st January 2018.

2. BACKGROUND

- 2.1. The Deal, announced in the November Budget, offers £150 million for infrastructure, £60 million for affordable housing and £5 million capacity funding. This funding, over a five year period, will support the ambition of building 100,000 new homes across Oxfordshire between 2011 and 2031 to address the county's severe housing shortage and expected economic growth. This level of housing growth is that identified by the Oxfordshire Strategic Housing Market Assessment 2014, and is consistent with that planned for in existing and emerging Oxfordshire Local Plans.
- 2.2. The six Oxfordshire Authorities, OxLEP and key partners have for some months been engaged with Government officials on an ambitious, comprehensive and integrated approach to addressing Oxfordshire's housing, infrastructure and economic challenges, so as to deliver the potential of our world class knowledge economy and high quality sustainable development across the County. This strong collaboration, under the auspices of the Oxfordshire Growth Board has received support by Government through the announcement in the Autumn Budget Statement of the Deal.
- 2.3. The Oxfordshire Partners and Government both view the Deal as the first part of a long-term commitment to Oxfordshire, with the measures announced in the Budget being "an initial package, intended to kick-start a

process of meeting Oxfordshire's long-term potential" and a statement of support for our ambitions for Oxfordshire.

- 2.4. The announcement of a Housing and Growth Deal for Oxfordshire in the Autumn Budget is a positive contribution to this ambition. It offers up to £215m as a 'down-payment' on investment in infrastructure and housing needed to deliver the Oxfordshire part of the Oxford – Milton Keynes – Cambridge corridor and a commitment from Government to further work with Oxfordshire to address barriers to growth and avoid unplanned speculative development. In addition, other funding announcements and initiatives in the Autumn Budget statement offer wider opportunities for Oxfordshire.
- 2.5. A copy of the Outline Agreement of the Growth Deal is included in Annex 1. The key elements of the deal, as set out in the Outline Agreement are:
 - Strategic Housing and Infrastructure Delivery
 - A Joint Statutory Spatial Plan and Planning Flexibilities
 - Productivity
- 2.6. The objective of the Deal is to deliver transport and social infrastructure along with new housing. This includes road and rail, but also other infrastructure requirements such as schools, health centres and adult social care. Achieving our ambition for Oxfordshire will require a sustained partnership between local partners and Government, to secure investment to meet infrastructure needs and support local business growth and a highly skilled workforce.
- 2.7. Oxfordshire Partners have also been engaging with the National Infrastructure Commission (NIC) and Government departments in recent months to put forward the case for investment in Oxfordshire. As a result, the NIC's report on the Oxford – Milton Keynes – Cambridge corridor and Government's initial response in the Chancellor's Autumn Budget Statement recognises the corridor and Oxfordshire within it, as one of the key regions in driving the UK economy post Brexit. This opens up greater opportunities for Oxfordshire to work with Government to secure the on-going investment needed to deliver properly planned growth and economic development over the coming years.
- 2.8. The Outline Deal Agreement was conditional on the completion of a Delivery Plan to be agreed with Government officials by 31 January 2018 and the approval of all of the Oxfordshire Councils to the Deal. The work on the Delivery Plan has been completed and this is attached at Annex 2.
- 2.9. If approved by all Oxfordshire Partners, this will be confirmed in writing to the Secretary of State along with submission of the Delivery Plan for his agreement.

