

Oxfordshire Housing and Growth Deal – Outline Agreement

Definitions of Terms

“Oxfordshire” or “the authorities” refers collectively to six local authorities and the Local Enterprise Partnership with whom Government (HMG) has agreed the Oxfordshire Housing and Growth deal, namely:

- Cherwell District Council
- Oxford City Council
- Oxfordshire County Council
- South Oxfordshire District Council
- Vale of White Horse District Council
- West Oxfordshire District Council
- Oxfordshire Local Enterprise Partnership (OxLEP)

Interface with transport schemes

This deal, and any distribution of funds via it, does not constitute HMG endorsement or approval to any transport scheme. In addition, it does not circumvent any design, development or planning processes required by HMG, or any of its agencies/organisations owned by HMG (for example, Highways England or Network Rail).

Nor does it imply any favourable treatment for a transport scheme in any competitive bidding process should funding be requested in addition to that provided by this deal. HMG stands ready to advise Oxfordshire about scheme development, for example on the strategic road network or rail network.

Interface with the planning system

This deal, and any distribution of funds via it, does not constitute HMG weight or approval for any scheme which is subject to the planning system.

In addition, it does not alter any of the statutory functions, duties and rights of HMG or Local Planning Authorities, and in particular the functions of the Secretary of State in relation to plan-making or decision-taking. Nor does it imply any favourable treatment for any specific scheme or plan.

1. Introduction

a) Core components of the deal

1. This document contains an outline agreement for a Housing and Growth Deal between the Government and the local authorities in the Oxfordshire area (Cherwell District Council; Oxford City Council; Oxfordshire County Council; South Oxfordshire District Council; Vale of White Horse District Council; West Oxfordshire District Council) and the Local Enterprise Partnership (OxLEP) - hereafter collectively referred to as 'Oxfordshire'.
2. Through the deal, Oxfordshire commits to:
 - The submission and adoption, subject to the inspection process, of a joint statutory spatial plan covering all five district councils in Oxfordshire, by 2021
 - Plan for and support the delivery of 100,000 new homes between 2011 and 2031
 - backed up with a credible plan for delivery, outlining interim milestones and targets as agreed with the HCA and Government
3. Through the deal, Government commits to:
 - Provide Oxfordshire with up to £215m funding – see below for breakdown
 - Explore options to grant Oxfordshire certain time-limited planning flexibilities, subject to consultation where appropriate

b) Stages of the deal

4. The deal comprises two stages. The first is the 'outline agreement' stage - the detail of which is covered by this document.
5. The next stage ('the full agreement') will set out a more detailed delivery and implementation plan (see below). This will be dependent on a full council decision by each local authority, before being agreed between Oxfordshire and Government.

c) Approving the deal

6. The outline deal will be approved via an exchange of letters between DCLG ministers and the constituent councils of the Oxfordshire area (Cherwell District Council; Oxford City Council; Oxfordshire County Council; South Oxfordshire District Council; Vale of White Horse District Council; West Oxfordshire District Council) and OxLEP.
7. Before the full agreement can be approved by either side, HMG requires Oxfordshire to produce a realistic delivery plan by 31 January 2018. This plan should be agreed with the HCA, and should demonstrate how Government money provided through the deal is being spent in accordance with value for money requirements, alongside additional information on how a longer term step-change will be made to plan for and support the delivery of 100,000 homes by 2031.
8. Any capacity funding provided through the deal will be available to support the development of the delivery plan. The delivery plan should include at least the following pieces of information to demonstrate results achieved as a result of money provided through the deal:

- Implementation plan for spending Government money provided through the deal that meets value for money requirements as agreed with Government
 - A clear delivery profile setting out the number of homes to be built across each year
 - The location of housing and employment sites to be delivered, as a result of money delivered by the deal
 - The types and tenure of homes that will be built
 - The locations and type of infrastructure which will be invested in
 - A spending profile for the investment provided to Oxfordshire by Government
 - A monitoring and evaluation strategy for the deal
 - A clear plan for maximising local and new private investment into Oxfordshire
 - Timescales and payment profile for funding provided against the deal
 - Further detail on any flexibilities or freedoms granted, which may be subject to consultation where appropriate
9. This is not an exhaustive list. Government will now work closely with Oxfordshire to outline its needs for the delivery plan in more detail, and come to an agreement on its format and content.
- d) **Oxfordshire's plans for growth**
10. Oxfordshire has a strong and growing knowledge intensive economy and is a net contributor to the UK exchequer, delivering £21 billion per year to national output. It competes on a global stage as a centre of science and innovation, with two universities and unique research organisations and activities. Oxfordshire is a high demand housing area with a house price to earnings ratio of 10.23 - well in excess of the national average of 7.72. Like many areas, infrastructure constraints are a major barrier to housing development and job creation in Oxfordshire.
11. Oxfordshire's plans for growth are focused on a long-term, comprehensive and integrated approach to addressing these barriers - to deliver housing and economic growth in high quality sustainable developments, which offer good quality of life for new and existing residents. This is reflected in the strong collaborative approach at the heart of the Oxfordshire Growth Board: a joint committee of the six local authorities, together with key strategic partners - including Oxfordshire's two universities and the LEP - set up to facilitate and enable joint working on economic development, strategic planning and growth, including housing.
12. Work undertaken by the Oxfordshire Growth Board and OxLEP has resulted in an ambitious Strategic Economic Plan, alongside an extensive assessment and ranking project, taking in all of the infrastructure development required to support Oxfordshire's expected growth over the next 25 years (Oxfordshire Infrastructure Strategy - OXIS).

