

Greater Cambridge City Deal



Executive Summary

The Greater Cambridge City Deal aims to enable a new wave of innovation-led growth by investing in the infrastructure, housing and skills that will facilitate the continued growth of the Cambridge Phenomenon. It acknowledges the region's strong track record of delivering growth and seeks to support those existing, and new, businesses in achieving their full potential.

The deal agreed between Government and Greater Cambridge allows Greater Cambridge to maintain and grow its status as a prosperous economic area. Our deal will:

- create an infrastructure investment fund with an innovative Gain Share mechanism;
- accelerate delivery of 33,480 planned homes;
- enable delivery of 1,000 extra new homes on rural exception sites;
- deliver over 400 new Apprenticeships for young people;
- provide £1bn of local and national public sector investment, enabling an estimated £4bn of private sector investment in the Greater Cambridge area;
- create 45,000 new jobs;
- create a governance arrangement for joint decision making between the local councils

Introduction and economic overview

The Greater Cambridge City Deal brings together Cambridge City Council, South Cambridgeshire District Council, Cambridgeshire County Council, the University of Cambridge, and through the Greater Cambridge, Greater Peterborough Enterprise Partnership, local businesses, colleges and research facilities in the area.

Greater Cambridge competes on a global stage and is a gateway for high-tech investment into the UK. It is also the innovation capital of the country, with more patents per 100,000 population than the next six cities combined.¹ Greater Cambridge's economic success to date is the story of a networked and connected city region characterised by world-leading innovation. Research into the Cambridge Phenomenon, the cluster of technology firms around Cambridge, shows success happened because:

- A world class university drew talent into the area from across the globe, fostered innovation and encouraged business spinout from that innovation which developed into strong hi-tech, bio-medical and other clusters with over 1,525 technology companies employing more than 54,000 people and a combined revenue over £12bn;
- The area's scale and connectedness allowed overlapping networks to develop and facilitated a culture of cooperation and cross-fertilisation between entrepreneurs and with academics;
- It is an attractive place and competes with other world cities as a good place for business leaders and their families to live, not just a good place to do business.

Greater Cambridge has a diverse economic base with strengths across a broad base of knowledge-intensive sectors: professional, scientific, bio-medical, clean-tech, technology, and advanced manufacturing. The Greater Cambridge area covers the footprint of the Cambridge city and South Cambridgeshire district councils.

Why are we doing this?

Since 1960, the Greater Cambridge area has been home to an ever-increasing cluster of technology, life sciences and services business known as the "Cambridge Phenomenon", a term first coined by Peta Levi in the Financial Times in 1980. The success to date has been widely celebrated, but is now contributing to a shortage of housing and significant transport congestion that threaten to choke off further economic growth.

Retaining our success stories in the local area is as important as generating the home-grown, multi-billion pound international businesses (such as ARM, Autonomy and Marshalls) of tomorrow. In order to deliver more jobs and economic growth, and to unleash the next wave of the "Cambridge Phenomenon", the Greater Cambridge area has to grow physically whilst maintaining ease of movement between key economic hubs such as new economic centres of gravity like the Addenbrookes Bio-Medical campus to the south and the University of Cambridge's sites to the west and north-west and the high quality of life that contributes so significantly to the area's attractiveness and success.

¹ Centre for Cities, Cities Outlook 2014

Key elements of the deal

Gain Share

Greater Cambridge has a critical and essential contribution to make to drive the Government's commitment to overall growth at a national level. The city has developed a clear understanding of the drivers of its economy, its strengths and challenges and the levers it needs in order to achieve its growth potential.

This City Deal represents a step change in the ability of local partners to deliver the infrastructure necessary to support the area's ambitious growth plans. This transformative approach to infrastructure will deliver the scale and nature of investment necessary to ensure the transport network supports the economy and acts as a catalyst for sustainable growth.

Investment fund & Gain Share mechanism

Greater Cambridge will create an investment fund drawing together national and local funding streams to invest in infrastructure that will drive economic growth in the area. Government will support this through an innovative Gain Share mechanism where Greater Cambridge is rewarded for prioritising, and investing in, projects that deliver the greatest economic impact over 15-20 years, commencing in 2015-16.

Over the period 2015/6 to 2019/20, Government will provide Greater Cambridge with £100m, consisting of five annual payments of £20m. This will provide Greater Cambridge with a high level of certainty to commence investment in this ambitious programme of transport infrastructure.

Dependent on the economic impact of the local investments, Greater Cambridge will be able to access up to an additional £400m over 10-15 years.

