GREATER CAMBRIDGE PARTNERSHIP

Growing and sharing prosperity

Delivering our City Deal

Report to: Greater Cambridge Partnership Joint Assembly 28 February 2018

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Greater Cambridge Partnership Future Investment Strategy

1. Purpose

1.1 Following Executive Board agreement in July 2017 to develop a Greater Cambridge Partnership (GCP) Future Investment Strategy (FIS), this paper sets out a draft FIS and the focus and rationale for the projects and schemes that are at its core.

2. Context

2.1 Greater Cambridge continues to be the UK's economic powerhouse. Cambridge is forecast to be the UK's fastest growing City in 2018 at 2.19% in Q4 of 2018. (https://www.irwinmitchell.com/ukpowerhouse).

2.2 Such significant levels of growth remind us again of the importance of maintaining the Greater Cambridge economy and continuing to grow its status for the benefit of its wider economic geography. Indeed, the drivers behind the City Deal agreement are now more relevant than ever. Gaining momentum on achieving the Deal's core outputs is as important, if not more important, as it was when the Deal was originally signed with Government.

2.3 The renewed focus on local industrial strategies reinforces the need for local areas to deliver robustly on plans for supporting economic growth and continuing to strengthen the case for investment in core growth activities.

2.4 The GCP took a leading role in making the case for Greater Cambridge as part of the National Infrastructure Commission's (NIC) call for evidence on the Cambridge – Milton Keynes – Oxford corridor. The urgent need for an integrated transport solution across the corridor was made clear - https://www.nic.org.uk/wp-content/uploads/Greater-Cambridge-Partnership-First-Last-Mile-Strategy-Report-2017.pdf.

2.5 The NIC see such integration as the essential element of realising the growth potential of the corridor and to unlocking strategic sites for new settlements along the corridor - https://www.nic.org.uk/wp-content/uploads/Partnering-for-Prosperty.pdf.

2.6 Another important element of the corridor development will be a new Cambridge South station. The GCP has, with the Combined Authority (CA) and business jointly funded the feasibility stage for a new Cambridge South station.

2.7 The delivery of the station will also offer another, non-car, core link in to an already significantly congested part of Cambridge.

2.8 It is clear from the work the GCP has been involved in over the last three years, the work of partner organisations and authorities preceding it and the body of evidence that exists in the market that a transformational solution is required to address the economically stifling issues (set out in section 3 below) that Greater Cambridge experiences.

2.9 For example, we know that productivity suffers as a result of congestion and acts an inhibitor to growth. Difficulty accessing the jobs market as a result of an unaffordable housing market compounds this issue.

2.10 As such, the GCP's Future Investment Strategy (FIS) focuses on transformational solutions created by tying together a complimentary package of interventions. By its very nature the FIS looks to the future to tackle long term issues by offering genuinely evidenced based game changing solutions. A robust evidence base will be the foundation on which future interventions are developed.

2.11 The shared evidence base that the Cambridge and Peterborough Independent Commission (CPIEC) (due to be finalised in September 2018) is expected to produce will act to help shape interventions and further guide investment principles.

2.12 The GCP will also work alongside the CA on its Four Year Plan and Prospectus to ensure the two are aligned on future direction and delivery principles.

3. Achievements since 2015

3.1. The GCP has evolved over the last three years and has achieved a lot in that time. It is continuing to build upon, and strengthen, its progress; a core part of which has been to champion and trial more inclusive approaches to stakeholder engagement. For example, it has established a series of Local Liaison Forums which meet regularly to inform and involve interested parties and local representatives in shaping and progressing our larger transport projects.

3.2. The GCP continues to harness the strength of public opinion to enable it to act as a positive force for the development of new projects and key interventions.

3.3. The GCP is delivering across an extensive programme. It is developing and implementing proposals to improve transport infrastructure across modes, whilst supporting improvements to public transport in the area.

3.4. As well as its transport focus, the GCP is supporting programmes that will deliver benefits to Greater Cambridge in housing, skills and smart infrastructure. Through our work in these areas, as well as the recent 'Our Big Conversation' engagement campaign the GCP has

developed a successful brand that is widely recognised amongst the people of Greater Cambridge and beyond.

