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& PETERBOROUGH**  
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# **CAM Special Purpose Vehicle (SPV) Business Plan**

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DRAFT September 2020

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# Version History

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DATE	VERSION	NOTES
23/07/2020	Version 1	Initial Draft for SPV Executive Leadership Review
04/09/2020	Version 2	Re-draft based on received feedback

# 1. INTRODUCTION

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## 1.1 Background

Cambridgeshire and Peterborough is a region of high economic significance to the UK economy. It is a renowned tech hub and its economic growth has significantly contributed to the UK as a whole. At the same time, Cambridge's future economic growth is under threat without investment in appropriate transport and housing infrastructure. Recent population growth in the region has not been matched with corresponding investments in housing and transport infrastructure. This has led to rising house prices and congestion, decreasing the quality of life in the region and driving many individuals and businesses away from the area. If not addressed, this predicament is expected to intensify in the future, negatively impacting the economic performance of Cambridgeshire.

As set out in the Cambridge and Peterborough Independent Economic Review (CPIER), the Cambridgeshire Autonomous Metro (CAM) will help unlock local and national growth. The CAM will harness regional resources and emerging technologies to improve the economic strength and social and environmental sustainability of the area. Once delivered, the CAM will reduce congestion, unlock housing opportunities, transform the local economy and enable continued sustainable growth in the Greater Cambridge area, at the same time supporting the UK as a whole.

Delivery of the CAM must be carefully managed – it is one of the CPCA's priorities, and as a large transport programme it is associated with risks and complexities. In order to overcome those risks and complexities, it is essential to establish a separate organisation that is solely focused and empowered to deliver the CAM. The SPV will be staffed with the required skills and capacity to oversee every stage. It will develop the concept and design of the CAM, obtain the Transport and Works Act Order (TWAo) and other relevant consents, enter into property deals with landowners for land required for the CAM, obtain funding and financing for the programme, and ensure appropriate community involvement.

Without the SPV, and the staff it will recruit, it would be impossible to realise the vision for the CAM. The dedicated staff, Board members, and private sector partners will be responsible for a number defined activities that are instrumental to delivering the CAM. The SPV will coordinate all those activities and the stakeholders responsible for performing them.

## 1.2 LTP Strategic Alignment

The CAM SPV as the method to deliver the CAM programme, as well as its objectives, align directly with the CPCA's CAM LTP Sub-Strategy to create an infrastructure backbone to promote regional growth. The CAM LTP Sub-Strategy will be a guiding document by which the SPV will develop and deliver the CAM.

## 1.3 Purpose

The purpose of the CAM SPV will be to develop and deliver the CAM programme in line with the vision and objectives outlined by the programme sponsor, the CPCA.

### Advantages of an SPV

An SPV was proposed as the best delivery option for the CAM programme for several reasons. First, it is an accepted and understood model. Government has experience with companies set up to deliver large infrastructure programmes, with examples like HS2, Crossrail and East West Rail Co., and an SPV will bring the right expertise to build Government confidence in the programme. An SPV also allows for the right balance of leadership, expertise, and dedicated resource. The SPV can provide critical leadership to guide the programme and manage relationships with

key stakeholders through the programme lifecycle whilst ensuring the programme can be innovative, sustainable and coordinate with multiple stakeholders and delivery/sponsor entities. Additionally, an SPV builds in necessary oversight and assurance into a programme of this size and complexity. The SPV will have an expert executive team to deliver the programme and have further oversight through a robust governance structure and CAM SPV Board that can provide critical guidance and programme assurance.

With a programme of this size also comes a large price tag. The CAM SPV provides the commercial environment to attract investment and promote to Government. The SPV will dedicate resource to bringing in private investment and credibly promoting the scheme to Government. This arrangement also allows the CPCA to convert capital to revenue. The CPCA can make its investment go further through the use of this model, which will help in the early stages of the programme as it develops and works to attract additional investment. This model ensures CPCA control while allowing investment to come forward. The CPCA will be the sole shareholder in the company and through an agreed governance structure, will retain some decision rights and strategic control over the programme, while allowing it to advance at pace, attract investment and meet the objectives outlined in the Local Transport Plan (LTP).

In delivery of large infrastructure programmes, there is no rule or agreed guidance on when a company should be set up and its accountabilities, because it should reflect the needs of the programme and where it is in its lifecycle. For East West Rail Co., a comparable case to the CAM, the company was set up to develop the programme business cases and apply for necessary consents, and was established three years prior to the selection of a preferred route option.

The CAM programme is even more unique in its desire to utilise innovative, green technology and bring a world-class system that is worthy and representative of the innovation of the Cambridgeshire region. To properly build a business case for the entire CAM scheme (which involves nine projects within the larger programme) and consider opportunities for innovation and how measure and mitigate risk associated with innovation, dedicated resource is required as soon as possible to allow the CAM to meet its objectives and deliver the required infrastructure backbone to support the economic growth of the region.

### **Alternative Delivery Methods Considered**

Several options to develop and deliver the CAM were considered by the CAM Delivery Committee. The other options explored were: 1) an urban regeneration company; 2) a joint venture with a private company; 3) a private sector third party as the promoter of the CAM under a contractual arrangement with the CPCA; or 4) continue with the CPCA as the promoter of the CAM. Further detail on why these alternatives were not recommended can be found below.