This investment will sit alongside the over £500m that Greater Cambridge has pledged to invest to enable the supporting infrastructure needed to unlock the benefits of growth in the Greater Cambridge area. This pooling of central and local resources will lead to a total investment of £1bn over the City Deal period.

Selecting the infrastructure projects to drive economic growth

In order to deliver more jobs and economic growth, the city region has to accommodate new and growing businesses and research centres and the people who work in them whilst ensuring ease of movement between key economic hubs. Greater Cambridge needs to connect new developments to each other, and to existing research institutes, science and business parks; to Cambridge city centre and transport hubs, and to the Alconbury Enterprise Zone; to both universities and to residential areas.

To achieve this, Greater Cambridge will undertake an ambitious programme to enhance transport capacity in the area. This capacity is needed along key strategic corridors to and from the city (particularly along those corridors where significant new housing or employment growth is planned) as well as within the built up area of the city. Development of the sustainable transport network will need to strengthen the employment hubs and high tech clusters in Greater Cambridge by making movement between them more straightforward, efficient and convenient.

The backbone of the proposed strategy is a transport network to link areas of population and employment within the City Deal area. There will be new orbital bus routes around Cambridge and new high quality public transport links into Cambridge on key corridors, connecting with major employment centres. There

- to attract and retain more skilled people by investing in transport and housing whilst maintaining a good quality of life, in turn allowing a long-term increase in jobs emerging from the internationally competitive clusters and more university spin-outs.

The selected schemes will be assessed to ensure they deliver value for money (where the economic benefits of the scheme exceed the costs of investment and maintenance), contribute to City Deal, Local Plan and Local Enterprise Partnership objectives and can be delivered on time and to budget. Greater Cambridge will use the Department for Transport's Early Assessment and Sifting Tool methodology to support the prioritisation of schemes.

Planning for development

Greater Cambridge partners recognise that an appropriate mix of housing is vital to economic growth. The area's economic success and high quality of life have made it an attractive place to live and work. However, the shortage of available, and affordable, housing within a reasonable distance of key employment centres has driven an unsustainable increase in house prices, which in turn affects the recruitment and retention of talented employees. Average house prices in Cambridge have increased 50% in the last 8 years and are now 9.2 times average salary compared to 6.7 for England.² Housing waiting lists across the City Deal area exceed 11,000 people. Population growth in Cambridgeshire from the 2001 census to 2011 was faster than in any other English county.³ The City Deal will enable further economic growth by enabling and connecting housing growth.

Greater Cambridge partners have long recognised the need to support housing development, and are planning for this in the draft local plans which are planned for adoption in early 2015. The majority of the housing requirement is being addressed through strategic developments on the southern and north-west fringes of Cambridge, at Cambourne and another new village at Bourn Airfield, and through the new towns of Northstowe and Waterbeach. Northstowe will comprise around 10,000 homes once fully built, with the first phase comprising 1,500 homes and new employment areas. Building on this, through the City Deal Greater Cambridge will undertake a package of measures to support housing delivery and to take advantage of national infrastructure investments such as East West Rail in the area.

A new model for housing investment

Local partners and employers already see lack of access to affordable housing as a real barrier to economic growth in the area – and are committed to taking steps to address this. Greater Cambridge partners are keen to explore a new model for housing investment, a joint venture company that could potentially draw in land holdings from Cambridgeshire County Council and the other Councils, and external investment, including possibly from the University of Cambridge, in order to deliver more affordable housing. The homes would be rented to people employed in the area. This model will be developed through the City Deal.

Supporting housing growth

Investment in infrastructure through Gain Share will enable the acceleration of the delivery of 33,480 houses by 2031. In recognition of this, local partners are committed to an early review of their local plans beginning in 2019 in order to establish what impact the anticipated changed infrastructure landscape and economic growth in the area might have on housing need and other aspects of spatial and transport planning. In addition to this, Greater Cambridge partners commit to the delivery of an additional 1,000 new homes on rural exception sites. This will support the creation, and maintenance of sustainable rural communities in market towns and villages.

² Hometrack December 2013

³ Census 2011

Streamlined planning

Greater Cambridge partners recognise that delivery of these ambitious plans for housing growth requires planning at local level adopting a positive and pro-active approach which is informed by evidence. The two planning authorities have adopted a pro-active and joined up planning approach and are already focused on delivering new development on the fringe sites surrounding Cambridge and at Cambourne and Northstowe, as well as a number of smaller major sites across the districts.