4. **Current progress**

4.1. Progress across tranche 1 (T1) is good and will continue to be delivered as below:

Project	**Cost (£'000)**	**Target Completion Date**
A10 cycle route (Shepreth to Melbourn)	500	Completed
Ely to Cambridge Transport Study	500	Completed
Greenways – Development	500	2018
Cross-City Cycle Improvements	8,000	2018 - 2019
Rural Travel Hubs	700	2019
Cambridge South Station – Development Phase	1,75	2020
Milton Road bus priority	23,000	2020
Histon Road bus priority	4,000	2020
Chisholm Trail - Phase 1 and Phase 2	8,000	Phase 1 2019 Phase 2 2022
City Centre Access	8,000	2020
Cambridge Southeast Transport Study (formerly A1307)	40,000	2021- 2025
Cambourne to Cambridge / A428 corridor	60,000	2020 - 2024
Western Orbital (West of Cambridge Package)	6,000	2020 – 2025 (Aligned with RIS 2 Delivery Period)
Total	c**160,700**	**-**

4.2. Securing timely delivery of current schemes is essential. As part of the GCP's deal with Government the GCP will be subject to Gateway Reviews every five years from 2015 – 2030. The first Review will be in December 2019.

4.3. It is worth noting that whilst currently profiling an over-commitment of resources, many of the major infrastructure projects are not programmed for completion until beyond 2020. Therefore, there is likely to be an element of the FIS that builds in existing commitments in order to see schemes through to completion.

4.3. Officers are working closely with the nominated consultants (SQW) and the Government to ensure the process gives Government the confidence and evidence it needs to release further rounds of grant funding (£400m to 2030).

4.4. To feed in to the first Gateway process to the GCP needs to demonstrate to Government that its future investment plans are robust and evidence based. The current and ongoing FIS work is the most significant part of this exercise.

5. Rebalancing the GCP's focus – Infrastructure to support wider growth and a challenging housing market

5.1. The City Deal signed with Government in 2015 predominantly focused on investment for transport infrastructure. In thinking about the FIS and how the GCP should be supporting the further growth of the economy and the acceleration of housing delivery there is an opportunity to rebalance the GCP's investment focus.

5.2. Portfolio holder led working groups have been meeting over the course of the last six months to understand what this could look like and how the FIS can most helpfully meet the challenges posed by a growing population, a fast growth economy and a near impenetrable housing market.

5.3. In crafting the draft FIS working groups have taken account of the significant findings from the 'Our Big Conversation' (OBC) campaign led by the GCP. The OBC findings have been used to support the direction of each working group and can be summarised as follows:

6. OBC General Key findings

- OBC Engagement showed high levels of awareness of growth. 89.4% of OBC respondents were 'aware' or 'very aware'.

- Traffic congestion was ranked as the highest challenge or travel challenge at 64.6%, with associated issues of suffici5ent and reliable public transport (both 42%).

- 67% of respondents said they were unhappy with their current housing situation; over 50% cited the cost of buying as the key issue; 44% of Cambridge respondents also cited the cost of renting property as a key issue.

- In priority order, people said the following GCP investments would help them get on better in life:

    1. Improved public transport - 55.9%.

    2. Access to housing - 17.5%.

    3. Smart technology solutions - 8.9%.

    4. Linking training opportunities to employment - 4.6%.

- In general, people showed support for both immediate and long-term solutions to address these challenges. In the case of transport, there was a general acceptance that behaviour change is required alongside the introduction of new public transport infrastructure.

- Most of the comments received focused on the travel behaviour of particular groups and how this needed to change. In particular, people pressed for a switch out of cars and onto public transport.

7. Evidence Beyond the OBC

7.1. Specific and recently produced evidence on housing affordability should also guide the FIS's investment principles. **Annexe 1** sets out the research that demonstrates the acute affordability issues, across nearly all tenures that exist across Greater Cambridge.

7.2. We can also use a recently produced set of analyses (Dr.Franziska Sielker. Department of Land Economy. University of Cambridge. February 2018) that highlights blockages to growth by demonstrating a number of core themes across transport, housing, skills and smart technology.