- 1) Urban regeneration companies are generally not responsible for delivery projects, particularly programmes of this size and complexity. These companies are usually charged with coordinating the regeneration of a specific urban area, and would still require funding and resources from the CPCA, without having the necessary expertise to deliver the CAM.
- 2) A joint venture would require a very carefully crafted contractual arrangement with the CPCA to ensure the delivery of the CAM to meet its stated objectives. Such a structure could also create challenges for financing the programme and could limit or complicate opportunities for further private involvement in the CAM through public-private partnerships.
- 3) Similar to a joint venture, this mechanism to deliver the CAM provides the CPCA with the least amount of control or authority over the programme and challenges related to meeting stated objectives of the programme.
- 4) By continuing with limited client-side technical and delivery expertise, there is a risk associated with the lack of assurance over the delivery of a complex programme with multiple component projects, some of which are being delivered by a separate entity (GCP). With a team made up of consultants under limited client oversight, further risks arise with consultants reviewing and assuring their own work, and not properly capturing the objectives outlined by the client and key stakeholders. Now that the CAM is building to a more joined-up,

integrated programme approach (versus focusing on the City Tunnel Section as a single, independent project), the current resource is not sufficient to advance a programme of this size and complexity.

To build the necessary resource within the CPCA to deliver the CAM programme would require major revenue investment, which would likely be unaffordable, particularly as this function would need to evolve over time to provide the right capabilities over the course of the programme lifecycle. In other words, capabilities needs to evolve as the programme moves from: strategy, feasibility, preliminary design and consents; through detailed design and construction; followed by operation, maintenance and asset management. The CPCA is a lean authority, and to hire the staff required to deliver the CAM over the course of its lifecycle would be inefficient and not a proper use of revenue for the CPCA in the long term.

## 1.4 Programme Vision

The following vision and associated benefit messages shown in *Figure A* will guide the CAM SPV in its development and delivery of the CAM programme. The vision covers the significance of the CAM locally, nationally and internationally, and can be tailored to inform messages to specific audiences.

Figure A: CAM programme vision

VISION	BENEFITS
<b>ACTS LOCALLY</b> By joining up housing and places of employment, levelling up communities and matching infrastructure to the quality of talent across Cambridgeshire	 <b>Improving transportation:</b> The CAM will result in reduced journey times, improved reliability and journey 'quality', reduced congestion, emissions, noise, road accidents and road maintenance costs.  <b>Unlocking housing:</b> the CAM will unlock and support additional housing developments in Cambridgeshire and Peterborough. In doing so, it will help improve affordability of housing by reducing the mismatch in the growth in jobs and housing.  <b>Facilitating local economic growth:</b> by creating conditions that accommodate additional population, and improving connectivity to employment sites, the CAM will enable population growth in the region, stimulating the region's productivity and local output.  <b>Protecting the environment:</b> by providing long term sustainable infrastructure for the next 100 years, the CAM will enable more sustainable urban development patterns. It will decrease congestion, carbon emission and air pollution in Cambridge.
<b>IMPACTS NATIONALLY</b> By nurturing our position as a net contributor to the economy	 <b>Unlocking output growth:</b> by connecting the main centres of employment with existing and future settlements across the cities and regions, the CAM will enable the growth of strategic industries that provide benefits to the wider economy.  <b>Improving productivity:</b> by facilitating further clustering, the CAM will support productivity growth through a faster and more effective exchange of knowledge, improving supply chains in critical industries and benefiting the national economy.
<b>ATTRACTS GLOBALLY</b> By providing the right infrastructure to attract global knowledge intensive businesses	 <b>Encouraging inward investment:</b> by decreasing the relative distance between key clusters around the city and across the wider region, CAM will link key growth areas, making the region more attractive to investment from people, organisations and businesses overseas.  <b>Attracting experts to the region:</b> by delivering on the local and national benefits of the CAM, and strengthening the region's reputation for being an innovative and highly productive place, the CAM will attract international experts, making the region even more internationally competitive.  <b>Boosting export opportunities:</b> by strengthening the globally competitive tech sectors, and building domestic experience in smart transport solutions that have global export potential, CAM will strengthen the UK's ability to reach into high value international markets.

## 1.5 Mission Statement

Once the CAM SPV CEO and Executive Leadership team have been recruited, it is recommended that team undertake a process to develop a mission statement, vision and organisation values for the CAM SPV, guided by the CAM programme vision and CAM LTP Sub-Strategy objectives.

## 2. ACCOUNTABILITIES AND ACTIVITIES

As previously mentioned, the CAM SPV will need to be a lean organisation that can adapt to the needs of the programme as it progresses through its development lifecycle, shown in *Figure B*. Each stage will require diverse and potentially specialised capabilities, which will be reflected in different activities to be undertaken by the organisation.

Figure B: CAM Delivery Lifecycle

### CAM DELIVERY LIFECYCLE (POTENTIAL TIMESCALES)



The CAM SPV will have several key accountabilities within its first 3-4 years of operation to progress the CAM programme through the consenting process, and engage in detailed design work. *Figure C* shows those accountabilities and activities.