The partner local authorities have established joint working arrangements for the delivery of strategic sites and have recruited teams of appropriately experienced staff and established elected member Joint Development Control Committees dedicated to this task. Best practice approaches such as master-planning, design coding and the use of Planning Performance Agreements are already part of the approach and will be rolled out across the City Deal area.

Greater Cambridge will develop a Planning Charter by December 2014 which will provide the detail of the future Planning Performance Agreement offer to developers. Part of the offer is a joined up, simplified approach from the Council with a Single Point of Contact including streamlined access to the Building Control Service.

The partner authorities have worked closely together on the new local plans and associated transport strategy and have aligned plan-making processes to achieve the benefits of what amounts to a single overarching development, infrastructure and delivery strategy for Cambridge.

Greater Cambridge partners are keen to remain at the cutting edge of good planning practice, and to build on the simplified planning measures and initiatives outlined above as the City Deal evolves, and will formalise this joint working across planning authorities as part of the move towards a combined authority governance structure.

City Deal partners have worked with the Department for Environment, Food and Rural Affairs (Defra), and the relevant agencies in the Defra Network (Environment Agency, Natural England and Forestry Commission) in the development of the Local Plans. The Environment Agency has been a key partner assisting the delivery of planning consents at Cambourne, Northstowe, Waterbeach Barracks and Bourn Airfield.

Greater Cambridge City Deal partners will strengthen the good working relationship with Defra and its agencies through taking up their "Network Offer". Greater Cambridge will continue to engage actively and appropriately with them and other relevant agencies and stakeholders at an early stage in the design and delivery of the City Deal projects so as to ensure environmental constraints and opportunities are taken into account from the outset and to help make Cambridge an attractive and sustainable place to live and work. Local partners are developing a Countywide Supplementary Planning Document on Flood Risk Management and will work with the Defra Network to develop that for adoption in summer 2015.

East-West Rail

The deal acknowledges the importance of the transport links between Cambridge and Oxford. The Government is reinstating the western section of the closed Oxford – Cambridge railway as far east as Bedford, termed East West Rail in conjunction with the East-West Rail Consortium. The first phase of the

study looking at the business case and options for the reinstating the section between Bedford and Cambridge is due to report in mid 2014. As part of the City Deal, both Government and Greater Cambridge commit to working together with the East-West Rail Consortium to examine the recommended options and to ensure that the case for the East-West Rail (central section) is as robust as possible, and should it be possible, to work together to accelerate delivery.

Summary

Through the City Deal, Greater Cambridge will:

- plan for 1,000 additional new homes on rural exception sites by 2031;
- enable accelerated delivery of 33,480 new homes already in draft local plans by 2031;
- explore the creation of a joint venture to drive quicker delivery of 2,000 of the affordable new homes envisaged in the draft local plans;
- continue early engagement and positive working with the Defra network in strategic planning, working together to build resilience to extreme weather events and helping to ensure that growth, where possible leads to the enhancement of important habitats and species. City Deal partners will continue to take into account the work of the Local Nature Partnership and Nature Improvement Areas in growth planning – and will build on this by taking up the Defra “Network offer”;
- the new Local Plans will, when adopted, have a 16 year time horizon, but the councils will start the review of local plans in 2019 to take into account the anticipated acceleration of housing delivery and to objectively assess housing and business needs at that point and plan accordingly;
- work closely with Government to examine the recommended options and to ensure that the case for the East-West Rail (central section) is as robust as possible, and should it be possible, to work together to accelerate delivery.

A locally responsive skills system that will support Greater Cambridge's growing sectors

To maximise the potential of the area, City Deal partners want to create a locally responsive skills system that will maximise the impact of public investment, forge stronger links between employers and the education system and drive growth across Greater Cambridge. There are three aspects of an integrated programme that will support growth sectors (professional scientific, bio-medical, clean-tech, technology, and advanced manufacturing) and deliver the next wave of the Cambridge Phenomenon:

1) Supporting employers to increase training

Greater Cambridge will create, and locally fund, Local Skills Teams to work with small and medium-sized businesses in the area to support development of their training plans, including a five year funding commitment from the employer. Local skills teams would provide a co-ordination and brokerage role between businesses, training providers and the local community, bringing together providers and businesses to jointly develop training that meets employers' needs and supports growth.