Strategic Housing and Infrastructure Delivery

- 2.10. Under the terms of the deal, the Government will provide Oxfordshire's six local authorities £150 million of funding (£30m for five years) for infrastructure improvements and £60 million of funding for affordable housing that will benefit existing communities and unlock new development sites.
- 2.11. The Deal is intended to support Oxfordshire's ambition to plan and support the delivery of 100,000 new homes between 2011 and 2031. Funding received through the Deal, together with further anticipated funding from other opportunities will help accelerate the delivery of planned homes and in a way that ensures both existing and new communities created are properly supported by enhanced transport and social infrastructure.
- 2.12. In addition to the Deal, in September, Oxfordshire County Council submitted bids for up to £500 million of funding from the Housing Infrastructure Fund to support transport schemes for the Didcot Garden Town, West Oxfordshire and the North of Oxford. Decisions on these bids are expected in Autumn 2018. The Deal investment programme may need to be amended to reflect the outcome. The Districts have also submitted a number of bids to the Marginal Viability element of this funding and have recently been advised that five bids totalling circa £36 million have been successful, three in Oxford and one each in Vale and Cherwell.
- 2.13. Investment in infrastructure is recognised in the Oxfordshire Infrastructure strategy (OxIS) as a prime requirement of sustainable growth. The Oxfordshire Infrastructure Strategy (OxIS) identified £8.35bn of infrastructure investment is needed for Oxfordshire by 2040. A substantial part of this requirement will be provided from national and strategic infrastructure funding and developer contributions. Closing the remaining infrastructure gap will take a long term and sustained approach from the Oxfordshire Partners to maximise opportunities to secure investment.
- 2.14. The Deal is recognised as the current opportunity to secure such investment. It also recognises that significant further investment is needed and commits Government to working with Oxfordshire to secure further investment.
- 2.15. As part of this, the Deal asks the Oxfordshire partners to consider introducing a Strategic Infrastructure Tariff, and to look for opportunities to bring in further new private investment.
- 2.16. The Delivery Plan sets out the proposed methodology and decision making process for the funding according to criteria agreed with Government. This includes an infrastructure investment programme for year one. The programme for future years will be agreed by September 2018.
- 2.17. The £60 million affordable funding will support a flexible Oxfordshire-wide programme to deliver an additional 1,320 affordable homes of a range of

tenures to start on site by 2021. The fund is in addition to the existing HCA Affordable Housing Programme which will continue. This gives Oxfordshire partners the opportunity to use the funding to deliver schemes according to local priorities and using a range of delivery vehicles. The first year of the affordable housing delivery programme will be agreed by 31 March 2018.

Joint Statutory Spatial Plan and Planning Flexibilities

- 2.18. A key commitment for Oxfordshire in the deal is the development of an Oxfordshire Joint Statutory Spatial Plan (JSSP). Building on the existing Local Plans, the Oxfordshire Infrastructure Strategy and Oxfordshire Transport Strategy, the JSSP will set the strategic direction for planning to 2050.
- 2.19. The Oxfordshire authorities have been considering the case for working together on a JSSP for a number of months. A business plan for production of the JSSP was produced in October, in advance of the Deal, and was endorsed by the Growth Board, which recommended to Oxfordshire Authorities that they should work together on a JSSP.
- 2.20. The approval of the Deal provides an in principle agreement to the preparation of a JSSP. The JSSP would be prepared under Section 28 of the Planning and Compulsory Purchase Act 2004 which enables 2 or more local planning authorities to agree to prepare a joint Local Plan. However, formal decision making to commence, submit, and adopt the JSSP would remain with the local planning authorities individually through full Council meetings.
- 2.21. The Deal will provide up to £2.5 million capacity funding to Oxfordshire Partners to support the development of the JSSP.
- 2.22. Key objectives of the JSSP are to provide a countywide strategic vision for sustainable growth, give the public a clear overview of the countywide growth picture and greater opportunities to engage in collective decision-making, and to avoid incremental, speculative and unplanned development.
- 2.23. Through the Deal, Government will grant planning flexibilities on a time limited basis to address the impact in Oxfordshire of unplanned development during the preparation of the JSSP. The Deal also commits government to working with Oxfordshire from early 2018 on longer-term solutions to make sure sites are built out. This places us in a good position to influence the national review to be conducted by Government into the mismatch between planning permissions granted and housing starts.
- 2.24. The planning flexibilities offered are:
 - Land Supply requirements - for the duration of the development (from commencement of s 28 process to adoption) of the JSSP a 3-year land supply will be applied in Oxfordshire

- Bespoke Housing Delivery Test measures for Oxfordshire will apply for 3 years following submission of the JSSP. The rates for November 2018 and November 2019, which are 25% and 45%, and which trigger the presumption in favour of sustainable development would remain as set nationally, but the figure from November 2020 would be a bespoke Oxfordshire figure subject to the submission of the JSSP by March 2020.
- MHCLG support the completion of the current suite of Oxfordshire Local Plans and recognise this is required to enable Oxfordshire to meet the Deal commitment of submitting Local Plans by 1st April 2019. Their intention (as set out in the recent white paper) is to amend planning guidance so that where a plan is based on an assessment of local housing need in excess of that which the standard method would provide, then the working assumption is that the approach adopted would be sound unless there are compelling reasons to indicate otherwise. As the assessments of housing need in Oxfordshire Local Plans based on the 2014 Strategic Housing Market Assessment are higher than the Local Housing Need figures, they could be used, subject to an appropriate update, as a basis for any local plans that will be submitted for examination, prior to the adoption of the JSSP. The existing arrangements which allow Local Plans to set housing requirements at a lower figure based on capacity or policy constraints will continue to operate.

