



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

COMBINED AUTHORITY BOARD

Date: Wednesday, 24 March 2021

Democratic Services

Robert Parkin Dip. LG.
Chief Legal Officer and Monitoring Officer

10:30 AM

72 Market Street
Ely
Cambridgeshire
CB7 4LS

Virtual meeting
[Venue Address]

AGENDA

Open to Public and Press

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- | | | |
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The Combined Authority Board comprises the following members:

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

The Combined Authority is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens.

Public speaking on the agenda items above is encouraged. Speakers must register their wish to speak by making a request in writing to the Monitoring Officer (Robert Parkin) no later than 12.00 noon three working days before the day of the meeting at robert.parkin@cambridgeshirepeterborough-ca.gov.uk. The request must include the name, address and contact details of the person wishing to speak, together with the full text of the question to be asked.

For more information about this meeting, please contact Richenda Greenhill at Richenda.Greenhill@cambridgeshire.gov.uk or on 01223 699171.

Mayor James Palmer

Austen Adams

Councillor Anna Bailey

Councillor Chris Boden

Councillor Steve Count

Councillor Ryan Fuller

Councillor Lewis Herbert

Councillor John Holdich

Councillor Bridget Smith

Jess Bawden

Councillor Ray Bisby

Councillor David Over

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**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Cambridgeshire and Peterborough Combined Authority: Minutes

Date: Wednesday 27th January

Time: 10.30am – 1.32pm

Present: Mayor J Palmer

A Adams - Chair of the Business Board, Councillor A Bailey – East Cambridgeshire District Council, Councillor C Boden – Fenland District Council, Councillor S Count – Cambridgeshire County Council, Councillor L Herbert – Cambridge City Council, Councillor J Holdich – Peterborough City Council, Councillor Jon Neish – Huntingdonshire District Council and Councillor B Smith – South Cambridgeshire District Council

Co-opted Members: Councillor R Bisby, Acting Police and Crime Commissioner and Councillor D Over, Cambridgeshire and Peterborough Fire Authority

Apologies: Councillor R Fuller, substituted by Councillor Jon Neish
Co-opted member J Bawden, Cambridgeshire and Peterborough Clinical Commissioning Group

Also present: Councillor L Dupré, Chair of the Overview and Scrutiny Committee

623. Announcements, apologies and declarations of interest

The Mayor remembered all those affected by the events being commemorated on Holocaust Memorial Day. He also offered congratulations to Ross Renton on his appointment as the Principal of ARU Peterborough.

Apologies for absence were reported as set out above.

Councillor Smith declared an interest at Item 4.2: London Luton Airport Arrivals Consultation, in that the proposed change to aircraft stacking arrangements would have a significant impact on the village where she lived. Minute 641 below refers.

624. Minutes of the meeting on 25 November 2020

The minutes of the meeting on 25 November 2020 were approved as an accurate record. A copy will be signed by the Mayor when it is practical to do so.

625. Petitions

No petitions were received.

626. Public questions

No public questions were received. A number of questions had been received from the Overview and Scrutiny Committee and these were heard under the relevant items

627. Forward Plan

On being proposed by the Mayor, seconded by Councillor Neish, it was resolved to:

Approve the Forward Plan dated 14 January 2021.

628. Change in Membership - Transport and Infrastructure Committee

The report advised the Board of changes to the membership of the Transport and Infrastructure Committee which had been notified to the Monitoring Officer by Cambridgeshire County Council. The Constitution permitted the Monitoring Officer to accept such changes to ensure a full complement of members at committee meetings, but required that they were reported to the Board for ratification.

On being proposed by the Mayor, seconded by Councillor Holdich, it was resolved unanimously to:

Ratify the appointment of Councillor Mark Howell as the representative of Cambridgeshire County Council on the Transport and Infrastructure Committee in place of Councillor Ian Bates, and the appointment of Councillor Ian Bates as substitute member in the place of Councillor Roger Hickford.

629. Appointment of Combined Authority Returning Officer

John Hill, Chief Executive, left the meeting for the duration of this item.

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's questions on this item. A copy of the questions and responses are attached at Appendix 1.

The Board was invited to appoint John Hill as the Combined Area Returning Officer (CARO) for the Mayoral election to be held on 6 May 2021. The Combined Authority was required by Regulation to appoint a CARO from within the Authority's own officers or those of its constituent councils. Mr Hill had been the CARO for the 2017 Mayoral election and would be the Police Area Returning Officer (PARO) for the 2021 election of the Police and Crime Commissioner. The cost was expected to be met from within the budgetary provision for the election, but if this position changed it would be reported to the Board.