Figure C: CAM SPV key accountabilities and activities

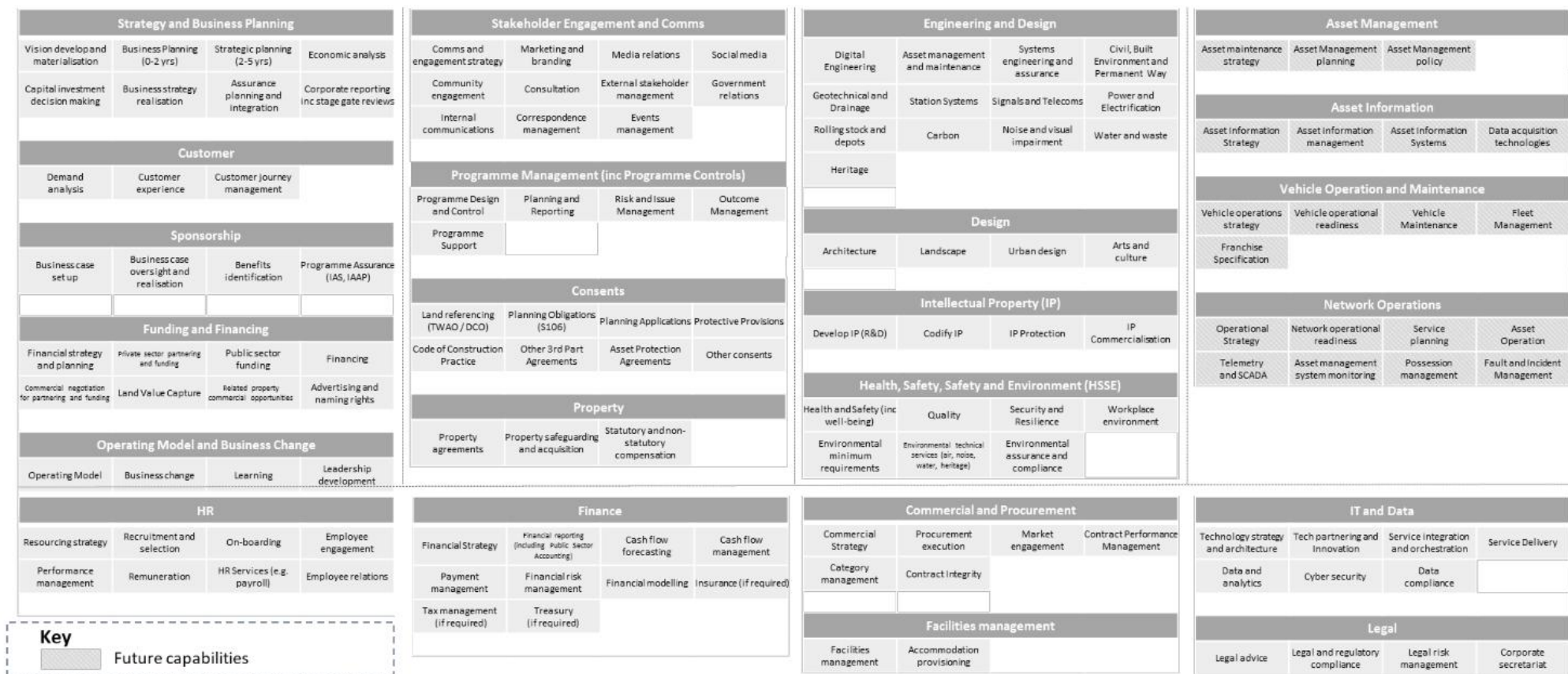
<p><b>Manage delivery of the City Tunnel section</b></p> 	<ul style="list-style-type: none"> <li>• Contribute detailed scope and functionality of the city tunnel section of the CAM project and its subsequent construction to meet the operational requirements</li> <li>• Deliver technical activities required to develop this scope including planning consents and land referencing activities</li> <li>• Deliver the required Environmental Impact Assessment</li> <li>• Maintain and ensure compliance with appropriate environment, construction and safety standards</li> <li>• Manage delivery partners to complete work, taking a proactive role in the management of safety, schedule, cost quality and risk performance</li> <li>• Own the delivery plan and overall scheme completion date and opening date</li> <li>• Enter into property deals with landowners for land required for CAM</li> </ul>
<p><b>Manage delivery of the four Regional Routes</b></p> 	<ul style="list-style-type: none"> <li>• Progress detailed scope and design options for the delivery of the four regional routes to contribute to an overall business case for this package of work</li> <li>• Manage delivery partners to complete work, taking a proactive role in the management of safety, schedule, cost quality and risk performance</li> </ul>
<p><b>Manage stakeholders</b></p> 	<ul style="list-style-type: none"> <li>• Own the consultation and stakeholder engagement activities related to the CAM scheme and relevant community involvement activities</li> <li>• Manage the governance and relationships between the SPV and the GCP/CPCA</li> <li>• Manage formal communications between the SPV and external stakeholders</li> <li>• Maintain oversight of progression of internal (e.g. C2C / GCP corridors) and external (e.g. A10 project, Cambridge South development, EWR) schemes.</li> </ul>
<p><b>Funding and Partnering</b></p> 	<ul style="list-style-type: none"> <li>• Manage the spending of the initial seed funding investment for the SPV (currently proposed to be funded by the LGF and CPCA)</li> <li>• Secure funding for the further development of CAM to TWAO approval by the SPV once the initial seed investment has been utilised</li> <li>• Prepare and negotiate structures for the funding, financing and contracting of construction and operation of the CAM</li> <li>• Approach private sector and other stakeholders for funding, likely through partnerships of the development and/or construction of the CAM</li> <li>• Managing and controlling spending of relevant budgets throughout the programme lifecycle</li> </ul>

<p><b>Undertake corporate activities</b></p> 	<ul style="list-style-type: none"> <li>• Procure and oversee design services, surveys and other work needed to achieve these tasks, and project manage them</li> <li>• Develop, own and provide internal assurance against Programme Controls processes (cost, schedule, risk etc.)</li> <li>• Undertake the reporting necessary to satisfy itself and key external parties (e.g. DfT)</li> <li>• Be responsible for all other corporate activities necessary to operate as a business including finance, commercial, procurement, HR, IT, legal, HSE and office management service</li> </ul>
<p><b>Prepare for project engineering phase</b></p> 	<ul style="list-style-type: none"> <li>• Support the evolving understanding of technology requirements, and lead on the procurement of the innovation partnership that will establish the technology that CAM will use</li> <li>• Establish data and asset management strategy and approach for future project phases</li> <li>• Undertake supply chain procurement activities to appoint enabling works contractors</li> </ul>
<p><b>Manage the Regulatory and Business Case Process</b></p> 	<ul style="list-style-type: none"> <li>• With inputs from the relevant parties, manage and deliver the Outline Business Case (OBC), Full Business Case (FBC) and Transport Works Act Order (TWAo)</li> <li>• Define handover for operations of CAM</li> <li>• Own the systems safety and assurance, and operational certification processes.</li> <li>• Contribute to carbon net-zero regulatory planning.</li> </ul>
<p><b>Innovation and Technology</b></p> 	<ul style="list-style-type: none"> <li>• Define the level and scale of innovation suitable for CAM within the timelines agreed with the CPCA</li> <li>• Manage the innovation partnership procedure to define new technology (e.g., infrastructure, vehicle, etc.) to be used for the CAM system</li> <li>• Manage potential aligned technology to support the CAM system operations, (e.g., passenger transport app)</li> <li>• Manage the IP for CAM, ensuring that the commercial aspects of innovation and new technology are properly managed</li> </ul>