e) **The Cambridge-Milton Keynes-Oxford arc**

13. In 2016, the Government instructed the National Infrastructure Commission (NIC) to undertake a review of the potential for growth in the geographic corridor containing Oxford, Milton Keynes and Cambridge. Sitting at the Western end of the arc, Oxfordshire has a major role to play in delivering on the Government's ambitions for this area, and beyond. The NIC's final report was published in late 2017. This housing deal will be an important step towards realising the housing growth potential of this part of the arc.

f) Delivery and governance

14. The Oxfordshire Growth Board will be accountable for the successful implementation of the deal as agreed with Government. Actions to be taken in each District will require the agreement of the host District (and the County Council where transport infrastructure is required).
15. Political support will be driven through the leaders of Oxfordshire's six local authorities – the Housing and Growth Deal is completely aligned with their local priorities around economic development in Oxfordshire and the wider Cambridge-Milton Keynes-Oxford corridor.

g) HCA and Other Agency Support

16. The Homes and Communities Agency (HCA) has significant levels of both local and national capability, through its strong presence on the ground in places (enabling it to leverage good intelligence about local housing markets) and its central commercial or strategic skills and expertise. The HCA has already played a key role within the development of the Oxfordshire Housing and Growth Deal; this is expected to continue.
17. The HCA will play an integral role within the deal process as it moves forward. By employing its wide range of powers, and deploying its expertise in managing large scale and multi-site infrastructure and development programmes, the HCA will support and enhance the potential of the Oxfordshire deal to bring forward stalled sites and ensure that the volumes of land needed for development across the county are brought forward in good time. Specifically, the HCA will work closely with the Oxfordshire authorities on the production of a delivery plan, which will be submitted by Oxfordshire to Government on or before 31 January 2018.
18. Both Government and Oxfordshire will also give consideration as to how other agencies and departments could take a more joined up role, recognising the aims of this deal, and the need for engagement to enable effective outcomes through both the planning and development process.

h) Summary

19. This deal will support Oxfordshire's six local authorities to produce a county-wide joint statutory spatial plan, and to plan for and support the delivery of 100,000 new homes by 2031.
20. Government and Oxfordshire are committed to working together to pursue a comprehensive approach to growth and will work together to explore opportunities arising from investment in the Cambridge-Milton Keynes-Oxford corridor, potential major transport schemes that could unlock major new developments and the key part Oxfordshire plays in critical sectors identified in the Government's industrial strategy.

2. Oxfordshire commitments

- a) The submission and adoption, subject to the inspection process, of a joint statutory spatial plan covering all five district councils in Oxfordshire, by 2021
21. The Oxfordshire authorities are committed to allocating land for development through their current Local Plans. There are adopted Local Plans in place in Cherwell and for Vale of White Horse, a recently examined Plan in the case of West Oxfordshire and new Local Plans underway for Oxford City and South Oxfordshire.
22. Oxfordshire's plans are focused on placing economic growth at the heart of a drive to provide more housing – meeting both current and projected need. And housing delivery across the county is up over 75% in the last three years (up to 2015/16). However, sustaining this level of increase will not be possible without greater collaboration to support delivery of a county-wide programme of infrastructure investment.
23. With support from the county council, Oxfordshire's five district councils will enter into an agreement to work together to produce a joint statutory spatial plan to be adopted by March 2021, subject to examination. The following milestones will need to be met, with funding contingent on achievement of each milestone:

Action	Date
Statement of Common Ground	31 March 2018
All Local Plans submitted for examination	1 April 2019
Draft joint statutory spatial plan	30 October 2019
Submission of joint statutory spatial plan	31 March 2020
Adoption (subject to examination.)	31 March 2021