Councillor Herbert noted some apparent confusion around the timing of the 2021 election given that the Secretary of State had previously indicated that elections might be postponed until July. If this should be the case he was concerned that there was quite a gap in the meetings schedule around May which could impact on the Combined Authority's work. He was also concerned about whether the budget was accurate. The Mayor stated that the latest information from Government was that elections would go ahead in May as planned, but if this position changed the Combined Authority would react as necessary.

The Monitoring Officer stated that it was vital to appoint a Returning Officer now to allow preparations to be made in expectation of a May election. Should the situation change he would revert to the Board on this.

On being proposed by the Mayor, seconded by Councillor Holdich it was resolved unanimously to:

Appoint John Hill, Chief Executive, as the Combined Area Returning Officer for the purposes of Article 6 of the Combined Authorities (Mayoral Elections) Order 2017 for the Mayoral election to be held on 6 May 2021.

630. Performance Report

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's question on this item. A copy of the question and response are attached at Appendix 1.

The Performance Report set out details of delivery against key metrics. The Board was advised that ratings for the Combined Authority's key projects based on outturn data to the end of December 2020 and the housing metric had been updated with recent 2019/2020 data.

Councillor Herbert commented that that the Board had repeatedly been advised that a resolution to the delayed £45m for the Affordable Housing Programme (AHP) was imminent and asked when this would be resolved. The Mayor stated that he remained confident that a solution would be found with Government. In the meantime, the Combined Authority had continued to bring forward affordable housing projects, including through the £100k Homes programme and the Revolving Fund which were delivering affordable housing at no cost to the taxpayer. Councillor Herbert commented that the delivery of the £70m AHP in Cambridge City would be delivered by March 2022, the same timeframe as the Combined Authority's AHP, and he invited the Mayor and the Lead Member for Housing to visit when it was safe to do so to see the progress which had been made.

Mr Adams asked whether there was anything which the Board as a whole or individual Board members could do to help. The Mayor stated that all of the Board members who had been party to the original discussions with Government about the AHP were clear that they had signed up to a five year delivery deal. The Authority was in a strong position to meet or even exceed the target contained in the Devolution Deal and remained committed to delivering that commitment.

Councillor Smith commented that following meetings with senior officials at the Ministry of Housing, Communities and Local Government (MHCLG), her impression was that the discussions around the end date for delivery would be resolved imminently. She judged that the question was more around value for money and the per unit subsidy level. The Mayor stated that the £40m revolving fund would continue to deliver in perpetuity and the subsidy sum would continue to decrease over time.

Councillor Holdich commented that it had been clear from discussions at the outset that civil servants did not like the deal, but it had been approved by Ministers and there had been no mention at that time of a £25k subsidy cap. Delivery had initially been delayed for 9-12 months while the necessary legislation was put in place and a number of opportunities had been lost as a result of this delay, including around 157 houses in Peterborough. In his view the Combined Authority had done a good job in delivering affordable housing in difficult circumstances, and a subsidy of around £35k represented good value for money.

Councillor Bailey commented that Ministers needed to decide whether they wanted to continue funding affordable housing in Cambridgeshire and Peterborough or not. The only thing stopping delivery was the perverse decision by Government to stop the flow of money. It was unreasonable to suggest that the Combined Authority should have been delivering affordable housing before it was formally established and the Board was united in its belief that the end date for delivery was March 2022. In her judgement, a subsidy of £34-35k per unit in some of the most expensive areas for property in the country represented unarguable value for money and at present sixteen schemes were on hold pending the release of funding. Local residents wanted these houses, and if Ministers wanted the Combined Authority to deliver them they needed to release the funding to enable it to do so.

It was resolved to note the Performance Report.

631. Combined Authority Monitoring and Evaluation Framework 2021

The Devolution Deal that created the Combined Authority included a requirement that the Authority maintained a monitoring and evaluation framework. This was to ensure that the projects in which the Authority invested had the right outputs to achieve the desired outcomes. The version before the Board had been shared in draft with Government in November 2021 and was described overall as excellent, although going forward it would need more detailed evaluation on projects now in construction.

On being proposed by the Mayor, seconded by Councillor Holdich, it was resolved unanimously to:

Adopt the monitoring and evaluation framework for 2021.

632. Combined Authority Business Plan and Annual Report 2021-22

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's question on this item. A copy of the question and response are attached at Appendix 1.

