

Report to: Greater Cambridge Partnership Joint Assembly

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GREATER CAMBRIDGE PARTNERSHIP FUTURE INVESTMENT STRATEGY

1. Purpose

- 1.1 In March 2018 the Executive Board considered and agreed a draft Future Investment Strategy.
- 1.2 This paper sets out an updated Future Investment Strategy to support preparations for the forthcoming first Gateway Review. It is being presented alongside the proposed 2019-2020 budget. It includes:
 - the process and criteria for undertaking prioritisation;
 - a proposed initial prioritisation of key future projects;
 - an updated longer list of schemes under consideration; and
 - suggested next steps.
- 1.3 The Future Investment Strategy will continue to evolve as projects develop and additional funding – both match funding and government grant – is identified and secured. Officers will continue to engage with the Joint Assembly and Executive Board on the Future Investment Strategy and will bring back a fully prioritised programme for consideration.
- 1.4 The Joint Assembly is asked to comment on the updated Future Investment Strategy and the suggested principles and process for prioritisation.

2. Key Issues and Considerations

Background

- 2.1. The draft Future Investment Strategy presented in March 2018 set out initial packages of interventions based around the Greater Cambridge Partnership's (GCP's) five workstreams: transport, smart, housing, skills, and economy and environment. This took account of the findings from Our Big Conversation, which reinforced the case for taking action across a range of issues to enable continued growth throughout Greater Cambridge. In particular, respondents said that traffic congestion and lack of sufficient, reliable public transport were key issues. Following consideration by both the Joint Assembly and the Executive Board, the Executive Board agreed the draft Strategy and that further work should be undertaken on prioritisation of different interventions.
- 2.2. Poor transport connectivity continues to be a key barrier impacting on the labour market and economic growth. In November and December 2018 the Joint Assembly and Executive Board considered papers on City Access and Bus Service Improvements, including analysis to identify and prioritise the public transport service improvements that will make public

transport a better option than the car for the most possible commuters. Looking at the biggest commuter routes, both now and in the future, the analysis shows that to have the greatest impact the GCP needs to consider infrastructure and service provision on key corridors covering major residential areas and major employment sites in and around Greater Cambridge.

- 2.3. In September 2018, the Cambridgeshire and Peterborough Independent Economic Review (CPIER) published its final report. This has created a strong, shared evidence base for GCP, the Combined Authority and local authorities across the area on which to base interventions. The Review re-emphasises the importance of a package of transport and other infrastructure projects to alleviate the growing pains of Greater Cambridge: “the single most important infrastructure priority”.
- 2.4. It continues to be clear from the evidence that a transformational solution is required to address the issues that pose a risk to continued economic growth and prosperity.

City Deal Assurance Framework

- 2.5. As part of the City Deal, the GCP agreed to use an assurance framework to decide how funding would be spent, in order to ensure the right interventions are made. It is largely based on transport objectives, sitting within a wider set of strategic objectives. Reflecting our evidence base, this is likely to mean focusing investment primarily on transport but with targeted interventions across other areas to maximise our impact on the overall goal of the City Deal – to facilitate the growth of Greater Cambridge.

Developing the Prioritisation Criteria

- 2.6. Taking the assurance framework as a starting point, prioritisation criteria have been developed. The framework’s objectives have been translated into more specific and, where possible, measurable criteria that are used both at a strategic level to determine the GCP’s programme and at a scheme level to determine specific interventions. Table 1 lists the proposed prioritisation criteria.

Table 1: Suggested Criteria for Prioritisation of New Schemes

STRATEGIC	
How does the scheme facilitate City Deal objectives?	What is the likely impact on facilitating economic growth of doing the scheme vs. not doing the scheme? ¹
	What is the impact on the labour market of doing the scheme? ²
TRANSPORT	
What is the impact on people’s travel choices?	Overall journey time improvement
	Impact on journey reliability
	Capacity improvement
	Competitiveness analysis of car vs. public transport and/or active travel

¹ This would be measured in line with government’s criteria moving to Gateway 2025.

² For transport projects this measure would use connectivity and competitiveness measures. For other projects this could include looking at number of apprenticeships supported, or number of affordable or key worker homes unlocked.

Scale of impact	Connecting how many homes to how many jobs, including new and existing settlements
	Connecting different employment sites to encourage knowledge exchange
OVERALL	
Is the scheme deliverable?	Including affordability, practicality, risk analysis and stakeholder support
Is the scheme value for money and financially sustainable?	Including, if applicable, funding identified beyond the City Deal period
How does the scheme interact with other schemes (both GCP and non-GCP)?	In particular, alignment with CPCA schemes
Other policy impacts	Environmental and social distributional impacts
	Are there any impacts that severely deteriorate or negate the positive impacts?
	What is the likely impact on air quality?
	What is the impact on public realm? (alignment with spaces and movement SPD)

