



Greater Cambridge  
Greater Peterborough  
ENTERPRISE PARTNERSHIP



UNIVERSITY OF  
CAMBRIDGE



South  
Cambridgeshire  
District Council

**Report To:** Greater Cambridge City Deal Executive Board

27 March 2015

**Lead Officer:** Chris Malyon, Chief Finance Officer,  
Cambridgeshire County Council

## Greater Cambridge City Deal Partnership Budget 2015/16

### 1. Purpose

To agree a budget for non-project costs for the 2015/16 financial year. These are costs associated with delivering the broad range of City Deal outcomes, beyond the capital costs associated with delivering the infrastructure investments.

These outcomes include the delivery of additional affordable housing in the Greater Cambridge area, the creation of over 400 new apprenticeships, exploration of smart / digital solutions to the area's economic barriers, assessment of the economic impact of the City Deal programme and the co-ordination, leadership and communication of the initiative overall.

### 2. Recommendations

It is recommended to the Executive Board that: -

- a) The following options in relation to the functions set out in this report be adopted:-

Budgetary provision is made within the 2015/16 Greater Cambridge City Non-Project costs budget for:

- Central coordinating functions in the sum of £150,000 per year for two years. (Section 6.1);
  - Strategic communications in the sum of £60,000 for two years (Section 6.2);
  - Economic assessments in the sum of £10,000 per year for two years (Section 6.4);
  - Smart City in the sum of £20,000 per year for two years (Section 6.5);
  - Inward Investment team to a maximum sum of £150,000 (Section 6.6); subject to the conditions set out in that section;
  - Support for the delivery of additional Housing in the sum of £200,000 per year for two years (Agenda item 7a).
- b) Subject to the agreement of the recommendations set out above the City Deal budget for non-project costs as set out in section 6 of this report be approved for the financial year commencing 1st April 2015;

- c) The currently unutilised funding, as set out in section 8 of this report, be retained for other needs that are expected to arise to progress the City Deal objectives, including potential investment in infrastructure schemes and carried forward at the year-end subject to any further demands that may be agreed by the Board within the financial year.
- d) These allocations be reviewed at the mid-year point and any amendments to these sums or additional elements be made at that point.

### **3. Reasons for Recommendations**

The Board is requested to agree the recommendations in this report in order to create a budget for the forthcoming financial year. The budget will enable funds to be released to support the delivery of the overall programme for activities that are essential to the programme but not directly attributable to any of the individual schemes.

### **4. Background**

The Greater Cambridge City Deal Partnership will be incurring significant costs in the delivery of a number of major transport improvement schemes for the area. The individual projects will be supported through a grant mechanism but will still require a detailed budget that is profiled over the life of the projects. This will ensure that the Assembly and the Board can monitor progress against delivery. The Executive Board approved the first five years of the programme at their January meeting and this programme is set out in this report.

At this point there is insufficient detail to produce a profiled capital programme for the first five years. This will however be the subject of a further report as the information becomes available.

It has been well documented that a programme of this nature will also require some non-project activity to be resourced to ensure the successful delivery of the programme in a sustainable and efficient way. Some commitments were also made in the bid to Government that secured the £500m funding package. These commitments therefore also require funding.

One of the commitments made in the submission was to develop a pooled resource of local funding. The Assembly and the Executive Board considered a paper on this matter at the January meetings and agreed to the pooling of New Homes Bonus in order to fund non-project costs associated with the programme. It is recognised that this funding source cannot be guaranteed beyond 2015/16 and therefore it is important that any financial commitment is considered against this financial backcloth. This report sets out a budget for non-project costs for 2015/16 and an initial budget projection of non-project costs for Phase 1 of the programme.

### **5. Capital Expenditure**

The Executive Board of 28 January agreed a programme of priority capital schemes for the first five years of the Greater Cambridge City Deal partnership. The programme is significantly in excess of the grant that is available and this is to reflect that the grant resources will be supplemented by additional funding from developer contributions resources and other funding streams. Furthermore there is a possibility that some of the projects within the programme will not progress either to the level outlined or within this timeline.

The agreed projects are set out in the table below.