The CAM SPV structure, which is shown in the next section of this plan, was developed by creating a comprehensive capability map that shows the skillsets required to undertake the activities shown above. *Figure D* shows this capability map that supports the SPV accountabilities and activities, including some capabilities that will be more important as the CAM programme continues through its development lifecycle.

An important next step for the leadership of the CAM SPV will be to map these capabilities against the CAM programme lifecycle to inform required changes to the structure of the SPV and drive recruitment and/or procurement of new or additional services.

Figure D: CAM SPV capability map



## 3. OPERATING MODEL AND STRUCTURE

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It is anticipated that the CAM SPV will be a private company limited by shares (given it is anticipated to have commercial function, HM Treasury Guidance requires public sector companies to be established in such terms), with Articles of Association which will establish the governance of the SPV. The governance structure will provide sufficient rigour for the period which the SPV remains under the control of the CPCA. While the SPV will be established as a public sector controlled company, it is the intention of the CPCA that this will have a strong commercial and corporate sector facing approach from the outset.

As the SPV develops the funding strategy for CAM and external partners are identified, subject to procurement and state aid analysis, the SPV will need to establish a contractual governance mechanism through an Investment and Shareholders' Agreement (ISA) to govern the relationship, decision-making and approvals between the SPV and the CPCA. It is envisaged that the CPCA will retain certain decision-making powers in accordance with its statutory function, CPCA Committee terms of reference, and potentially the CAM consenting strategy. The decision as to whether this is addressed in the ISA or separately retained oversight powers by the CPCA will be developed as part of the CAM consenting strategy.

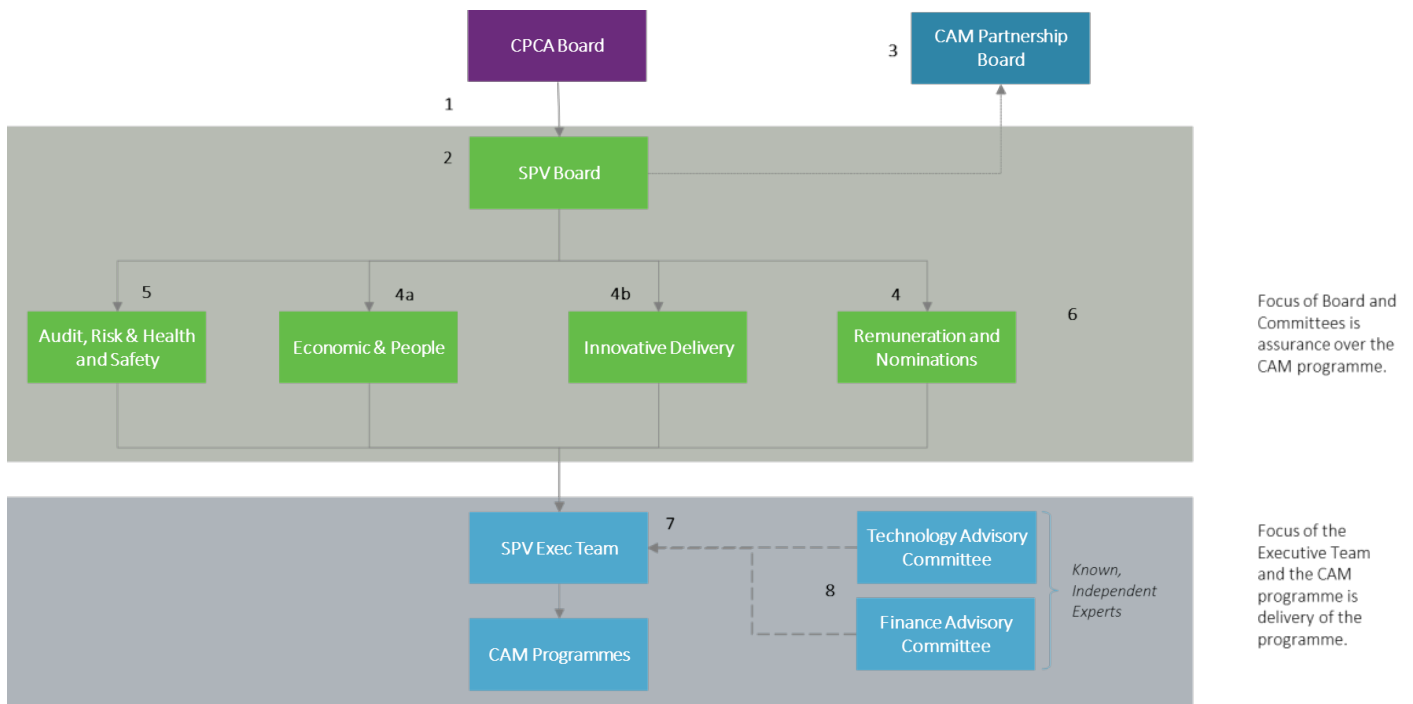
### 3.1 CAM SPV Board

The SPV will have an independent Chair appointed by the CPCA based on relevant skills and experiences. The rest of the board (six Non-Executive Directors, CEO, and four Executive Directors) will be appointed based on the skills and experiences deemed necessary to drive the strategic vision of the CAM programme. There will be one shareholder representative director from the officer group at the CPCA, and the Mayor as an observer (to prevent conflicts of interest). Within the board governance structure, the SPV will have a Remuneration and Nominations Committee to determine the future skillset requirements of board members. Depending on funding sources in the future, different organisations could also be involved. The level of involvement will be dependent on level of funding / investment provided.