7.3. The work also identifies a number of other themes that could helpfully be placed under the Economy and Environment portfolio badge.

The core themes identified can be summarised as follows:

Workstream	**Theme**	**Solutions** (as suggested by above analysis)
Transport	1. Access to Cambridge City is difficult	1. Citywide enhancements required. Better transport links by road, rail, bike and aeroplane are considered to be critical.
	2. Congestion is a significant issue	2. Significantly better connections between the city, commuter areas and new settlements.
	3. High Percentage of car use	3. Increased provision of public transport and cycling infrastructure inc. cycle parking
	4. Demand on existing transport infrastructure - Becomes more acute as growth projections are considered	4. Development of existing infrastructure as well as introducing new infrastructure across modes.
Housing	1. Not enough supply – High demand	1. Increased delivery across all tenures
	2. Housing shortage creates recruitment and retention difficulties	2. Increased delivery of specific tenure types to target specific sectoral or income bands
	3. Affordability	3. As above and extension of specific subsidies e.g. Help to Buy
Smart	1. Access to fast broadband	1. No specific solution suggested. We know from our work that there are opportunities to tackle this by working with developers at any early stage to ensure broadband speeds and availability is optimised

Economy and Environment	1. Scale up space for start ups	1. More research needed but the evidence suggests alternatives to commercial funding required
	2. Lack of laboratory space	2. As above
	3. Lack of office space – specifically for start ups	3. Subsidised rents and diversification of existing spaces
	4. Increased pressure on infrastructure risking continued growth of unique clusters	4. As above and closer working with business community to better understand the issues and risks
	5. Lack of financial support for start ups	5. Public/private partnerships to create investment vehicles

8. Process for FIS prioritisation

8.1. The above themes and the OBC findings outline some high level themes across each of the GCP's workstreams. They demonstrate some obvious links across the GCP's full portfolio of work and provide a helpful basis on which to start to prioritise the schemes and projects that will form part of the final FIS.

8.2. Though a helpful start to the prioritisation process more work needs to be done to understand what the likely impact of GCP's FIS interventions will be. Further criteria will be developed by identifying the key cross-cutting themes that underpin major roadblocks to economic growth and social mobility in Greater Cambridge.

8.3. These themes will then be used to further refine the GCP's FIS process for prioritisation. To that end, officers are working on some detailed modelling which, can be used to analyse each proposed intervention and subsequently tell us what impact it's likely to have; e.g. reduced congestion along X route or increased usage of public transport in Y corridor.

8.4. In doing this, the FIS should provide a transparent and objective basis on which to make investment decisions whilst avoiding an inflexible and over prescriptive process.

8.5. Officers will be able to report the progress of criteria development back to the Board and Joint Assembly in July 2018.

9. Responding to the evidence - Proposed investment across key workstreams

9.1. Notwithstanding the above, each portfolio working group has developed a draft package of interventions which, are closely aligned to the above themes and focus on much of what the OBC results tell us is required to address key issues across Greater Cambridge.

9.2. All of the interventions in the FIS will need to go through a public test/consultation later this year and be subject to further development and "narrowing down" but should be used as a solid foundation for the FIS.

10. Transport Package – "Creating better and greener transport networks, connecting people to homes, jobs, study and opportunity."

10.1 The transport package builds on existing schemes to achieve transformational impact but also recognises the need to make challenging decisions to deliver a "whole package" of coherent measures e.g. demand management and intelligent charging.

10.2 Measures which could generate an income stream have been considered as a balance against the projected costs of other interventions e.g. GCP's contribution to the CAM (yet to be determined). The package prioritises core growth principles and recognises congestion as a key inhibitor to growth.

10.3. **Annexe 2** sets out a schematic that demonstrates what the Greater Cambridge transport network could look like in 2050 based on current draft FIS transport proposals.