<b>Project</b>	<b>£m</b>
Milton Road bus priority	23.04
Madingley Bus Priority	34.56
Histon Road Bus Priority	4.28
A428/M11 bus segregation	24.48
City Centre Improvements/cross City cycle improvements	22.66
A1307 Corridor including bus priority	39.00
Chisholm Trail	8.40
Year 1 to 5 pipeline development	10.60
Year 6 to 10 programme development	9.00
Programme management and early scheme development	4.50
<b>Total</b>	<b>180.52</b>

The Executive Board will receive a profile of the anticipated expenditure against these schemes, and the potential additional funding sources, when greater clarity becomes available. Monitoring reports will then be provided to the Assembly and the Executive Board on a regular basis going forward.

## **6. 2015/16 Non Project Costs**

There are a number of activities that play a supportive but important role in the long term success of the overall City Deal programme. The level of investment in these activities will however be significantly influenced by the Boards appetite to for promotion and engagement in the broader issues that will contribute to the wider success of the City Deal programme. These activities are set out below: -

### **6.1 Central leadership and co-ordinating functions**

- 6.1.1 The City Deal is a complex and expanding partnership programme. There will be a need for a strong central co-ordinating and leadership function to be carried out to effectively deliver this ambitious programme. It will be particularly important if we move, as we hope, toward the creation of a combined authority, potentially by April 2017.
- 6.1.2 Cambridge City Council currently provides the Senior Lead Officer and Cambridgeshire County Council the Project Manager. All three authorities are also investing significant staff resources in developing and delivering a number of work-streams. Each Council will need to continue to make strategic input on a number of issues, and provide a senior lead to do this.
- 6.1.3 There is a high level of expectation from all stakeholders that this whole enterprise will be managed and co-ordinated effectively, knitting together complex decision-making processes and structures, member expectations and public/media interest.
- 6.1.4 A prudent but realistic resource to carry out the functions set out in Appendix A would be a full-time, dedicated senior post (potentially titled "Programme Director") and a full-time Project Manager.
- 6.1.5 Providing £150,000 per year would allow for the recruitment of a Programme Director, a Project Manager and associated on costs.
- 6.1.6 In the short term it is proposed that any additional staff would be hosted by one of the Councils and managed within that organisation's existing management structure. Depending on the detail of future proposals for joint teams (and/or a combined authority), it may be appropriate to move these staff into that structure.

## **6.2 Strategic Communications Functions**

- 6.2.1 This section refers to the need for some dedicated City Deal communications resource at a strategic level, as opposed to dealing with the more scheme-specific communications/engagement work. 'Strategic communications' here refers to these more high-level communications and coordination functions.
- 6.2.2 The functions that it is felt need to be covered and which would not be covered by other work-streams include:
- Forward planning of communications work.
  - Working with the Board before and after meetings to confirm and disseminate key messages.
  - Horizon-scanning to ensure issues that may prove to be newsworthy are identified early.
  - Ongoing partner/stakeholder engagement.
  - Maintenance and oversight of City Deal website.
  - Managing social media.
  - Internal communications.
  - Media management.
  - Chair and lead the partner communications group.
  - Support scheme-specific communications where necessary.
  - Communications activity on housing, skills and other work-streams
  - Provide communications support to the Executive Board.
  - Support MP/Ministerial engagement.
- 6.2.2 Experience shows that for complex programmes and processes, if there are not effective measures in place to communicate and manage information, overall costs and timescales increase. It will be important not just to communicate and consult on the individual schemes, but to build a degree of understanding and engagement in the local area that is supportive of the programme overall. Having dedicated capacity will help ensure that the goals and benefits of the programme and projects are understood, and that the positive purpose of the City Deal programme is pro-actively communicated.
- 6.2.3 To ensure there is sufficient capacity to develop and deliver a communications strategy appropriate to a programme as complex and ambitious as this, adequate resource (potentially in the form of a City Deal Communications Lead Officer) should be provided to exercise these functions. Any new post or consultant would need to be overseen by existing communications managers.
- 6.2.4 Hosting of a post could be at any of the Councils, but given the scale of the communications function at the County Council, it would probably be best for the hosting to be there.
- 6.2.5 In summary, it is considered that there is a need for a strong strategic communications function to ensure the purpose of the programme and overall logic of what we are doing is well communicated and that potential issues and queries are dealt with as swiftly as possible. If supported the additional resource will provide the capacity for the Executive Board to share its vision and maintain excitement in the programme. This is beyond the capacity of the current communications resource and so if no additional resource is provided, there will be significant limitations to what can be achieved.