The Board was invited to review the Combined Authority's third business plan, which this time included a section on how delivery of key projects compared to the position in the last business plan. The document had been renamed the Business Plan and Annual Report to better reflect its focus and it was proposed to bring a refresh to the Board in September 2021. If approved, the final version would be published in February and would include copies of the budget and medium term financial plan which were being considered elsewhere on the agenda.

Councillor Smith asked what plans were in place to cement the Combined Authority's implementation of doubling nature into actions and whether the Fens biosphere project would be re-visited. She further asked whether the Independent Commission on Climate Change had the capacity to advise on doubling nature. The Mayor stated that he had been in negotiation with those looking to double nature across Cambridgeshire and Peterborough and had encouraged them to engage with the Independent Commission on Climate Change. He had also been in discussion with local farmers to look ways to include them in the doubling nature initiative as agriculture was the major industry in Cambridgeshire and Peterborough and played a vital role in both the local and national economies. He did not wish to pre-empt the Commission's work, but he did want to see practical and achievable recommendations coming to the Board.

Councillor Smith commented that the report stated that the first eight £100k Homes had been completed and allocated, but that there was no information on how many £100k Homes the Combined Authority aspired to build. She further commented that the biggest carbon burden related to transport and she felt there was an urgent need to start signalling what mitigations were being put in place in relation to the road schemes mentioned in the report. If claims were being made that projects were reducing carbon emissions she felt that these should be quantified. The Mayor stated that £100k Homes were a bespoke product and that there were between 40-50 in the pipeline across the county. However, demand for the first eight £100k Homes in Peterborough had been huge and gave an indication of the extent of the need which existed. In relation to the carbon burden of road transport, the Mayor noted that improving the flow of traffic and reducing congestion also reduced the emissions associated with queuing traffic. Work on the A47 also included plans to increase the flood defences as part of the project which would open up wetland opportunities.

On being proposed by the Mayor, seconded by Councillor Holdich it was resolved unanimously to:

- a) Review the draft 2021/22 Combined Authority Annual Report & Business Plan attached at Appendix 1 and consider any appropriate amendments;
- b) Delegate authority to the Chief Executives to finalise the Annual Report and Business Plan for publication in the light of the views of the Combined Authority Board.

633. Relationship between Risk and Change Control

The Board was invited to adopt the Relationship between Risk and Change Control document recommended by the Audit and Governance Committee. The document was

designed to refine the Combined Authority's evolving approach to risk management and change control and confirmed the Authority's new risk appetite for projects.

On being proposed by the Mayor, seconded by Councillor Bailey, it was resolved unanimously to:

- Approve the adoption of the Relationship between Risk and Change Control document as recommended by the Audit and Governance Committee.

The vote in favour included at least two-thirds of all Members (or their Substitute Members) present and voting.

Part 2 - Finance

634. Budget Monitor Update Report January 2021

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's questions on this item. A copy of the questions and responses are attached at Appendix 1.

The report provided an update on the 2020/21 budget position and capital programme as at 30 November 2020. The forecast revenue outturn showed a favourable variance of around £4.6m which was mainly due to a combination of the previously reported reduction in the forecast spend on the Health and Care Sector Work Academy (£2.2m) and Adult Education Budget (AEB) Devolution Programme (£0.9m) together with an updated forecast spend on the Bus Review Implementation which was now predicting a £1.2m underspend. The underspends on both the Health and Care Sector Work Academy and the Bus Review Implementation project were due to delivery being slipped to 2021-22 which meant that there were no expected savings from these projects if carry-forwards were approved at the end of the financial year. The Board was also asked to note that additional grant funding of around £136k had been received to support business following the exit from the European Union.

The forecast capital outturn showed a forecast underspend of £25.8m. Officers would be reviewing all forecast underspends to determine at year end how much of this sum represented genuine savings and how much was slippage. A report would be brought to the Board in March seeking approval of carry forwards where appropriate.

The Board was invited to approve the movement of £900k from the subject to approval to the approved budget for the Digital Connectivity Infrastructure Programme. This had previously been reported to the Board in September 2020, but due to an administrative error the Board had been invited to approve the movement of £1,040k rather than the £1,940k required. The £900k now being sought represented the balance.

The Board was also invited to approve an in-year update to the Treasury Management Strategy to reflect advice received from the Combined Authority's Treasury Management Advisors. This would remove the total cap on investment, but retain the £25m cap per individual investment.

