



**GREATER
CAMBRIDGE
PARTNERSHIP**

Growing and sharing prosperity

Delivering our City Deal

Report to: Greater Cambridge Partnership Executive Board

20th March 2019

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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. This paper sets out an updated Future Investment Strategy to support preparations for the forthcoming first Gateway Review. It is presented alongside the proposed 2019/20 budget.
- 1.2 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.

2. Recommendations

That the Executive Board is recommended to:

- (a) Note that the updated evidence base continues to demonstrate that a transformational solution is required to address the issues that pose a risk to continued economic growth and prosperity;
- (b) Agree the principles and criteria for prioritisation of future investment, which are based on the City Deal Assurance Framework;
- (c) Agree the initial prioritisation for future investment at paragraphs 5.4-5.8, and notes that, together with existing commitments, this would take overall allocated spend to c.£627m; and
- (d) Note the updated long list of projects at paragraph 5.10, and agrees to keep these under consideration while additional work to develop projects and identify match funding is undertaken.

3. Officer comment on Joint Assembly Feedback and Issues Raised

- 3.1. Details of feedback from the Joint Assembly are set out in the report from the Joint Assembly Chair. This contains details of matters discussed at the recent Joint Assembly meeting and a summary of feedback.
- 3.2. The Joint Assembly made a range of suggestions relating to the prioritisation criteria. Having considered these, officers have made some changes to the criteria to reflect these comments. These include: separating out considerations around affordability and timescales from other delivery considerations; making it clear that interaction with other proposed strategic

infrastructure schemes beyond the GCP and CPCA, and the role of transport in enabling new housing, should be considered; and noting that ability to recycle funds or raise revenue may also be a consideration. The paper has also been updated to ensure the GCP's workstreams are all appropriately referenced.

4. Key Issues and Considerations

Background

- 4.1. 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.
- 4.2. 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.
- 4.3. 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".
- 4.4. 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

- 4.5. 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 – as well as to meet the specific aims and objectives of the other workstreams: skills, housing, smart and economy and environment.

Developing the Prioritisation Criteria

- 4.6. 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
Scale of impact	Connecting how many homes to how many jobs, to include: <ul style="list-style-type: none"> - Existing homes - Enabling or facilitating new homes
	Connecting different employment sites to encourage knowledge exchange
OVERALL	
Is the scheme deliverable?	Is the scheme affordable for GCP?
	Is the scheme deliverable within the City Deal timescales?
	Consideration of other factors, including practicality, risk analysis and stakeholder support
Is the scheme value for money and financially sustainable?	Including, if applicable: <ul style="list-style-type: none"> - funding identified beyond the City Deal period - potential to recycle funds or generate future revenue
How does the scheme interact with other schemes (both GCP and non-GCP)?	In particular, alignment with CPCA schemes, and interaction with other proposed strategic infrastructure schemes e.g. East-West Rail
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)

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.

5. Initial Prioritisation and List of Potential Future Projects

Current Financial Position for the Future Investment Strategy

- 5.1. The 2019-20 budget is also presented to the Executive Board at this meeting. 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.
- 5.2. 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 and considering any risks and mitigations.
- 5.3. 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

- 5.4. 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.
- 5.5. 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.
- 5.6. 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, reliability and potentially other factors including cost of fares. 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.
- 5.7. 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.
- 5.8. 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.

- 5.9. 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

- 5.10. 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** – the housing working group has previously identified opportunities to support GCP's objectives. This could include considering leveraging other funding schemes or generating investment for larger projects;
- Any opportunities arising to support the City Deal aspirations on **skills** and arising from the development of the Combined Authority's skills strategy and local industrial strategy; and
- Further proposals resulting from completion of current studies.

- 5.11. At this stage it is suggested that all of the above schemes are considered for prioritisation. However, this should not and does not prevent further schemes being considered under the criteria outlined in this paper.

- 5.12. The initial prioritisation and long list are summarised at **annex A**.

6. Next Steps and Milestones

- 6.1. 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.

- 6.2. 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.

- 6.3. 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.

Annex A – Summary of Initial Prioritisation and Long List

Initial Prioritisation		
Priority	Project	Indicative Allocation
1	Deliver infrastructure schemes on CAM corridors – including new corridors north to Waterbeach and East towards Newmarket	£400m (£100m for two new corridors +c.£300m budgeted for existing schemes)
2	Improve service provision on key routes	£75m
3	Address energy capacity issues	£25m (recoverable investment)
Long list of Future Projects		
Contributions to other priority transport schemes, for example Cambridge South Station		
Decision about delivery of greenways, including possible phasing, and any further cycle projects to address gaps in the network		
Further smart projects to support City Deal objectives		
Opportunities to support City Deal aspirations on housing, including considering leveraging other funding schemes or generating investment for larger projects		
Opportunities to support City Deal aspirations on skills, and/or arising from development of Combined Authority's skills strategy and the local industrial strategy		
Further proposals resulting from completion of current studies		