2.25. Application of these arrangements within national planning guidance will require changes through a formal process to secure the flexibilities set out above. MHCLG officials will make the necessary arrangements for this by July 2018.

2.26. The milestones attached to the work on the JSSP are contingent on securing the planning flexibilities outlined above and Government will seek to have these in place by the July JSSP milestone of creating a JSSP Project Board to begin the S28 process. Oxfordshire will review the availability of necessary planning freedoms and flexibilities, at its July Growth Board meeting.

2.27. It should be noted that in the absence of the Deal, the national 5 year Land Supply requirement and the proposed nationally set delivery test which will reach 75% by 2020 will apply to all areas of Oxfordshire.

Productivity

2.28. The Government recognises the importance of Oxfordshire's knowledge intensive economy for UK plc, with two universities and world-class research institutions. The county delivers £21 billion a year to the nation's economic outputs.

2.29. The Deal commits Government support to expand employment sites across the county, such as Science Vale – one of the most successful science and technology clusters in the UK. In total the Government is putting an additional £2.3bn in R&D investment. It will also bring new resources to address specific skills gaps.

- 2.30. Government has also promised opportunities for Oxfordshire to be involved in developing sector deals with life sciences and artificial intelligence sectors, reflecting Oxfordshire's leading edge research and development in these sectors. This is additional to the recent £6.9m investment in driverless vehicle testing divided between Culham and Millbrook in Bedfordshire.
- 2.31. Finally, the Deal has extended core funding for the Oxfordshire Growth Hub up to 2022. This provides support to help scale up high-growth companies.

Delivery Plan

- 2.32. The outline agreement makes it clear that full agreement of the Deal is subject to agreement by each local authority and the LEP board. The Deal also requires a Delivery Plan to be completed by Oxfordshire Partners, Homes England and MHCLG. Work on the Delivery Plan has been completed by a team of officers from the Oxfordshire Councils and OxLEP in discussion with officials from the MHCLG and Homes England. Accordingly, this report introduces and seeks approval of the principles of the Deal as set out in the Outline Agreement, and the Delivery Plan with a delegation to the Chief Executive, in consultation with the Leader, to make any required non material changes to the delivery plan that may be required to secure agreement with Government.

Governance

- 2.33. Once agreed by the constituent authorities, delivery of the Deal will be overseen by the Growth Board, working in partnership with Homes England, Highways England and other partners.
- 2.34. The Growth Board will be responsible for oversight of the Deal, will agree delivery programmes, and make all decisions on the prioritisation and allocation of the funding secured through the Deal. Progress on delivery of the work programmes will be monitored and reported to the Growth Board, MHCLG and Homes England on a quarterly basis.
- 2.35. Recommendations to the Growth Board on funding decisions and reporting on programmes will come from the officer programme groups, via the Executive Officer and Chief Executive Groups reporting into the Growth Board.
- 2.36. The terms of reference for the Growth Board will be reviewed to ensure they reflect new responsibilities for oversight of the delivery of the Deal. This review will be completed by April 2018. It is proposed that agreement of any amendments to the revised Terms of Reference required to support the Delivery of the Housing and Growth Deal should be delegated to Chief Executives / Heads of Paid Service of the Local Authorities in consultation with the Leaders. Decisions that are required to be made in advance of that date to meet commitments in the Delivery Plan will also be delegated

to the Chief Executive / Head of Paid Service of the local authorities in consultation with the Leaders.

2.37. It is proposed that Oxfordshire County Council will be the Accountable Body for the Deal and receive payments from Government. The County Council is already the Accountable Body for the Growth Board and provides Section 151 and Monitoring Officer roles to the Committee.

2.38. The Delivery Plan includes an assurance framework that will be the mechanism and process for ensuring the oversight and reporting of performance against the delivery plan targets by the Oxfordshire Partners. A strategic programme and project management approach will be used to manage the overall growth and housing deal programme on behalf of the Growth Board. A formal project and risk management approach will be followed for each programme and project.