As depicted below in *Figure E*, the proposal is for the SPV Board to have four Sub-Committees: Audit, Risk and Health & Safety; Economic and People; Innovative Delivery; and Remuneration and Nominations. These are assurance based committees with Non-Executive Director chair and membership, supported by key Executive Directors. There is also a proposed Stakeholder Group to be utilised as required as part of the SPV's Stakeholder Engagement strategy. There will be regular engagement with both written progress updates as well as less frequent meetings.

This overall approach allows for the SPV to have a clear assurance and escalation framework in place, with the Board having overall responsibility for the SPV, tasked with ensuring that there is assurance on controls and the effective delivery of the CAM programme. The Board Sub-Committees seek assurance on strategic goals, strategic risks and overall performance. This is further supported by Non-Executive Directors holding Executive Directors to account in these Sub-Committees.

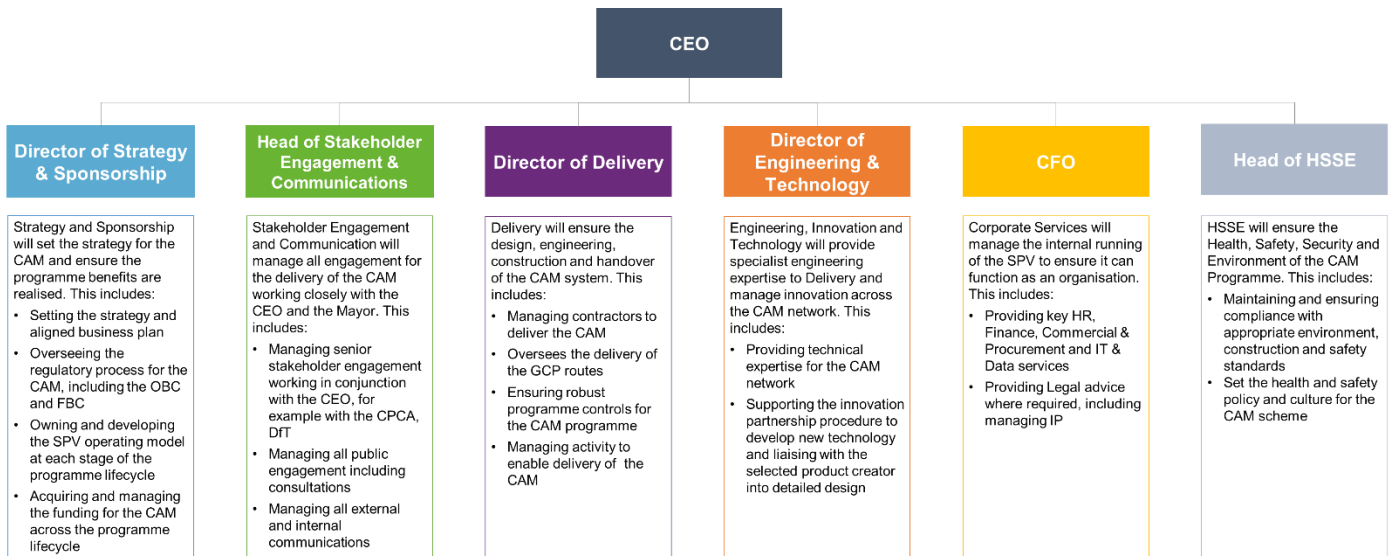
Figure E: CAM SPV governance structure



## 3.2 CAM SPV Structure

It is anticipated that the SPV will deliver the CAM using an augmented resource profile, utilising contractors and consultants to supplement the resources held in house, which will oversee this contracted work and allow the SPV to take a risk managed approach. This will allow the design of the SPV to iterate over time to ensure it is fit for purpose at each stage of the programme lifecycle shown in *Figure B*, and remain lean and cost effective. The proposed high level design for the SPV will be approved by the CPCA and oriented around six functions as shown below in *Figure F*.

Figure F: CAM SPV high-level structure and function descriptions



### 3.3 CPCA and SPV Relationship

Through the development of a Shareholder Agreement, the relationship between the CPCA and the SPV will be further defined. This section will be updated with the roles and responsibilities of the CPCA as the Sponsor and SPV as the Delivery Body once they become available.