3. Options and Emerging Recommendations

Current Financial Position for the Future Investment Strategy

- 3.1. The 2019-20 budget is also being presented to the Joint Assembly and Executive Board during this meeting cycle. This sets out the latest position on our committed schemes. Taking these as a whole, current forecast spend is c.£427m against currently identified funding of £379m, consisting of £300m government grant (subject to successful first gateway review) and £79m estimated match funding. Estimated match funding currently includes approximate contributions from New Homes Bonus and Section 106.
- 3.2. There is the opportunity to secure a further £200m from government at the 2024/5 Gateway Review, but government grant alone was not intended or designed to meet the City Deal ambitions. Consideration needs to be given as to how to meet the City Deal's match funding commitment through, for example, further New Homes Bonus and Section 106 contributions. There is also an opportunity to look at how we can make best use of funding through borrowing. Work will continue in 2019 to identify match funding sources with the aim of creating a more accurate forecast.
- 3.3. Subject to securing additional government grant in 2020 and 2025, the GCP should have up to £579m of estimated funding, with existing commitments of c.£427m. The Future Investment Strategy therefore prioritises spend against the remaining government grant as well as identifying further projects to be considered as further funding is identified.

Proposed Initial Prioritisation

- 3.4. At a strategic programme level, and taking our evidence base, the prioritisation reinforces the case for the GCP's current work on the key Cambridge Autonomous Metro (CAM) corridors, and for consideration of service provision as well as infrastructure investments.
- 3.5. On this basis, the first spend priority of the Future Investment Strategy would be to **deliver current infrastructure schemes on CAM corridors** – including the new corridors north to Waterbeach and east towards Newmarket. Studies will shortly be commissioned to assess potential schemes and costings. An indicative allocation of £100m has been made to deliver these projects.

- 3.6. The second spend priority would be to **improve service provision on key routes** to make public transport competitive with the car, by improving journey times, service frequency and reliability. An indicative allocation of at least c.£20m/annum is likely to be needed to deliver these improvements. To implement this, it is assumed that an ongoing income stream will be needed beyond the period of the City Deal. Consideration of revenue-raising and demand management measures is ongoing, with GCP undertaking 'Choices for Better Journeys' engagement in February and March this year.
- 3.7. The City Deal creates a once in a generation opportunity to forward fund public transport improvements before implementing revenue-raising and demand management measures, so that people have increased and improved choices for making a journey. An indicative allocation of £75m to 2031 has been made for this forward funding.
- 3.8. The Future Investment Strategy should also encompass further schemes that are needed to enable continued economic growth. As set out in the progress report, the GCP's Economy and Environment Working Group commissioned work considering the extent of **energy capacity issues** and how these could be addressed. This found that intervention is necessary to ensure that Greater Cambridge has the right energy infrastructure to continue to grow. The Future Investment Strategy makes an indicative allocation of £25m of recoverable investment to address these issues by constructing a new 132kV grid substation. This £25m allocation would be recoverable as new large scale developments connect to the Grid, through a framework agreement with the local network operator. Officers are working to understand the detailed repayment period and how this would look against profiled costs in the future.
- 3.9. Together with existing commitments, this initial prioritisation for the Future Investment Strategy would take overall allocated spend – both indicative and committed – to £627m. This is £48m above currently identified funding sources although, as noted above, the £25m investment in energy infrastructure would be paid back.

List for future prioritisation

- 3.10. Beyond the proposed initial list set out above, the GCP will need to consider other investment sources to meet the match funding commitment and fund any further priority schemes. Schemes that could be considered include:
- Potential to contribute funding to other priority transport schemes, for example Cambridge South Station;
 - Decision about delivery of greenways, including possible phasing, and any further cycle projects to tackle gaps in the network;
 - Further smart projects. To date, the smart workstream has been the most successful at pulling in match funding, thereby offering more impact for GCP investment;
 - How to best use GCP resource to meet the City Deal aspirations on housing – considering leveraging other funding schemes or generating investment for larger projects; and
 - Further proposals resulting from completion of current studies.
- 3.11. At this stage it is suggested that all of the above schemes are considered for prioritisation. However, this shouldn't and doesn't prevent further schemes being considered under the criteria outlined in this paper.

4. Next Steps and Milestones

- 4.1. The Future Investment Strategy sets out the GCP's forward programme, and will sit alongside other preparations for the Gateway Review. Work will continue throughout 2019 to identify match funding and any further work on the prioritisation of projects will be brought back to the Executive Board and Joint Assembly.
- 4.2. In addition, the GCP continues to work closely with the Combined Authority to ensure that key documents such as the Local Transport Plan and the Non-Statutory Spatial Plan are developed alongside this Future Investment Strategy.
- 4.3. The Future Investment Strategy is not a fixed document and will need to evolve beyond the period of the 2019 Gateway Review to factor in developments such as any future revenue-raising schemes, as well as the developing response to the CPIER across the area. This may mean being able to prioritise more investments, and/or make investments across a greater range of activities. It may also mean looking at whether the current assurance framework can support a greater range of activities beyond its transport focus that enable the GCP to make the most of the City Deal funding.