Transport Package		
Description	**GCP Funding £**	**Delivery Period**
Cycling	40,000,000	2020 - 2030
Public Transport	75,000,000	2020 - 2030
Road	25,000,000	2020 - 2030
City Access	30,000,000	2020 - 2030
***CAM**		
Cambourne to Cambridge	60,000,000	2020 – 2030
Cambridge South East Transport Study (Formally A1307)	140,000,000	2020 – 2030
West of Cambridge Park and Ride	20,000,000	2020 – 2030
A10 – Waterbeach to Cambridge Public Transport	50,000,000	2020 – 2030
Newmarket Road	50,000,000	2020 – 2030
North West Orbital	50,000,000	2020 – 2030
CAM Total	370,000,000	-
TOTAL	**540,000,000**	**-**

*GCP funding as a portion of total costs yet to be agreed with the Combined Authority.

11. Housing Package – "Accelerating housing delivery and homes for all"

11.1. The focus of the housing package is to have a maximum impact in a minimal number of places and to respond to the gap in delivery that the market is unable to fill.

11.2. Research, as in **Annexe 1**, tells us that we have a significant issue with supply and that people in some income brackets have very limited options to enter either the private market to rent or buy or to access any kind of publically subsidised housing.

11.3. As above and below, research and business tells us that such acute affordability issues are having a detrimental impact on attracting and retaining the workforce that Greater Cambridge needs to maintain and further strengthen its unique and globally competitive economy.

11.4. Keyworker (exact definition to be further refined) housing could act to tackle this issues and provide a product that the market is not currently bringing forward. Essentially, delivering homes for people doing the jobs that support the continued growth of Greater Cambridge.

11.5. Officers have been working on what a site specific key worker model could look like. Through the housing and strategic planning working group this work will be developed further.

11.6. Early indications suggest a broad ranging model as below:

Housing Package				
Description	**GCP Funding £**	**Number of units**	**Milestones for delivery of homes**	**Other funding sources**
• Direct investment to unblock difficult sites and deliver key worker housing across specific schemes. • List of sites to be developed. Likely focus on market diversification, modern methods and community led	10,000,000 – 50,000,000	TBC	2020 - 2030	TBC dependant on model of investment
Total	**10,000,000 – 50,000,000**	**-**	**-**	**-**

12. Skills Package – "Inspiring and developing our future workforce, so that businesses can grow"

12.1. As with all the GCP's interventions, the skills package needs to respond to the specific needs of the Greater Cambridge economy.

12.2. The GCP has an apprenticeship target (additional 420) to meet but also recognises that the process for meeting the target can't be achieved in isolation of other skills work happening across the area. As such, the current package focuses on gaining momentum on the apprenticeship target in close consultation with the CA to ensure that the GCP's activity is fully aligned with the CA's Skills Strategy which, is due to be completed in July 2018. Therefore, GCP's activity from 2020 – 2030 is still under ongoing development.

12.3. The skills working group acknowledges the need to focus on the apprenticeship target but wants to deliver a framework that ensures close linkages with schools, business and parents across all its work on skills.

12.4. The working group has agreed to externally procure a piece of work to take it towards additional delivery and officers are currently working on the procurement process. Depending on the quality of tender returns new activity should be operational by early May 2018.

Current Skills Package		
Scheme	**GCP Funding £**	**Delivery Period**
Current work - Apprenticeship Service to inc. core links to schools, business and parents. Underpinning the CA's Skills Strategy.	2,200,000	2018 - 2020
Future Work TBC. In development with the CA skills strategy	TBC	2020 - 2030
Total	**2,200,000**	**-**

13. Smart Package – "Harnessing and developing smart technology to support transport, housing and skills"

13.1. The smart package is designed to underpin and strengthen all the GCP's workstreams.

13.2. It promotes the use of smart technology to: transform transport, public Services and place for the benefit of those living and working in Greater Cambridge. Its core framework acts to leverage private sector investment on a 1:4 public/private ratio.

13.3. The smart workstream is looking across the GCP's cycle, road and public transport schemes to identify opportunities to deliver, through the construction process, fibre ducking which will enable high speed digital connectivity and facilitate 5G mobile networks in the future. This offers a genuine opportunity to join up and ensure innovative digital solutions and leading edge technology are a core part of GCP infrastructure delivery.

13.4. The smart FIS package recognises core economic growth principles as its foundation and strives to enable the development of technology that can support continued growth to 2050 and beyond.