Councillor Herbert noted that the CAM update report had been withdrawn from the meeting agenda, but that a lot seemed to be happening with the project including the appointment of Mott McDonald as a design contractor and high expenditure on Deloitte. He asked for more information about the basis of the £1.4m expenditure on the CAM outline business case (OBC) including an update on the value for money of this expenditure and the work done by Deloitte for £1.6m. The Mayor stated that this information was all in the public domain and a further report on the CAM containing more information would be brought to the Board in March 2021. The aim with the CAM project was to deliver something exceptional and beyond the scope of the projects usually undertaken by local authorities. In order to do this the best advice was needed and this was the role of Deloitte. The OBC would be developed over the next twelve months. There was undoubtedly a cost involved in delivering the best system, but there would also be a cost to not delivering a transformational project. Housing need was acute, but the existing transport network did not allow this to be met across the county. The Chief Finance Officer stated that the £1.4m budget line for the CAM was the original budget approved by the Board and related mainly to work on the essential tunnel system. A further budget line related to the writing of strategies and work streams on CAM development. These had been brought before the Board in August and September 2020. Ms Sawyer, Chief Executive, acknowledged that the reports to the Board in August and September 2020 had asked for a lot of money to support a different approach to the CAM project and that the Board had not yet seen any outputs against this. She acknowledged the request for more visibility around how use of this funding was progressing in public reports and would see this was taken on board moving forward. The Mayor stated that if the Overview and Scrutiny Committee wanted to take the issue of CAM finance to the Committee he would be happy for this to be discussed.

On being proposed by the Mayor, seconded by Councillor Holdich, it was resolved by a majority to:

- a) Note the financial position of the Combined Authority for the year to date.
- b) Approve the movement of £900k from Subject to Approval to Approved budget for the Digital Connectivity Infrastructure Programme.
- c) Note the Chief Finance Officer's acceptance of additional funding to support business through the EU exit grant and associated expenditure.
- d) Approve the amendment to the limit on investment balances held with Money Market Funds in the current Treasury Management Strategy.

635. Mayor's Budget 2021-22

The Board was invited to approve the draft Mayor's budget for 2021/22.

Councillor Herbert asked where the Communications Team sat in relation to the Mayor's budget. Officers stated that the Communications Team was included within the Combined Authority budget and that it had five members of staff and reported to John Hill, Chief Executive. Councillor Herbert commented that he was keen that the

Combined Authority should publish its Purdah rules, including around communications. Mr Hill confirmed that this would be done.

Cllr Bailey commented that she judged the Mayor's budget represented good value for money in comparison with other Combined Authorities, noting that it was not proposed to levy a precept as was the case in some other Combined Authorities and that the Mayor did not claim all of the allowance to which he was entitled.

On being proposed by Councillor Bailey, seconded by Councillor Neish, it was resolved by a majority to:

Approve the Mayor's draft budget for 2021-22.

In accordance with the Constitution this was a recorded vote:

	For	Against	Abstain
Austen Adams	X		
Councillor Anna Bailey	X		
Councillor Chris Boden	X		
Councillor Steve Count	X		
Councillor Lewis Herbert			X
Councillor John Holdich	X		
Councillor John Neish	X		
Councillor Bridget Smith	X		
Mayor James Palmer	X		

The vote in favour contained at least two-thirds of all Members (or their Substitute Members) appointed by the Constituent Councils to include the Members appointed by Cambridgeshire County Council and Peterborough City Council, or their Substitute Members.

636. 2021-22 Budget and Medium-Term Financial Plan 2021-25

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's questions on this item. A copy of the questions and responses are attached at Appendix 1.

The Chief Finance Officer stated that officers had carried out the budget setting process for 2021/22 in accordance with the timetable agreed by the Board. Budget preparation had taken account of the level of reserves brought forward from previous financial years and of expected annual funding streams from 2021/22 onwards to ensure that spending plans continued to be affordable. In accordance with Section 25 of the Local Government Act 2003, the budget had been based on robust estimates and the level of reserves, including the £1m contingency reserve, were expected to remain at a prudent level over the lifetime of the Medium-Term Financial Plan (MTFP). Feedback from the consultation on the draft budget had been discussed at a recent Leaders' Strategy meeting and none of the suggestions received were considered of sufficient significance to require any amendment to the draft budget or the MTFP. There was no proposal to levy a precept in the 2021/22 financial year.