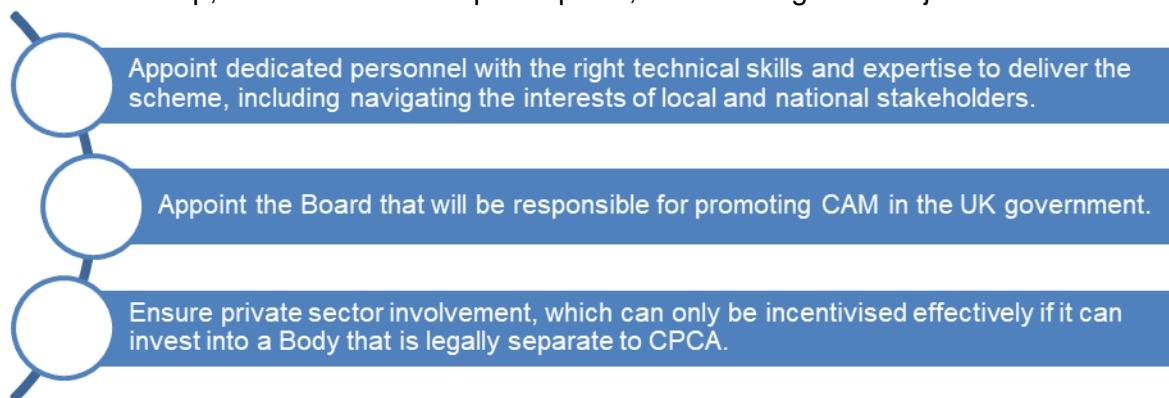


## 4. YEAR 1 OBJECTIVES

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As shown in *Figure B*, the current organisational design articulated accountabilities of the CAM SPV is focused on the initial stages of the programme in its development lifecycle. The accountabilities, activities and capabilities previously outlined are aligned to the objective of progressing the CAM programme through that development lifecycle, as the ultimate objective of the SPV is to deliver the CAM programme.

In its first year of operation, the CAM SPV will have specific and measurable objectives to meet, that will be monitored by the CPCA as the programme sponsor. While the CPCA will begin the process to recruit in key SPV leadership, once that leadership is in place, the following three objectives will be critical in year one:



These objectives all align with the broader goal of building confidence in the delivery of the CAM programme and successfully promoting the programme externally, which should be measured by the securing of funding and financing for the programme.

More tactically, in its first year, the SPV will be responsible for the development of an integrated programme-wide Outline Business Case through the CPCA Board and DfT, and preparing for the application of consents for component projects.



## 5. RECRUITMENT AND STAFFING

Recruitment of SPV resource will be planned around the requirements to deliver business cases and apply for consents based on the status of the CAM programme within the delivery lifecycle, shown in *Figure B*. The organisation will be built up over time as the programme continues through its lifecycle. *Figure G* shows the proposed level 1 and level 2 roles within the SPV that would likely be required for the programme to advance through consents and in to detailed design. It is anticipated that in its first 3-4 years, the CAM SPV could have 20-30 employees, but that number would have to be recruited over time as the roles are required and responsibilities are transitioned from the CPCA to the SPV. The organisational design shown in *Figure G* is subject to review and revision by the CAM SPV leadership, which will be the first to be recruited in to the organisation.

Figure G: CAM SPV level 1 and level 2 organisational design



The initial stage of recruitment for the CAM SPV to run until the end of 2020 will aim to identify candidates to fill the executive leadership roles within the organisation as shown in *Figure H*.

Figure H: CAM SPV initial recruitment plan

End 2020			
1 2 3 4			
Role	Function	Rationale	Anticipated Start Date
CEO	Leadership	Required to provide leadership to the SPV and manage senior stakeholder interactions on behalf of the CAM programme	September-October 2020
PA	Leadership	Required for support to the CEO	October-November 2020
Director of Strategy Sponsorship	Strategy & Sponsorship	Required to oversee the regulatory process, including developing the Business Case for the SPV	November-December 2020
Delivery Director	Delivery	Required for the oversight of the early design of the CAM system and relevant inputs into the Business Case	January-February 2021
Engineering, Innovation & Technology Director	Engineering, Innovation & Technology	Required for the technical assurance of the design of the CAM system and relevant inputs into the Business Case	January-February 2021

The development of a more detailed recruitment plan and operating model for the SPV will be critical next steps to ensure the company is agile and tailored to deliver the CAM. These activities will require SPV leadership to be in place to lead the development of those plans.

## 6. SYSTEMS AND INFRASTRUCTURE

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The CAM SPV will initially seek support from the CPCA to provide support services through a managed Service Level Agreement (SLA) for each support service, including key performance indicators, break clauses and remedies for non-performance. Initial key support services required will include:

- Finance – transactional finance functions and financial control activities
- IT – provision of IT equipment and services including helpdesk support
- Human Resources – payroll, recruitment and benefits support
- Procurement – marketing and contracting of suppliers

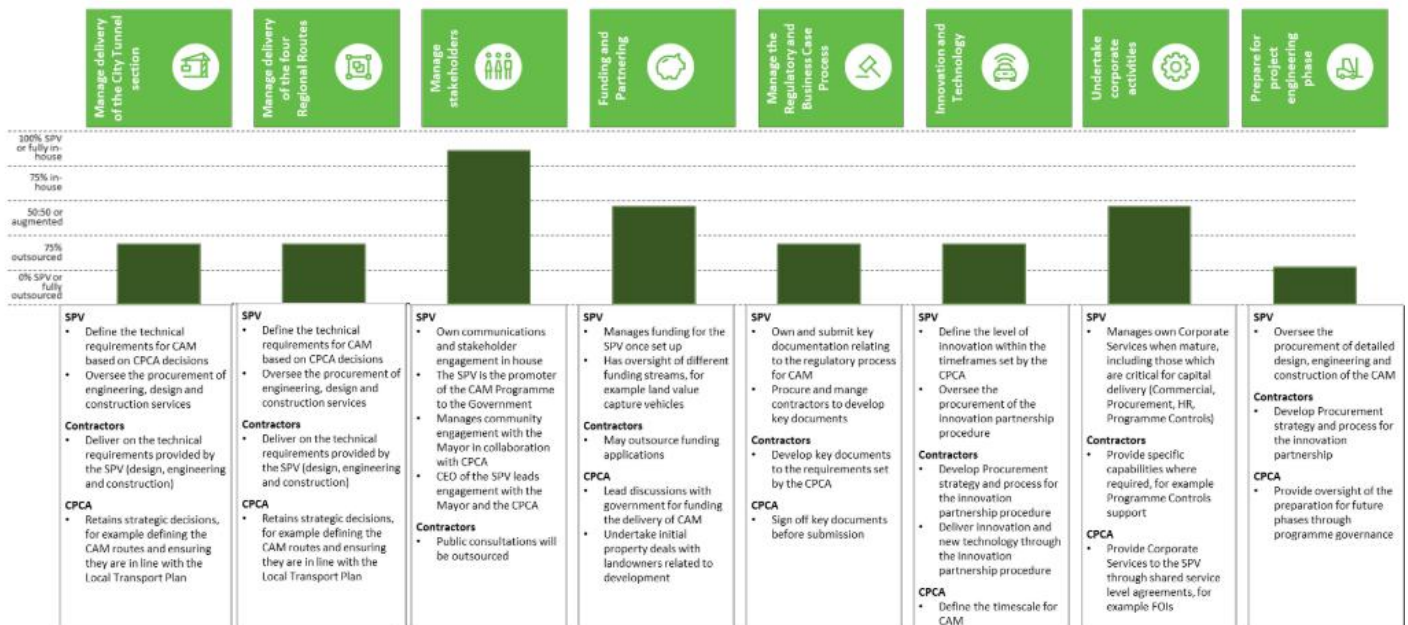
When appropriate and based on the recruitment plan to be agreed with the SPV CEO, the SPV will recruit its own key support services as shown in the “Recruitment and Staffing” section,