Smart Package				
Description	**GCP Funding**	**Match Funding**	**Milestones**	**Other funding sources**
1a. Support the development of Autonomous vehicles for last mile public transport (12 seater mini bus for out-of-hours on-demand service). 1b. Support for the Combined Authority's CAM metro proposal – initial vehicle development	£2m £1m	£10m £6m	By 2020 By 2023	• Awaiting decision on current CCAV government funding round –If unsuccessful a review of how to deliver a pilot will be undertaken and funding sources could include GCP, Future CCAV bids, private sector financing.
2a. Unlock the market for 'mobility as a service' providers – Framework for operation, Data and Ticketing	£2m	£5m	By 2021	• Private Sector (in advanced discussion with a leading provider)
2b. New mobility Models e.g. Demand Responsive Transport, Car Share etc.	£1m	£5m	By2025	• Private Finance • Govt funding bids
3. Enable the deployment of urban logistic models and technology e.g. Hubl, Drone Deliveries etc.	£1m	£4m	By 2023	• Private Finance • Innovate UK & other innovation funding pots
4. Pilots and trials for the next generation of digital connectivity which is an essential foundation for both current initiatives (e.g. within City Access) and future initiatives covered in this document e.g. Air Quality	£5m	£20m	By 2030	• Private Finance • Govt funding bids
5. Support for new types of community, in particular the Cambridge NE fringe, which require innovative approaches such as low or no car developments that are dependent on a variety of smart technologies.	£2m	£10m	By 2030	• Developers • Govt funding bids
Total	**£14m**	**£60m**	-	-

14. Economy and Environment Package

14.1. The economy and environment (E&E) portfolio is new. Its aim is to promote the transformation of place for the benefit of those living and working in Greater Cambridge by making links across each of the GCP's workstreams and establishing a core portfolio of tangible outputs.

14.2. The E&E work is at a very early stage but it has identified some core areas of activity as well as opportunities to strengthen existing workstreams.

14.3. It will provide leadership for GCP on shaping the industrial strategy work.

Environment and Economy Package		
Scheme	**GCP Funding £**	**Delivery Period**
In development – Facilitating enabling infrastructure: utilities, power, and water interventions	10,000,000	2020 - 2030
In development – Start up and incubator follow on space	10,000,000	2020 – 2030
Evidence and Evaluation across GCP schemes	1,000,000	Ongoing
Total	**21,000,000**	**-**

15. Consolidated FIS package

15.1. When brought together the consolidated FIS package presents a strong framework for the GCP's future activity and investment in growth across Greater Cambridge to 2030 and beyond.

Consolidated FIS Package		
Description	**GCP Funding £**	**Delivery Period**
Transport	*540,000,000	2020 - 2030
Housing	** 10,000,000 –50,000,000	2020 - 2030
Skills	2,200,000	2018 - 2020
Smart	14,000,000	2018 - 2030
Economy and Environment	21,000,000	2019 - 2030
TOTAL	**c590,000,000 – 630,000,000**	**-**

*Dependant on GCP contribution to CAM - tbc. **Dependant on model of housing investment

16. Thinking differently about the GCPs role in investment

16.1. The GCP's grant funding from Government is a flexible funding resource that is subject to a series of Gateway Reviews over the 15 period of the City Deal agreement.

16.2. When considering how this resource can most effectively be used to achieve the strategic aims of the GCP the FIS can act as a catalyst for the GCP to use its resource more flexibly. The Government grant funding element is not restricted to capital or revenue expenditure and therefore provides an opportunity for GCP to consider investment opportunities outside of the normal approaches adopted by local authorities.

16.3. For example, the GCP could decide to borrow against its projected grant funding to raise additional funds. The GCP could also look more broadly across its workstreams to explore the possibility of directly investing in projects or schemes that would allow it to benefit from an ongoing income stream over a medium to long term period of time.

16.4. The transport package could maximises these opportunities through initiatives like demand management.

16.5. The housing and strategic planning working group is also in the process of looking for such opportunities and is testing whether directly investing in housing schemes could provide both a medium to long term income stream and fill a much needed requirement in Greater Cambridge for key worker housing.