Councillor Herbert commented that during discussions with Government in 2017/18, including with the then Secretary of State, there had been a commitment that there would be a Devolution 2. The capital programme set out in the report effectively represented a dwindling asset over the next four years and he asked at what point there would be discussions with Government about the additionality which the Combined Authority could add going forward. Councillor Herbert judged that there would be value in having a clear process to evidence to Government that Cambridgeshire and Peterborough represented a sound investment in addition to pursuing individual funding opportunities. Unemployment was rising significantly due to Covid and he judged there was a need to make the case for supporting bounce-back as well as long term growth. The Mayor stated that discussions had been taking place with Government to attract additional funding into the area for projects including the Cambridge Northern East Fringe, Peterborough ARU, A10 junction upgrades and Cambridge South Station. So, whilst it was a diminishing fund, other new funding was still being brought into the area via the Combined Authority. The Combined Authority prospectus set out the Authority's ambitions for Cambridgeshire and Peterborough and he would continue to lobby Government for what was needed.

On being proposed by the Mayor, seconded by Councillor Bailey, it was resolved by a majority to:

- a) Approve the revenue budget for 2021/22 and the Medium-Term Financial Plan 2021/22 to 2024/25.
- b) Approve the capital programme 2021/22 to 2024/25.

In accordance with the Constitution this was a recorded vote:

	For	Against	Abstain
Austen Adams	X		
Councillor Anna Bailey	X		
Councillor Chris Boden	X		
Councillor Steve Count	X		
Councillor Lewis Herbert			X
Councillor John Holdich	X		
Councillor John Neish	X		
Councillor Bridget Smith			X
Mayor James Palmer	X		

The vote in favour contained at least two-thirds of all Members (or their Substitute Members) appointed by the Constituent Councils to include the Members appointed by Cambridgeshire County Council and Peterborough City Council, or their Substitute Members.

637. Transport Levy 2021-22

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's question on this item. A copy of the question and response are attached at Appendix 1.

The Board was invited to approve the amount of the Transport Levy for 2021/22 and its apportionment between Cambridgeshire County Council and Peterborough City Council in the Combined Authority's capacity as Transport Authority. In previous years, the Combined Authority had also delegated a number of duties to the two Highways Authorities, but from March 2021 these would be discharged by the Combined Authority. The apportionment of the levy had been agreed by the S151 Officers for both Cambridgeshire County Council and Peterborough City Council.

Councillor Bailey drew attention to the cost of concessionary bus fares in comparison to the actual budget sums available. Whilst she did not oppose concessionary fares, she judged that this had a disproportionate effect on rural areas like East Cambridgeshire and Fenland as greater use was made of concessionary fares where more bus services were available. She welcomed the Combined Authority taking a more direct role in future and the opportunity to have more control over routes and to establish a strategic network of bus services. The Mayor acknowledged the work done by the two local Highways Authorities in previous years. Covid had created a difficult time for the bus industry, but it had also allowed an opportunity to re-evaluate the position and to hopefully bring forward a more balanced bus and transport network across Cambridgeshire Peterborough, including the rural network.

Councillor Holdich noted that there were around two and a half million concessionary fare users and commented that it was a pity that it was not possible to charge £1 a trip to provide better services elsewhere.

Councillor Count confirmed that he was content with the apportionment proposed. He acknowledged the opportunity provided by Covid to re-evaluate the position in relation to bus services and noted that the Combined Authority was compiling information on franchising in order for this to be considered more fully in the future. He judged that a strategic core vision would be needed for the services which the Authority aspired to deliver. The Mayor commented that it was imperative that any future delivery model should complement the CAM and not compete with it.

On being proposed by Councillor Count, seconded by Councillor Holdich, it was resolved unanimously to approve the amount and apportionment of the Transport Levy for the 2021-22 financial year as set out below:

Total Levy: £13,039,675

Peterborough City Council: £3,793,659

Cambridgeshire County Council: £9,246,016

The vote in favour included at least two-thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council and Peterborough City Council, or their Substitute Members.

Part 3 – Combined Authority Decisions

638. CAM Update January 2021

This report was withdrawn.

639. Market Towns Programme Investment Prospectus - Approval of Third Tranche of Project Proposals

The report contained two appendices which were exempt from publication under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person, including the authority holding that information. The Mayor asked whether any Member of the Board wished to discuss the exempt appendices. No Member expressed the wish to do so.

The Board was invited to approve the third tranche of project proposals submitted under the Cambridgeshire and Peterborough Combined Authority (CPCA) Market Towns Programme Investment Prospectus. The projects were designed to support the Covid recovery as well as growth. Fifteen projects had been approved so far as part of the first two tranches of applications and had been awarded around £4.8m of grant, attracting around a further £3.8m of match funding. All project applications had been independently assessed and the next tranche of project proposals was due to be brought before the Board in March 2021.