- 6.2.6 Having sufficient capacity would increase the ability to be responsive and pro-active. This would increase the breadth of activity and impact that any post or consultant could be expected to deliver.

### **6.3 Skills**

- 6.3.1 As part of the City Deal, the Department for Business, Innovation and Skills has agreed to let the local area influence the local spend of the Skills Funding Agency (SFA) on training to fit better with the needs of employers. To achieve this and the delivery of an additional 420 apprenticeships over five years, we have committed through the Deal to set up a Skills Service to provide a link between employers, learners and providers. It is anticipated that delivering our commitments in this way will facilitate a significantly increased level of control over the £30 million annual SFA budget in Greater Cambridge.
- 6.3.2 The Skills Service model is tried and tested through the LEP, and the pilot Skills Services in the north of the LEP area has won a global award for its work. Its activities can be broken down as follows:
- Work with schools and business links – in Greater Cambridge this is currently undertaken through the Cambridge Area Partnership and has proven to be very successful, although that body's funding will have ceased at the end of 2014.
  - Managing the programme – including researching business needs, marketing the programme, working with providers and managing the SFA/BIS data requirements.
  - Working with businesses on their training plans and acting as broker with the stakeholder group of providers.
  - Apprenticeship events and marketing.
- 6.3.3 The exact model for delivering our objectives on skills remains to be determined, with the Assembly being invited to advise the Board on options by June in a separate report to the Assembly's 6 March meeting.

### **6.4. Economic Assessment**

- 6.4.1 Following discussions with HM Treasury (HMT) via Cabinet Office (CO) on the independent economic assessment process that is required by the Deal, we will need to procure a panel of experts to devise an appropriate methodology and undertake the economic assessments in 2019 and 2024. It is expected that we will procure this independent expertise jointly with other cities that have similar infrastructure funds. The exact details are still being worked through, ahead of an anticipated procurement in Spring / Summer 2015.
- 6.4.2 Until it is clear whether we are procuring jointly, and what precisely the panel is required to do, it is difficult to give a detailed prediction of costs.
- 6.4.3 However, one can assume that specialist knowledge will come at a significant day rate, and that even if this work is shared among 3-4 cities, it would be prudent to allow for up to £10,000 per city per year.
- 6.4.4 The Officer's recommendation is that at this stage that budgetary provision should be made in the sum of £10,000 per year for five years in the City Deal budget.

### **6.5. Smart Greater Cambridge**

- 6.5.1 The Board has shown an interest in developing a smart city/digital work-stream, and a workshop is arranged for 11 March. If the Board wishes to develop that work-stream further, a working group is likely to be needed to take that work forward, under the governance of the City Deal Board.
- 6.5.2 To kick-start the work-stream and provide a small budget for events, bid development and related project costs, it is proposed to put a place-holder in the City Deal budget for £20,000 per year for two years.
- 6.5.3 The Officer's recommendation to the Board is that budgetary provision should be made in the sum of £20,000 per year for two years in the City Deal budget, with the option to review at the mid-year stage.