- b) Delivery of 100,000 new homes by 2031 – backed up with a credible plan for delivery, outlining interim milestones and targets and agreed with the HCA and Government;
24. Oxfordshire's 2014 Strategic Housing Market Assessment (SHMA) identified that 100,000 homes are needed across the county by 2031 to meet its trend-based economic and demographic growth and to ensure that people can live in affordable homes close to where the economic potential will be delivered.
25. This is the basis for the current suite of local plans across Oxfordshire which, when fully adopted, will provide development plan coverage to 2036. The joint statutory spatial plan will build on these local plans. The ambition to plan for and support the delivery of 100,000 new homes by 2031 is recognised as significantly in excess of the Local Housing Need figures set out in the Government consultation paper 'Planning for the right homes in the right places' (DCLG September 2017).
26. The six local authorities across Oxfordshire commit to work with Government and its agencies, to agree and create a clear delivery plan outlining Oxfordshire's ambition to plan for and support the delivery of 100,000 new homes by 2031. The delivery plan will need to be submitted by Oxfordshire on or before 31 January 2018 and approved by HMG, before any funding can be drawn down as part of the deal.
27. We also encourage Oxfordshire to work with authorities across the Cambridge-Milton Keynes-Oxford corridor, together with central government, to agree a long term vision for the whole corridor up to 2050.

28. It will be important to ensure the deal supports Oxfordshire's ambitious growth programme and meets the needs of people who cannot afford to buy on the open market. Any commitments to affordable housing delivery will need to be based on realistic delivery profiles agreed with Government as part of the subsequent delivery plan. Any payment would be linked to delivery of agreed milestones and meeting required value for money and additionality standards. HMG and Oxfordshire will agree and develop an assurance framework for the deal, which will include provisions for clawback where appropriate.

c) Pursue innovation and quality

29. Oxfordshire partners are committed to ensuring that new housing and employment development are of high quality design and meet environmental standards in order to create attractive, sustainable places that offer a good quality of life for existing and new communities.

30. Oxfordshire offers significant opportunities for innovation in design and new construction arising from major developments including the Northern Development Arc, Garden Towns at Didcot and Bicester, the West Oxfordshire Garden Village and the enterprise zones.

31. Government and the Oxfordshire partners will work together to explore further opportunities to drive innovation in partnership, design and construction, including:

- Promoting the growth of a locally based high quality and low cost modular housing construction supply chain industry across Oxfordshire.
- With development partners, including the HCA, universities, health sector and private developers, Oxfordshire partners will look to use procurement and contracting influence to support the beneficial rapid development of this emerging sector.
- Implement a programme of assessment, shared learning and applying lessons from emerging innovation, for example the Garden Towns at Didcot and Bicester, the new West Oxfordshire Garden Village and the UK's largest Self-build development at Graven Hill.
- New partnership models for affordable housing delivery.
- Oxfordshire aims to plan and deliver housing and transport in a coordinated way, minimising local disruption, and ensuring that new housing is served by a range of integrated, sustainable transport options which suit local needs.
- Working closely with neighbouring authorities where appropriate, and playing a key role in future work to promote and develop the Cambridge-Milton Keynes-Oxford corridor.

d) Oxfordshire's contribution to the deal

32. Oxfordshire councils are already committing in excess of £340m over the next five years to support the delivery of their housing and growth ambitions across the county. This includes implementing and rolling forward the Oxfordshire Infrastructure Strategy through investment in transport, social and community infrastructure

schemes; strategic planning and delivery, investment through local housing companies delivering affordable and social housing as well as direct house building programmes and regeneration.

33. The councils and their partners are also active participants in local housing and commercial property markets through use of their own land and property assets to support continued economic success and long-term place ambitions in Oxfordshire.
34. Oxfordshire will be responsible for securing additional funding to plan for and support the delivery of the full complement of 100,000 homes by 2031. The deal does not preclude Oxfordshire from bidding for future sources of government funding.
35. The collaborative, long term approach to planning for infrastructure investment and commitment to a joint statutory spatial plan are important conditions of this deal and may be a helpful consideration in potential future applications for funding to drive growth and housing in the area.

e) New private investment

36. Oxfordshire should seek to bring in new private investment alongside local authority funds. The delivery plan should set out a clear proposition for encouraging new market investment to help deliver the deal and ensure Oxfordshire is an attractive place for investment, building on its existing plans for growth.
37. This deal also outlines Government's support for encouraging more private sector investment in areas with high economic potential. The recent announcement that a fully electric version of the Mini will be built at the Cowley plant in Oxford from 2019 is testament to the area's attractiveness for investment, and a reflection of Oxfordshire's position as a hub for technology and innovation across the Cambridge-Milton Keynes-Oxford arc.
38. Oxfordshire should continue to look for opportunities to bring in further new private investment.