Councillor Neish commented that Huntingdonshire District Council (HDC) warmly welcomed the capital which had been made available through the programme and was pleased that all of its project proposals had been approved by the independent assessor. HDC had also drawn up a reserve list of projects should further funding be available, demonstrating its ambition to support its high streets.

Councillor Count commented that it had been a long time since market towns had been able to attract this type of funding. Lots of innovative ideas had been brought forward and as one of the county councillors representing March he particularly welcomed the proposed project which would transform the town.

Councillor Herbert commented that the challenges faced by both town and city centres were bigger than ever. He hoped that it would be possible to do some collaborative work on how best to rejuvenate local town and city centres going forward and to think about how they will operate. The Mayor endorsed these comments and offered his thanks to the Leaders of all of the constituent councils for their work in support of the market towns programme. He also highlighted the investment which had been made in Cambridge City centre and the cathedral area in Peterborough. He judged that it was right that the Combined Authority continued to invest in its towns and cities and to continue lobbying Government for the funding needed.

Looking ahead to the Covid recovery, Councillor Smith commented that village centres had been vital to rural communities during the pandemic. Going forward, she would like

to see some collaborative work between the Combined Authority, the Business Board and district councils to see what could be done to regenerate those village centres, including the pub trade which had suffered greatly. The Mayor stated that, to date, the Business Board had invested £55m into businesses across the Combined Authority area, including £17m into businesses in South Cambridgeshire. He agreed that the Combined Authority should continue to do all it could to support the local economy. He also looked to Government to bring forward more schemes like 'eat out to help out' following its success last summer.

On being proposed by the Mayor, seconded by Councillor Neish, it was resolved unanimously to:

Approve project proposals received under Market Towns Programme and in response to town centre Covid-19 recovery received from Fenland, East Cambridgeshire, and Huntingdonshire to the sum of £4,143,079.

640. Business Growth Service - Growth Company Board

The Business Growth Service Growth Company Board had held its first meeting on 4 December 2020. This had identified four issues which required the approval of the Combined Authority Board in accordance with the Growth Co shareholders agreement. The original Shareholder Agreement approved by the Board in July 2019 set out a structure where Angle Holdings Ltd would be the sole shareholder. The revised Shareholder agreement reflected the new structure in which Angle Holdings Ltd would initially be the sole shareholder in the Growth Co, but the Growth Co would then issue further shares which would be purchased by the Combined Authority.

Councillor Herbert commented that there were some really good projects associated with this work, but that he found the report unclear. He asked for more information about the proposed use of the £5.4m of funding and what percentage of this would be the cost of the overheads associated with setting the company up. Councillor Herbert further commented that going forward he judged it would be good to focus on the core objectives and how it could support recovery. The Director of Business and Skills stated that a special purpose vehicle (SPV) had been created to fund the Business Growth Service. The £5.4m was a Local Growth Fund equity investment from the Business Board which effectively converted the capital investment into revenue. The total budget for the Business Growth Service was around £26m and the cost of running the SPV for three years was around £800k. He would confirm the exact figure outside of the meeting. The Mayor stated that the BGS was a vehicle to bring in the finance to invest in the economy of Cambridgeshire and Peterborough and help tackle the impact of Covid.

On being proposed by the Mayor, seconded by Councillor Boden, it was resolved unanimously to:

- a. Approve the appointment of Barclays Bank as Company Bankers.
- b. Approve amendment of the Accounting Reference Date from 31st August 21 to 31 March 2021.

- c. Approve amendment of the Company's name at Companies House from Peterborough and Cambridgeshire Business Growth Co Ltd to Cambridgeshire and Peterborough Business Growth Co Ltd.
- d. Approve access for staff employed in Growth Co, to the NEST Pension Scheme with a total contribution of 10%, of which there is a 5 % minimum employer contribution.
- e. To grant the Monitoring Officer delegated authority, in consultation with the Director of Business and Skills to agree a final Shareholder Agreement in substantively the same form as is set out in Appendix 1 and to execute the agreement and any related deeds of adherence and succession or of amendment and restatement necessary to substitute it for the previous Shareholder Agreement approved by the Combined Authority.

641. A16 Norwood Improvements

The Monitoring Officer corrected the voting arrangements contained in the report. Special voting arrangements applied to the recommendations as they related to transport funding. This meant that a vote in favour required the support of at least two-thirds of all Members (or their Substitute Members) appointed by the Constituent Councils to include the Members appointed by Cambridgeshire County Council and Peterborough City Council, or their Substitute Members to be carried.