## **6.6. Inward Investment and account management**

- 6.6.1 Cambridge Network (CN) are leading development of a project to promote Greater Cambridge as a place to find products and services to buy; a place to invest and a place to do research and development; support Greater Cambridge companies in trading and bringing in investment; and be a gateway and advisory service for those wishing to locate and invest here.
- 6.6.2 This would be achieved by
- Providing good support for the business visitors that come to local partners;
  - Diverting opportunities that are currently lost to the right place;
  - Developing compelling story(s) with facts to broadcast, share and customise;
  - Inclusion in heavily funded stories such as MedCity and TechCity;
  - Activities to retain and develop existing investors;
  - International promotion via UKTI, Cambridge alumni and visitors.
- 6.6.3 This would cost around £200,000 per year to run, in the first instance, until income comes in. Cambridge Network is suggesting that the City Deal councils contribute £60,000 in 2015/16; and £90,000 in 2016/17. These figures are dependent on CN receiving funding from other bodies (e.g. LEP, University) too.
- 6.6.4 Success measures would ultimately include jobs created or retained plus inward investment, but as initial measures Cambridge Network will use meetings held, feedback from those and repeat visits. The Chief Executive of Cambridge Network proposes that they will also measure quality of material produced and quality of thinking, plus coverage that generates leads. At the beginning they might want to focus on responsiveness rather than raising new awareness but this will switch as soon as the service is good at being responsive.
- 6.4.5 In doing so the Board will however want to satisfy itself that it is obtaining best value before any resources are committed that. Any agreement between the parties must therefore be subject to the outcome and qualitative measures highlighted in paragraph 6.6.4. The Board will also need to satisfy itself that other funding sources are in place before any commitment is made to ensure that further requests for funding are not made. The Board may also wish to make its funding conditional on the existing business networks and promoting bodies to commit to rationalising their structures. There may also be scope to explore alignment or integration of this function with existing business support or economic development functions in due course in the context of the Growth Hub concept.
- 6.6.6 Officers recommend that the Board make provision of £60,000 in the 15/16 budget and £90,000 in 16/17. It is further recommended that this funding be subject to the

parties being able to agree the necessary qualitative outcome measures upon which performance will be measured in a Memorandum of Understanding or Service Level Agreement. Confirmation that the proposed agency and its promoters are able to confirm that their alternative funding sources are in place will also be a pre-requisite before any formal commitment is made, as may be a commitment to structural rationalisation between the existing bodies.

## 7. Non Project Costs Budget

Should the Board agree to the levels of funding recommended in this report the budget for non-project costs for 2015/16 would be as follows:-

<b>Activity</b>	<b>Cost £000</b>
Programme Central Co-ordination Function	150
Strategic Communications	60
Economic Assessment	10
Smarter Greater Cambridge	20
Inward Investment & Account Management	60
Housing	200
<b>Total</b>	<b>500</b>

## 8. Non Project Costs Funding

As agreed at the last meeting 40% of the New Homes Bonus Grant for 2015/16 will be used by the three local authorities as the funding source for the forthcoming financial year. It was also highlighted at the last meeting that given the uncertainties of this funding source going forward this could only be a commitment for one year. This position will be reviewed once the outcomes of the forthcoming Spending Review are known. As a result the funds available for 2015/16 are set below.

<b>Authority</b>	<b>2015/16 £000</b>
Cambridge City Council	1,986
South Cambridgeshire District Council	1,683
Cambridgeshire County Council	917

This provides a total resource pool of £4.586m. A firm commitment was given to the Executive Board that resources would only be committed if required. Given the uncertainty of the future of this funding source it is intended to carry forward any unutilised sums to future years in order to provide some certainty of funding for the key activities set out in this paper.

## 9. Ongoing Provision

All of the above activities have some degree of ongoing commitment. The risk of New Homes Bonus not being an ongoing funding source have been well documented and therefore the Board will be advised that at this point entering into commitments beyond the existing resource envelope should be avoided. Whilst many of the activities set out in paragraph 6 would be expected to be a continuing support, the Board have the ability to shape and scale according to the funding that is made available. Both activities and funding to support these activities will be the subject of an annual budget statement.

Although there is a clear risk associated with New Homes Bonus as a funding source beyond 2015/16, any unallocated sum from the existing resource pool will be carried forward as a funding source beyond the current year. Using the financial requirements set out in other papers on this Agenda the following 2 year budget for non-project costs has been drafted.

This is not formalising the budget for the 2 year period as this will be subject to an annual process.