2) Enhancing Information, Advice and Guidance in growth sectors

City Deal partners will build on a successful model established in early 2013 by the Cambridge Area Partnership, in which local businesses aim to provide support for all schools and colleges in the area. Greater Cambridge will accelerate the programme using independent advisors to offer information and advice on careers in growth sectors, creating and locally funding Adult Career Team Advisors. It will work in partnership with the National Careers Service so as to avoid duplication and align services delivered locally through the National Careers Service to provide up-to-date Greater Cambridge-centric careers advice and guidance based on local labour market information about growth sectors, and will raise awareness amongst young people of science, technology, engineering and maths career choices. It will also broker more strategic links between business and the education sector to encourage more business involvement in schools and colleges, and greater uptake of training such as traineeships and Apprenticeships, in line with the Government's objectives.

3) Increasing the uptake of Apprenticeships in growing sectors

By working more closely with employers and young people, City Deal partners will generate increased demand for an additional 420 Level 2 and 3 Apprenticeships over five years in areas aligned to Greater Cambridge's growth sectors. In return, Government commits to ensuring that funding is made available within the skills system over the five years of City Deal from 2014/15, in line with the level of demand brought forward from employers. Usual Adult Skill Budget funding parameters will apply and this additional capacity will be drawn down when demand outstrips existing local budget capacity. Subject to affordability and meeting performance and quality thresholds, additional funding will be available to support increases in 16-23 year old Apprenticeships through the growth process.

Through the City Deal, partners commit to greater alignment of learner demand with employer need, making the skills system more responsive locally:

- delivering 1,556 apprenticeships aligned to local growth sectors; 420 of which are additional;

- increasing employer awareness of training opportunities and engaging with schools and colleges;
- supporting local growth in Small and Medium Sized Enterprises and larger employers in growth sectors; and
- supporting industries linked to the central government's Industrial Strategy.

Leadership and Governance

All of the elements of the Greater Cambridge City Deal have been designed with input from Greater Cambridge, Greater Peterborough Enterprise Partnership and key stakeholders such as the University of Cambridge. The Deal is underpinned by a commitment to deliver through a collaborative governance framework featuring an Executive Board bringing together the Greater Cambridge City Deal partners (Cambridge City council, Cambridgeshire County council, South Cambridgeshire district council, the Greater Cambridge, Greater Peterborough Enterprise Partnership and the University of Cambridge), and a wider Assembly.

City Deal partners recognise that an effective and efficient governance structure is key to the delivery of the infrastructure programme and to planning effectively for future growth. The City Deal partners have a strong history of working closely together – and now look to formalise those roles and responsibilities through strengthened governance arrangements through the creation of an Executive Board.

The Executive Board will provide a coordinated approach to the overall strategic vision and necessary skills and bring together expertise to assess project viability and to administer the necessary funds.

Greater Cambridge partners have proposed forming a combined authority to co-ordinate key planning and transport functions. A combined authority is a corporate structure with a statutory underpinning – designed to provide strong governance and accountability over an area’s natural economic footprint. They are voluntary arrangements, where the relevant local authorities enter into partnership in order to collaborate more closely to support economic development, including through the delegation of existing statutory powers from partner bodies into the new authority. The principle benefits of entering into a combined authority are to provide:

- stronger and more coordinated governance and accountability;
- improved long-term strategic, binding decision making;
- improved coordination and delivery of transport and economic development plans and projects; and
- a clear “voice” of the area for Government and investors.

In order for a combined authority to be created over this area, the legislation governing combined authorities will need to be amended. The Department for Communities and Local Government is currently considering what changes need to be made to the relevant legislation in order to make it easier for local partners to form these kinds of statutory and legally-binding governance structures to drive growth.

Greater Cambridge commits to explore the creation of a combined authority, subject to amendment of the relevant legislation.

In the interim, the Greater Cambridge authorities will set up a joint committee in order to drive greater coordination and closer working, and to deliver the City Deal. Whilst this is being established, the Leaders of the three local authorities will continue to work with colleagues from the Greater Cambridge Greater Peterborough Enterprise Partnership and Cambridge University as a Shadow Board, to ensure that the committee is established and the work to deliver the programme can commence as soon as possible.

Once the Joint Statutory Committee is established it is intended that it will perform all the functions envisaged for the Executive Board.

The Greater Cambridge partners envisage a five person Executive Board, supported by a twelve person “Assembly” comprising a mix of elected members and wider stakeholders. The Assembly would perform

a scrutiny-type function, holding the Executive Board to account. In the Executive Board, decision-making would be by consensus underpinned by a memorandum of understanding. The local authority representatives would be able to vote, with a commitment to consider advice from the Local Enterprise Partnership and the University of Cambridge.