f) Strategic infrastructure tariff

39. Oxfordshire should consider introducing a Strategic Infrastructure Tariff (SIT), which could help to capture additional land value uplift created by the development process. As a first step, the local authorities should undertake a viability assessment across the area to determine whether a SIT would be viable across Oxfordshire and to estimate its potential revenues.
40. In order to introduce a SIT, Oxfordshire would need to put in place the appropriate governance structures and mechanisms, at the appropriate time. Oxfordshire will now work with HMG to further explore the potential of this proposal, and the governance arrangements required to support it.

3. Government commitments

41. To support Oxfordshire to adopt a joint statutory plan, and to plan for and support the delivery of 100,000 new homes by 2031, Government agrees to:
 - a) **Provide Oxfordshire with up to £215m funding.**
42. Government agrees to provide Oxfordshire with a comprehensive funding package of up to £215m to secure this ambitious housing and growth deal, as follows:
 - Up to £60m for affordable housing, provided this delivers sufficient value for money to be agreed in the forthcoming delivery plan
 - Up to £150m funding for infrastructure to unlock key housing sites, to be administered £30m per annum for five years
 - £5m resource funding to boost capacity to get a joint plan in place and support housing delivery
43. This funding will be profiled and dependent on the delivery of an agreed number of homes and milestones as set out in the delivery plan - to be agreed between HMG and Oxfordshire. Funding may be withheld or clawed back if milestones are not met.
44. Delivery progress will be evaluated by the Government in accordance with the HCA.
- b) **Explore options for certain time-limited planning flexibilities, subject to consultation where appropriate**
45. Oxfordshire's proposals seek to align funding, transport, infrastructure and strategic planning locally. To improve this alignment and enable additional housing and growth including the agreement of a joint statutory spatial plan:
 - Government recognises that planning for this level of ambition takes time to result in increased delivery on the ground, and that these ambitions should be supported during the preparation of the JSSP. Therefore, we will explore options to help ensure that the existing housing land supply position is not undermined, and explore the impact of unplanned development whilst maintaining delivery as measured by the proposed housing delivery test.
 - To offer greater certainty for the adopted JSSP, we will also explore options to adjust the consequences of the housing delivery test that are proposed to apply after 2020, in the first three years following adoption of the JSSP.
 - Government will explore whether, as part of the move towards a joint statutory spatial plan, extended timescales are required for certain Oxfordshire local authorities to adopt their forthcoming Local Plans using their SHMA (Strategic Housing Market Assessment), as opposed to the transitional arrangements proposed by the Local Housing Need consultation.
46. Any potential flexibility would be granted specifically to support delivery of the ambitious Oxfordshire housing deal to plan for and support the delivery of 100,000 new homes by 2031, and to submit and adopt a joint statutory spatial plan. The detail and timescales of any freedoms or flexibilities granted by HMG as part of this deal will be shaped up during the delivery plan process, and may be subject to consultation where appropriate.

c) Future collaboration between HMG and Oxfordshire

47. Government is keen to understand the barriers that can hold back development and prevent new homes from being built. HMG wants to have strategic dialogue with local areas and partners about how we can work together to deliver additional homes faster. This includes better understanding of the barriers to increasing supply in local housing market areas.
48. Throughout the deal process, Oxfordshire have presented a number of issues which they perceive as potential obstacles to growth and housing delivery. Government commits to work with Oxfordshire from early 2018 onwards to better understand these issues.
49. This collaboration should feed into the development of the delivery plan which Oxfordshire will create in partnership with HMG and submit by 31 January 2018 (see above). The ongoing work may focus on a number of areas, including:
 - The delivery of planning consents and timely build-out
 - Social and community infrastructure, which can support housing and growth
 - Coherence and links between government departments, statutory agencies and other bodies involved in the development process
 - Partnerships and new ways of working – especially in the context of the Cambridge-Milton Keynes-Oxford corridor
 - The use of powers, such as Compulsory Purchase Orders