16.6. More work needs to be done on what an investment model could look like and any model will need to be tested by an independent financial expert to ensure the GCP is confident it can balance its risk appetite against the outcomes it wishes to secure.

17. Delivery capacity and relationship with partner organisations

17.1. The GCP now has a core set of officers focusing solely on GCP related work. It has a real opportunity to use the work of the CPIEC to finalise and further develop a shared evidence base for delivery across Greater Cambridge.

17.2. The GCP works closely with the CA and will continue to do so in order to make sure it is aligned on its further strategies and plans for delivery. In particular, as above, the GCP's future workstreams will be closely aligned with the CA's four year plan and the CA's Prospectus. The GCP will also continue to support the work of the CA the CAM system.

17.3. The FIS also needs to take account of the non-statutory spatial strategy and Local Transport Plan, also being developed by the CA; as well as the new Local Plan for Cambridge and South Cambridgeshire. In addition, work being done with agencies such as Highways England, Department for Transport, the National Infrastructure Commission and Network Rail will also be important in the development of priorities.

18. Next steps

18.1. The GCP Board will need to decide when and how the GCP consults on its FIS.

18.2. One option would be to link it to a further conversation on Demand Management options process which is due to take place mid-2018. This would provide a link between the FIS and the potential to raise additional investment to fund public transport.

18.3. Another option could be to use a relatively light touch online approach. This approach would offer more of a temperature check than a detailed, longer term engagement process like the OBC.

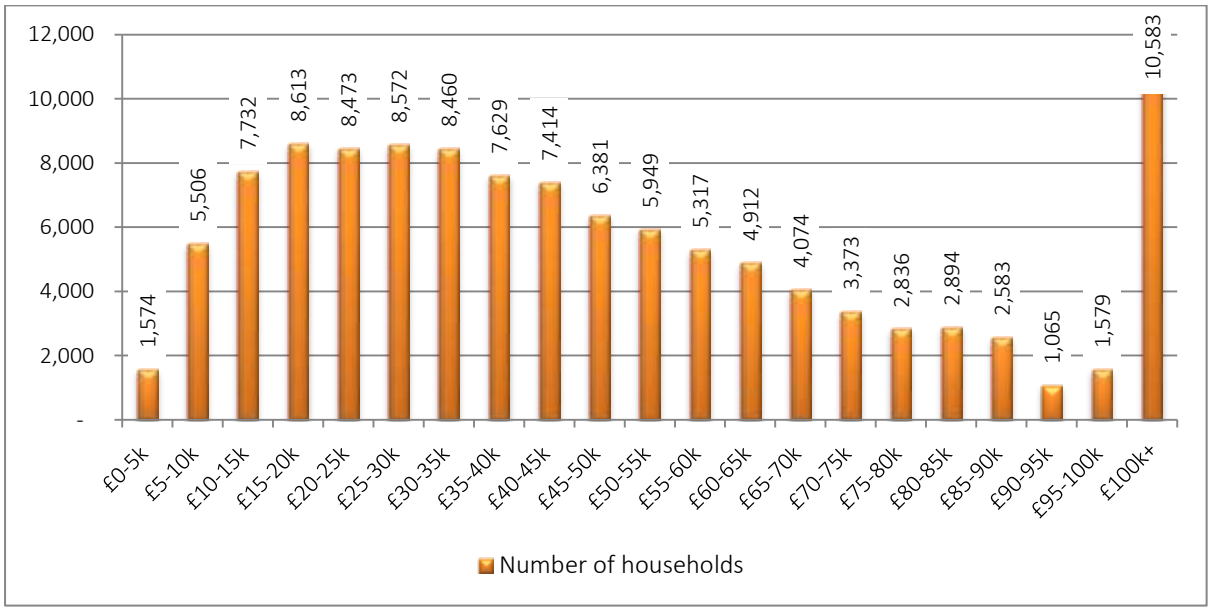
18.4. This paper is the first cut of FIS investment opportunities all of which need to be further refined.

18.5. Officers will continue to work with Cambridge University on refining the criteria for investment. In tandem, the working groups will continue to refine their packages of investment. Work with Cambridge University is expected to yield results in May 2018 and will be fed back to the Board and Joint Assembly in the July 2018 meeting cycle.