The Norwood site and adjacent site were expected to provide 2945 dwellings and the strategic outline business case contained a package of measures to improve transport in the area. These measures would be further developed at outline business case stage. The proposals had been considered by the Transport and Infrastructure Committee on 6 January 2021 where they were endorsed unanimously. The project had a benefit to cost ratio (BCR) of 3.2 which was high. Going forward, further work would be undertaken to refine costs and a public consultation would take place.

Councillor Holdich expressed his thanks to the Mayor and the Combined Authority for the work on this project which would unlock the potential for significant housing development. Work was continuing to resolve the number of affordable homes on the site, but he was confident that this would be achieved. The Mayor expressed the hope to see some £100k Homes included in the development.

Councillor Smith commented that it would be good to see how this scheme linked into an overall sustainable transport strategy for Peterborough and that she would like to see this as the OBC progressed.

On being proposed by the Mayor, seconded by Councillor Holdich, it was resolved unanimously to:

Approve the drawdown of £630,000 from the Medium-Term Financial Plan to produce the Outline Business Case. This includes £320,000 carry forward from the current financial year subject to approval budget.

The vote in favour included at least two-thirds of all Members (or their Substitute Members) appointed by the Constituent Councils to include the Members appointed by Cambridgeshire County Council and Peterborough City Council, or their Substitute Members.

642. London Luton Airport Air Space (Stack) Consultation

Councillor Smith declared an interest in this item, in that the proposed change to aircraft stacking arrangements would have a significant impact on the village where she lived. Minute 623 above also refers.

The Board was invited to discuss the Combined Authority's response to the National Air Traffic Service (NATS) consultation on proposed changes to the arrivals flightpath and stacking arrangements for London Luton Airport. Two options had been proposed, both of which included stack options that required planes to circle at or above 8,000ft over parts of Huntingdonshire and South Cambridgeshire. Potential areas of concern included noise pollution and air pollution. If approved, the proposed changes would not be implemented before February 2022. The report proposals had been discussed by the Transport and Infrastructure Committee on 6 January 2021 where they were endorsed unanimously.

Councillor Smith stated that she had written jointly with her county councillor and neighbouring Bedfordshire councillor to local MPs on this issue to voice their objections. In her judgement, stacking aircraft above quiet countryside would create and audible and continuous noise which would have a negative impact on quality of life. She judged that it would make better sense to stack over areas that were already noisy, like urban areas or the A1.

Councillor Neish stated that the proposals had been discussed by Huntingdonshire District Council. The need to stack aircraft somewhere was accepted, but concern had been expressed about the lack of information provided by the NATS. He also noted that the 8,000ft altitude was measured from sea level, so the stack would be lower over high ground. Many residents were concerned by the proposals and it was unclear what alternatives had been considered.

The Mayor acknowledged the concerns expressed, but noted that the A1 passed through both Huntingdonshire and Peterborough so might not represent the best alternative site for the stack for Cambridgeshire and Peterborough as a whole.

On being proposed the Mayor, seconded by Councillor Smith, it was resolved unanimously to:

Delegate authority to the Director of Delivery and Strategy, in consultation with the Chair of the Transport and Infrastructure Committee, to respond to the consultation on behalf of the Transport and Infrastructure Committee, reflecting the Committee's discussion.

643. Greater Cambridge Partnership Consultations - Waterbeach to Cambridge and Eastern Access

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's question on this item. A copy of the question and response are attached at Appendix 1.

The Greater Cambridge Partnership's consultations on Waterbeach to Cambridge and Eastern Access had closed in late December, but an extension had been agreed for the Combined Authority's response to enable the proposals to be discussed by both the Transport and Infrastructure Committee and by the Board. In relation to Waterbeach, it would be essential to understand how the proposed scheme would align with the recent improvements made to the rail network and services between Waterbeach and Cambridge and to understand how the scheme would complement those improvements rather than creating a duplication in services. The scheme should also support and enhance environmental sustainability, including the delivery of net gains on biodiversity. As the scheme was developed it would be essential that due consideration was given to the requirements of the CAM and the A10 improvements and to ensure that it did not have an adverse impact on the capacity and flow of the Milton Interchange. With regard to the Eastern Access, the main concerns related to ensuring that components of the scheme were integrated into development plans for that part of the city to decrease dependency on private car use. This included ensuring that it would complement the wider CAM project, especially the tunnel section, and making sure that it did not adversely impact on the operation of the Fen Ditton and Milton Interchange junctions. The report was discussed by the Transport and Infrastructure Committee on 6 January 2021 and the recommendations had been endorsed unanimously.