4. Productivity

50. Oxfordshire has a strong and growing knowledge intensive economy, and is a net contributor to the UK exchequer, delivering £21 billion per year to national output. It competes on a global stage as a centre of science and innovation, with two universities and unique research organisations and activities.
51. Alongside addressing housing delivery – a key constraint on growth in many parts of the county – Government commits to work with Oxfordshire to address other barriers to growth through:
 - a) **Developing an ambitious local industrial strategy**
52. The Government is inviting Oxfordshire to begin the development of an ambitious local industrial strategy, alongside partners in the Cambridge-Milton Keynes-Oxford corridor. This strategy will back Oxfordshire's world class science and innovation assets, as well as identifying and growing new sectors (set out in Oxfordshire's Science and Innovation Audit) and business.
53. It will be a long-term vision for growth, aligned to the overall corridor-wide vision, based on robust evidence, and focused on raising productivity and pay. It will be underpinned by strong cooperation between national Government and the private sector, local leadership and key institutions.
 - a) **Further support to grow Oxfordshire's businesses**
54. Government will work with Oxfordshire to develop their Growth Hub to deliver quality driven targeted support, sector advice to increase SME market penetration and to accelerate scale up of high growth companies. Government will therefore, continue to provide core funding for the Growth Hub up until 2022.
55. The strength and ambition of Oxfordshire's businesses is critical to our economic growth and improving living standards. As part of the Cambridge-Milton Keynes-Oxfordshire corridor, Oxfordshire will work with the Department for International Trade to build on its already strong international profile, with the aim of boosting inward investment and exports. Oxfordshire will also work with local partners across the Cambridge-Milton Keynes-Oxfordshire corridor to develop this work.
- b) **Addressing skills gaps**
56. As part of Oxfordshire's work to develop its local industrial strategy, DfE and Oxfordshire will work together to identify the specific skills needs that Oxfordshire faces, and encourage local providers to align their provision to address these needs. DfE will do this by rolling out national policies to address skills needs including Skills Advisory Panels, T-Levels and Apprenticeships; working with the LEP.
- c) **Supporting Oxfordshire's world-leading science and technology clusters**
57. In recognition of their national importance, Government will continue to look at ways of attracting further investment and expansion of the Science Vale and Didcot Enterprise Zones.
58. As part of the Science Vale Enterprise Zone, the Harwell Campus is a beacon of the UK knowledge economy, a science and innovation district the size of a small town

with outstanding people, world-class facilities and unrivalled access to open source national laboratories and their resources. The 710 hectare Campus is already home to more than 200 organisations ranging from the Diamond Light Source (the UK's national synchrotron) to the newly announced Faraday Institution for batteries and energy storage, and includes a plethora of business involvement from SMEs to major global players. The site is set to mature to accommodate significant growth in employment, commercial and technical accommodation and supporting infrastructure including housing. To ensure Harwell continues to grow, Government will review the options available to accelerate the decommissioning programme for the Harwell site by June 2018.

59. Oxfordshire's Science & Innovation Audit identified that Oxfordshire has significant potential for growth in a number of sectors including robotics and connected autonomous systems, space, digital health and quantum computing.
60. Oxfordshire will work with industry to explore how emerging sector deals could be coordinated with local plans and investment. Including on-going discussions with the following sectors:
 - Creative Industries
 - Nuclear
 - Robotics & Autonomous Systems
 - Space
61. Government commits to exploring with Oxfordshire how the life sciences sector deal could further support the growth of Oxfordshire's life sciences cluster. Through its discussions with the life sciences sector on a deal, Government will commit to ensure the right infrastructure is in place to support the growth of life sciences clusters, of which Oxfordshire is a key one.
62. Oxfordshire will also have the opportunity to work with industry on further phases of any sector deals which complete an initial package.

5. Next steps

63. Government seeks to secure one deal with Oxfordshire. Any future agreement will need to be agreed at the appropriate level with all six local authorities and the LEP that are signing this outline agreement.
64. Should any authority/ies choose to walk away from the deal process at any point before full agreement is reached, then the outline agreement will need to be reviewed. In this instance, it is likely that Government will choose to withdraw from the deal.
65. Unless and until the joint statutory spatial plan for Oxfordshire is produced, submitted and then adopted, all existing plans and national policy continue to provide the basis for decision-making in Oxfordshire.
66. This deal does not allocate land for housing. Site allocations will be agreed through local plans subject to the inspection and examination process.
67. As outlined above, Government and Oxfordshire now hope to agree the terms of this outline agreement, before exchanging letters with the six local authorities to confirm this agreement.
68. Following this, Government expects Oxfordshire to work with the HCA to develop a credible, robust delivery plan – to cover both the commitment to plan for and support the delivery of 100,000 new homes by 2031, and the adoption of a joint statutory spatial plan by 2021 (subject to inspection). Oxfordshire will be responsible for the submission of this delivery plan by 31 January 2018.