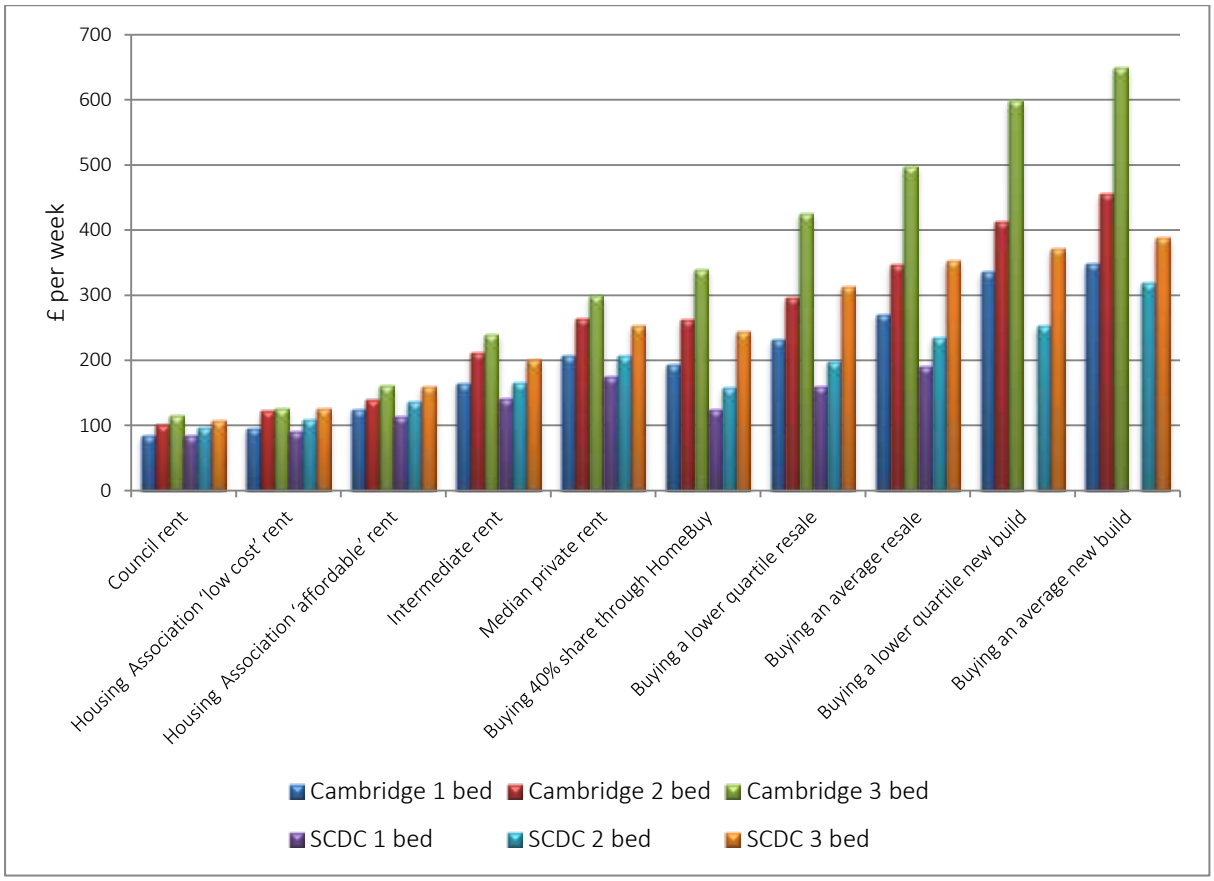
18.6. In July 2018 the Board will be asked formally approve the FIS subject to any further refinement necessary.

Annexe 1 - Housing Evidence

The number of households in each income band, across Cambridge and South Cambridgeshire. Data gathered for the year January to December 2016.



Housing costs - From the Housing Market Bulletins over the year June 2016 to March 2017 (4 quarters, sources local authority data, HCA SDR and Hometrack).



Annexe 2 – Greater Cambridge 2050 transport network