<b>Activity</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>Total £000</b>
Available Funding	4,586	4,086	4,586
Programme Central Co-ordination Function	150	150	750
Strategic Communications	60	60	300
Economic Assessment	10	10	50
Smarter Greater Cambridge	20	20	40
Inward Investment & Account Management	60	90	170
Housing	200	200	400
<b>Total Annual Budget</b>	<b>500</b>	<b>530</b>	<b>1,030</b>
<b>Funding to be carried forward</b>	<b>4,086</b>	<b>3,556</b>	<b>3,556</b>

## 10. Considerations

Only activities that are directly related to, and contribute to the delivery of, a project can be treated as capital costs and therefore charged directly to individual projects that are funded from the capital programme. Other activities that are required to ensure the success of the whole programme therefore need to be funded through an alternative source of funding.

## 11. Implications

In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

### ***Financial***

The financial implications are set out in body of the report.

### ***Legal***

The agreement of a funding methodology does not set a legally binding agreement. This can therefore be reviewed and adjusted at any point by agreement of the Executive Board.

### ***Staffing***

There will be some staffing implications in relation to the specific proposals set out in this paper. This relates to the recruitment of staffing to support the central co-ordination and communication functions.

### ***Risk Management***

There is a risk that the New Homes Bonus will not exist after the 2015 Spending Review. Furthermore if NHB does continue in its existing form, the pressures arising from continued austerity measures may necessitate the three local authorities to review the level of funding that is allocated to this activity. Further consideration of the funding of



the non-project costs set out in this report will be needed once the future of New Homes Bonus is known. This will be undertaken as part of an annual budget report that will be presented to the Executive Board for approval.

**Consultation responses**

The three local authorities that will be contributing the funding set out in this report have been fully engaged in the drafting of this report.

**12. Background Papers**

January Executive Board Papers. DCLG 2015/16 Grant Settlement Papers

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### **Programme Director (Full time)**

- Comprehensive, pro-active stakeholder engagement (including with senior partners, businesses, Government, other cities, think-tanks etc.)
- Representing the City Deal on appropriate groups, e.g. Skills Stakeholder Partnership, Local Enterprise Partnership (LEP), Cambridge Ahead etc.
- Ongoing work with Cambridge Promotion Agency (if appropriate)
- Point of contact for those seeking to engage with the Greater Cambridge economy, for instance from UK Government, other UK councils or similar, overseas Governments
- Ongoing work with Economic Development Officers to maximise opportunities arising from LEP/European funding, and other projects/initiatives
- Horizon scanning for opportunities to lobby/campaign/promote a manifesto for Greater Cambridge
- Preparation and coordination of proposals for devolution (if appropriate)
- Lead negotiator with Government
- Planning and co-ordinating Executive Board, Joint Assembly and Chief Executives' forward plans/work programme, ensuring issues for decision are brought forward in a timely and co-ordinated manner
- High level liaison between Programme Board members, with workstream leads and other key officers, with Board and Assembly chairs & members and other councillors and stakeholders, to ensure a properly planned, delivered and resourced programme of work
- Preparation and co-ordination of proposals around Combined Authority legislation
  - Initiating formal "Governance Review"
  - Liaising with senior offices and elected members on options and preferences for new governance arrangements
  - Liaising with Government and local partners on powers, processes and structures
  - Leading process of decision-making through full councils etc.
- Ensuring workstreams provide timely and appropriate monitoring reports to members
- Commissioning additional support and expert advice as appropriate
- Tendering and oversight of the economic assessment panel and its work
- Oversight of plans to create joint teams, liaising with service directors and councillors to ensure coherent and efficient structures
- Liaison between Members, workstream leads and stakeholders

### **Project Manager**

- Support Lead Officer in negotiations with Government
- Acting as lead point of contact for information requests, democratic services, audit, etc.

- Research and provide advice on governance options, constitutional issues and related matters
- Support the Workstream leads in planning, managing, delivering and reporting their projects
- Support the lead officer in researching and articulating economic opportunities in the region, providing or commissioning data and analysis as appropriate
- Manage procurement processes, for instance on economic assessment panel
- Work with lead officer and democratic services team to ensure meetings are planned, arranged and managed effectively, and reports are produced and circulated on time
- Managing monitoring and reporting of progress, risks and issues
- Supporting lead officer in taking forward process of applying for and creating combined authority
- Ensure actions from the various groups are recorded and progressed
- Contribute to the design and implementation of new arrangements for efficient joint working
- Support delivery of the communications strategy, including communications within and between the partners