3 FINANCIAL IMPLICATIONS

3.1 The Oxfordshire Housing and Growth Deal will provide £150 million for infrastructure, £60 million for affordable housing and £5 million capacity funding. This is additional funding for Oxfordshire. This should help deliver planned development in Oxfordshire resulting in additional New Homes Bonus and Council Tax revenues.

3.2 The Capacity Funding will provide £2.5m additional funding to Oxfordshire to support the preparation of a Joint Statutory Spatial Plan; £1.5m to support Strategic Housing Delivery and £1m for feasibility work. A joint Statutory Spatial Plan is expected to result in efficiencies in further Local Plan work.

4 LEGAL IMPLICATIONS

4.1 The Monitoring Officer has been fully consulted in the production of the report and the legal implications and governance arrangements are covered in the body of the report.

5 RISKS

5.1 If the Deal is not agreed by the Oxfordshire Partners the opportunity to secure £215 million investment in infrastructure and affordable housing to benefit Oxfordshire's communities will be forgone. The protection offered by the bespoke planning freedoms will not be available. In addition, not agreeing the deal may have a negative impact on future prospects of securing funding from Government.

5.2 If the Government commitments to the planning freedoms and flexibilities are not delivered, or achieved according to the milestones, this presents a risk to achieving the JSSP milestones and potentially the continuation of

the JSSP project and the deal. The Delivery Plan clarifies that this will not result in clawback of the funding under the Deal.

- 5.3 There is a risk that changes to national policy, including national planning policy causes Local Authorities to amend approach to local plans.
- 5.4 A strategic risk register will be prepared for the overall Growth Deal Programme. Separate risk registers will also be put in place and maintained for each work stream. Risk registers will be updated monthly. Reporting on performance and risks will be by agreed exception to the Oxfordshire Growth Board Executive Officer Group and the Growth Board on not less than a quarterly basis.
- 5.5 A Memorandum of Understanding will be developed by the authorities participating in the Deal to set out arrangements and responsibilities between the authorities to manage financial risks in the event that one or more partners withdraw from the Deal; or targets are not achieved potentially resulting in future payments withheld or in the worst-case scenario, funding is clawed back (which would only be in the event that funding allocations are not spent or of financial mis-management). A dispute resolution process will also be set out. This agreement will be in place by 31 March 2018 before the first tranche of funding for infrastructure and affordable housing programmes are received.

6 EQUALITIES IMPACT ASSESSMENT

- 6.1 An Equalities impact assessment for the Housing and Growth Deal is attached as Annex 3 to this report. The EqIA concludes that there are no significant equalities issues to be considered at this stage but that the detailed work programmes that will be compiled to take the Deal forward will require EqIA at a more detailed level to assess impacts.

7 RECOMMENDATIONS

The Cabinet is RECOMMENDED to:

- 7.1 Agree to the Oxfordshire Housing and Growth Deal (the Deal) .
- 7.2 Agree the Delivery Plan (attached as Annex 2 to this report) as the basis for the Deal; noting that elements will be updated as detailed work programmes develop.
- 7.3 Delegate authority to the Chief Executive, in consultation with the Leader and the Growth Board, to make minor changes to the Delivery Plan that may be required to secure agreement with Government.

- 7.4 Delegate authority to the Chief Executive, in consultation with Leader and the Growth Board, to agree the Year 1 affordable housing delivery programme, phasing and processes specified in the Delivery Plan.
- 7.5 Agree for Oxfordshire County Council to become the accountable body in respect of the Oxfordshire Housing and Growth Deal.
- 7.6 Delegate authority to the Chief Executive, in consultation with the Leader and the Growth Board, to review the terms of reference of the Growth Board and agree any amendments and any appropriate inter-authority agreements required to support the Delivery of the Housing and Growth Deal.
- 7.7 Delegate authority to the Chief Executive, in consultation with the Leader to take any other decisions arising from agreement to the Oxfordshire Housing and Growth Deal, until the revised terms of reference of the Growth Board are in place.
- 7.8 Agree to participate in the preparation of a Joint Statutory Spatial Plan (JSSP) for Oxfordshire in accordance with the timescales set out in the Delivery Plan. The milestones for progressing the JSSP being contingent on Government delivering the Planning Freedoms and Flexibilities as described in the Delivery Plan.

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Background papers:

Annex 1: Oxfordshire Housing and Growth Deal Outline Agreement

Annex 2: Oxfordshire Housing and Growth Deal Delivery Plan

Annex 3: Oxfordshire Housing and Growth Deal Equalities Impact Assessment

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