## 7. USE OF EXTERNAL SUPPLIERS

The CAM SPV will function as a lean organisation that can have the necessary agility to deliver the CAM programme over the course of its lifecycle as outlined in the previous sections. In order to maintain a lean structure, the SPV will utilise external suppliers for services to support the development and delivery of the CAM.

Figure 1 outlines an initial assessment of under which accountabilities the SPV will seek external support. Most notably, it is estimated that a majority of stakeholder engagement, management, and communications will be done in-house, with the exception of support during public consultation periods. Conversely, more supplier support will be sought to design the system and support technical, engineering, and construction work.

Figure 1: Assessment of services to delivered within the SPV versus outsourced to suppliers



## 8. PROPERTY AND ASSETS

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The CAM SPV will initially operation from shared offices with the CPCA at a location to be determined by the CPCA, particularly as the SPV will be minimally staffed in its first year of operations. Office accommodation arrangements will be reviewed frequently during the company's first three years of operations as it is expected to grow to a size of 20-30 employees by year four, at which time a separate office arrangement will likely be required.

Other potential assets to be owned and managed by the CAM SPV could include the intellectual property created through a design contest to create an innovative conceptual design for the CAM programme. Such a unique design would have value for the SPV to be marketed and sold to other regions interested in developing similar infrastructure systems. The CAM SPV's commercial and procurement strategies will determine how best to capture the value of any intellectual property and if it is to be shared with other partners.

## 9. INFORMATION SHARING

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An information sharing process and appropriate tools will be identified upon the establishment of the SPV and initiation of activities.

## 10. DATA PROTECTION

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The CAM SPV will comply with GDPR and other relevant legislation and guidance on data protection, including the adoption of suitable policies and procedures to ensure data is stored, managed and used safely and appropriately.

## 11. FREEDOM OF INFORMATION

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As the CAM SPV will be wholly owned by the CPCA in its initial years of operation, the company will be subject to requests for the disclosure of information under the Freedom of Information Act 2000 (FOI). As such, the company will maintain a records management system that complies with the relevant guidance concerning the maintenance and management of records.

The CAM SPV will liaise with CPCA as appropriate to ensure consistency in answering FOI requests and provide such information to CPCA as it may require, to answer requests it has received.

## 12. COMMS AND ENGAGEMENT

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### 12.1 Marketing Strategy

Upon the establishment of the CAM SPV Executive Leadership team, the marketing of the SPV will be assessed, including the naming of the company, logos and branding. Until that time, the CAM SPV will utilise the current CAM programme branding established by the CPCA and used in this business plan.

The CAM SPV's Head of Stakeholder Engagement and Communications will be in charge of the marketing strategy for the SPV, including its own branding, and messaging to be used in communication the CAM programme to local, national and international audiences.

### 12.2 Business Development

The CAM SPV will be responsible for building and managing key stakeholder relationships, including, but not limited to, relationships with customers, partners, developers, landowners, contractors, advisors, the CPCA, as well as public sector partners, Government departments and Local Authorities.

The CAM SPV will be required to bridge the gap between the public and private sector to develop and deliver the CAM programme to achieve its objectives in connecting the region to affordable housing, jobs and new opportunities that can allow the economy to continue to grow.

The SPV will also be the promoter of the programme to all stakeholders to bring in partners and coordinate development of the CAM programme potentially across multiple delivery bodies in a responsible way. As the promoter of the programme, the SPV will be required to ensure the funding and financing of itself and the CAM programme through construction.

### 12.3 Stakeholder Management

The SPV accountabilities, outlined in *Figure C*, shows the role of the SPV in terms of stakeholder management, namely overseeing governance and relationships, and overseeing formal programme communications. It is envisaged that the CPCA will take on a role as the Sponsor for the CAM programme and will therefore be a key stakeholder with whom the SPV will need to engage, and the SPV will lead on all stakeholder engagement related to the CAM programme.

Currently, there is a high level communications strategy and a detailed communications plan that will be utilised during the transition of communications responsibilities from the CPCA to the SPV. *Figure A* outlines the detail behind the CAM vision to be used for targeted messaging for stakeholder groups. The communications plans that exist also include stakeholder maps and recommended approaches per stakeholder groups that will be handed over to the SPV when they fill the roles within their own communications team.