It is envisaged that the membership of the Executive Board will comprise the leaders or the nominated representative of Cambridge City Council, Cambridgeshire County Council, South Cambridgeshire District Council, one the Pro-Vice Chancellors of the University of Cambridge, and the Chair of the Greater Cambridge Greater Peterborough Local Enterprise Partnership or their nominated representatives.

Including the Local Enterprise Partnership as a member of the Executive Board, will ensure close alignment between the objectives and plans of the City Deal and the Enterprise Partnership. Officers and members of the authorities will also maintain close liaison with the Greater Cambridge Greater Peterborough Enterprise Partnership to encourage that alignment.

It is expected that there would be joint officer groups and joint member bodies taking forward much of the detailed work commissioned by the Executive Board – a number of joint working arrangements and committees already exist, and Greater Cambridge will review these to ensure that what exists is necessary and sufficient, with an intention to streamline wherever possible.

Once a Combined Authority is established it will be legally and financially independent and accountable. Prior to that, Cambridgeshire County Council is likely to perform the accountable body function.

The City Deal partners are committed to delivering the ambition expressed in the City Deal. In addition, the local authorities are already doing much to review and reform the public services they provide in order to deliver more efficient, effective and co-ordinated services across the county.

Summary of Commitments

Infrastructure Investment fund and Gain Share

Greater Cambridge Commitments	Central Government Commitments
<ul style="list-style-type: none"> • Pool local resources to form infrastructure investment fund; • Invest in the schemes that deliver the greatest economic impact in line with the assurance framework; • Commission an independent assessment of the economic benefits and economic impact of the first tranche of transport investments. 	<ul style="list-style-type: none"> • Provide £100m in grant funding to support the infrastructure fund from 2015/16 to 2019/20; • Subject to an independent review, provide up to £400m of additional funding to support infrastructure investment.

Planning for development

Greater Cambridge Commitments	Central Government Commitments
<ul style="list-style-type: none"> • Accelerate the delivery of 33,480 planned houses by 2031 across the City Deal area; • Deliver an additional 1,000 units on rural exception sites; • Build on the existing early engagement and positive working with the Defra network in strategic planning by taking up their “Network Offer”, working together to build resilience to extreme weather events and helping to ensure that growth, where possible leads to enhancement of important habits and species. City Deal partners will also take into account the work of Local Nature Partnership and Nature Improvement Areas in growth planning; • The local authorities will work with the Government Property Unit and ensure that available data on their assets is available to be utilised in the most effective way by Summer 2014; • Share expertise and accumulated experience to support project/programme delivery in a cost-effective and lean way across Greater Cambridge, building on the joint working arrangements and joint committees already in 	<ul style="list-style-type: none"> • The Defra network will work with Cambridge to find solutions where there are environmental constraints to growth and to advise on opportunities for environmental gains which are achievable with local growth; • To work closely with Greater Cambridge to ensure that the case for the East-West Rail (central section) is as robust as possible and to examine the options for delivery, and should it be possible, to work together to accelerate delivery.

<p>place;</p> <ul style="list-style-type: none"> • To work closely with Government and the East-West Rail Consortium to ensure that the case for the East-West Rail (central section) is as robust as possible and to examine the options for delivery, and should it be possible, to work together to accelerate delivery. 	
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The locally responsive skills system

Greater Cambridge Commitments	Central Government Commitments
<ul style="list-style-type: none"> • Create locally-funded local skills teams to work with small and medium-sized businesses in the area to develop training plans and to act as co-ordinators to ensure training provision aligns with employer need; • Establish skills plan/ action plan for each of the priority sectors including identifying the Apprenticeships framework offer; • Create locally-funded Adult careers teams to enhance the delivery of information, advice and guidance in growth sectors – based on local labour market intelligence provision and working with local businesses; • Develop local labour market intelligence to inform the provision of information, advice and guidance for young people, providers, parents and employers; • To work closely with the National Careers Service and schools careers advisers to enable a localised careers offer and ensure that this complements the National Careers Service local offer. 	<ul style="list-style-type: none"> • That Government commits to ensuring that funding, within Adult Skills Budget parameters, is made available as needed to meet additional demand within the skills system over the five years of city deal from 2014/15 to support the growth in provision of Apprenticeships (for 16-23 year olds) brought forward by city deal partners: 420 Apprenticeships over five years in growth sectors; • The National Careers Service commits to working with Greater Cambridge to align local activity through the contracted service offer.