## 13. RISKS AND OPPORTUNITIES

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The choice of delivering the CAM programme through the establishment of an SPV was made in part to reduce the risk of delivering such a large and complex infrastructure programme. There would be a significant risk in the CPCA carrying forward to deliver such a programme as it is a lean organisation without the required technical capabilities and experience. By handing over the CAM programme to an SPV, a specialised team can be recruited with an equally qualified Board to oversee it and provide critical assurance to the programme. Under the proposed governance structure, the CPCA is able to maintain control over critical decisions while allowing the daily activity of developing and delivering the CAM to a qualified, dedicated and specialised team.

Based on the above mentioned accountabilities to be undertaken by the CAM SPV and its anticipated activities, the following risks and opportunities have been identified. Risks and opportunities will be logged, regularly monitored, and managed.

### Risks

- The CPCA is unable to gain consensus across internal and external stakeholder groups causing inability to set up the SPV to deliver the programme
- The COVID 19 pandemic impacts the availability of suppliers or adequate funding, stifles recruitment, or otherwise impacts the schedule and delivery of the CAM programme
- The CPCA does not identify and suitably empower resources to support efforts to set up the SPV
- The CPCA does not identify sufficient funds to allow for the proper and timely set up of the SPV, as well as initial financial support to allow the SPV to become operational and identify opportunities to self-fund
- The CPCA is unable to articulate the company's organisational governance to describe the interactions and authorities between CPCA, other future sponsors and partners, and the new company
- The CPCA is unable to access, recruit and/or identify the required range of people to successfully run the SPV and deliver the CAM programme, or to sit on the SPV Board
- As the CPCA has critical decision making authority, such decision making is slow or unclear, putting the overall programme timetable at risk
- SPV staff commitment / motivation impacts on effective organisation set up, and further growth and delivery of the CAM programme
- The SPV is unable to efficiently liaise with a range of partner organisations, jeopardising the efficient and effective collaboration that is essential to the success of the CAM programme

### Opportunities

- The creation of approximately 20-30 jobs within the SPV in the next few years with the potential for more jobs to be created as the programme progresses through its lifecycle
- The creation of indirect, highly skilled jobs for the regional population through the engagement of contractors and partners to support the innovative design and development of the CAM programme
- The creation of secondments within the SPV for employees of government organisations to increase the capability of the SPV and provide opportunities for public sector employees
- The linking of the CPCA, GCP and other key stakeholders to advance the CAM programme and associated benefits for the Cambridgeshire and Peterborough region
- The linking of local organisations like the University of Cambridge, Cambridge Business Park, among others, to input into the CAM programme

- Maintain and build upon Cambridgeshire's national and international standing as a highly skilled technology and science industry leader

## 14. BUDGET

The costs of the CAM SPV have been preliminarily assessed to reflect the establishment and first stage of recruitment, shown in *Figure J* below (£ nominal). These are the operating costs of the SPV, which largely consist of staff costs for the roles described in the “Recruitment and Staffing” section of this plan. The current estimated cost for the SPV over FY20/21 and FY21/22 are estimated at £4.3m.

Figure J: CAM SPV Anticipated Costs from FY2020-2022

<b>TOTAL</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total (2020/21 to 2021/22)</b>
Capital costs	£50,000	£250,000	£300,000
Staff costs	£1,077,596	£2,481,804	£3,559,400
Board costs	£38,025	£50,700	£88,725
<b>TOTAL</b>	<b>£1,165,621</b>	<b>£2,782,504</b>	<b>£3,948,125</b>
Contingency	£116,562	£278,250	£394,812
<b>TOTAL (including contingency)</b>	<b>£1,282,138</b>	<b>£3,060,754</b>	<b>£4,342,937</b>

The CAM SPV has been awarded £990k of Local Growth Funding (LGF) and £2m of CPCA Gainshare Funding to cover FY20/21 and FY21/22, including match funding to be sought from the LGF in parallel. The LGF funding is to be obtained in two tranches, one for costs up to 31 March 2021 and one for costs from April 2021 onwards. The first tranche of LGF funding (£999,000) was applied for in parallel with an application to CPCA, and the second will be applied for once the SPV is set up and the costings have been refined.

	<b>Financial Year</b>	<b>2020-21</b>	<b>2021-22</b>
<b>Capital</b>	Local Growth Fund	£999,000	£999,000
	CPCA Gainshare Funding	£2,000,000	
	<b>Total</b>	<b>£2,999,000</b>	<b>£999,000</b>

The CAM SPV will have a funding and partnering function which will seek later stage development funding for the programme from private and public sector sources. The private sector sources targeted will be predominantly in Cambridgeshire. Some funding contributions may be in the form of land or work undertaken by private sector developers or property owners, linked to the property strategy for the CAM. The SPV will work with CPCA, GCP, MHCLG, DfT, HMT, Homes England and other relevant stakeholders in this work to access suitable funding streams.

The CAM SPV will also develop, with private sector partners and investors, the arrangements for construction of the CAM in phases to be agreed, and also for the funding and financing of this construction. These various aspects of the programme will be linked and the scope of innovation in the programme will also affect the choice of feasible funding and financing options. There is a range of potential options for the funding, financing and construction of the CAM to be assessed in the light of the appetite of private funding and finance providers, in addition to CPCA's objectives. The SPV will undertake this assessment and undertake the necessary negotiations with other parties.

This budget will be updated in accordance with the development of the SPV Medium Term Financial Plan, including forecasts of SPV spending for the next five years.

### 14.1 VAT Structure

Work is underway to define the tax structure and strategy for the SPV. This section will be updated upon completion of

this work in the Autumn 2020.

## 14.2 Financial Model

The financial model for the SPV is under development as part of the Funding and Financing Strategy currently being developed as part of the CAM Delivery Strategy. This model will include forecast of financing opportunities to pay for the advancement of the programme, and will also consider how the SPV can fund itself.