Councillor Herbert commented that it was important to work in partnership on this. The benefit cost ratio (BCR) assessment of the A10 found that improvements to public transport were vital, placed ahead of junction improvements or the expansion of the A10. The proposals were not just about the Waterbeach to Cambridge connection, but also the traffic which could use these transition points to join the public transport network. The route was also in the Local Transport Plan. The Greater Cambridge Partnership (GCP) would though give any proposals full consideration. Councillor Herbert further suggested it would be useful to arrange a separate meeting between himself, the Mayor and Councillors Count and Smith to discuss matters further.

Councillor Smith commented that she understood that the GCP's route had previously been accepted and she was concerned that seemed now to be a move to re-direct money to station improvements.

The Mayor commented that rail capacity between Waterbeach and Cambridge had doubled, so he did not understand why people would be taking the bus to do the same journey. A station would be needed for the Waterbeach Barracks development. If the GCP was to fund that now it could recover its costs from the developer. However, the Mayor accepted that the Combined Authority could only make representations on this.

Councillor Count commented that he was not the County Council's representative on the GCP, but he was aware of the issues. Projects of this type took a long time to deliver and the need which they were designed to meet could change. He judged the

increased rail capacity to be pertinent to this as he did not like to see multiple transport options following the same route. Instead, it was better to create touch points where travellers could change their mode of transport. He had asked for an officer meeting to be arranged to discuss the position and this would be taking place the following week. He suggested that Member level discussions could take place after that.

On being proposed by the Mayor, seconded by Councillor Count, it was resolved by a majority to:

- a) Consider/ Approve the proposed consultation response commentary in relation to the Greater Cambridge Partnership's Waterbeach to Cambridge proposals, with a recommendation that they are issued on behalf of the Combined Authority;
- b) Consider/ Approve the proposed consultation response commentary in relation to the Greater Cambridge Partnership's Greater Cambridge Partnership's Eastern Access proposals, with a recommendation that they are issued on behalf of the Combined Authority.

644. Amendment to Terms of Reference: Transport and Infrastructure Committee

The report contained a recommendation from the Transport and Infrastructure Committee and had been added to the published agenda as a late report with the agreement of the Mayor.

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's question on this item. A copy of the question and response are attached at Appendix 1.

The recommendation was designed to support the Combined Authority in its role as Transport Authority to contribute to discussions in an informed way through the Mayor to GCP meetings.

Councillor Herbert commented that he would support GCP officers attending the Transport and Infrastructure Committee, but noted that the Mayor was already attending GCP meetings as an observer and so questioned how the proposal would add value. However, the GCP would work with whatever system the Combined Authority wanted.

The Mayor stated his belief that it would be important for the Transport and Infrastructure Committee to be involved so that he would be able to take its considered opinion forward to the GCP. He acknowledged that decisions would be for the GCP, but felt that this public discussion was needed.

On being proposed by the Mayor, seconded by Councillor Bailey, it was resolved by a majority to:

Authorise the Monitoring Officer to amend Chapter 8 of the Constitution of the Combined Authority Board (Transport and Infrastructure Committee), Section 3, to include: 3.2.13 Review matters related to the CAM scheme prepared by the

Greater Cambridge Partnership and make representations to the GCP Executive Board related to CAM matters.

The vote in favour included at least two thirds of all Members (or their Substitutes) present and voting.

Community Land Trust Business Case

The Board was invited to approve the Community Land Trust Business Case attached to the report at Appendix 1. The proposals had been considered by the Housing and Communities Committee on 11 January 2021 where they had been endorsed unanimously, subject to some specific changes to the business case. These related to the evaluation, a requirement for the affordable housing provision to meet the requirement of each local planning authority and a requirement to engage the local planning authority early in the process. These changes had been reflected in the business which the Board was being asked to approve and were shown as tracked changes for ease of reference.

Councillor Bailey commented that East Cambridgeshire was a big supporter of community land trusts (CLTs) and shared the experience at Haddenham as an example of the potential benefits. Ultimately, 17 properties on that development would be made available to local residents as affordable housing.

On being proposed by Councillor Boden, seconded by Councillor Bailey, it was resolved unanimously to:

Approve the Community Land Trust Business Case at Appendix 1 of the report.

645. Local Growth Fund Programme Management Review January 2021

Mr Adams reminded the Board that the recommendations for each of the remaining reports had been debated at length by the Business Board and endorsed unanimously and that they were being brought before the Combined Authority Board in its role as Accountable Body.

The report contained two appendices which were exempt from publication under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person, including the authority holding that information. The Mayor asked whether any Member of the Board wished to discuss the exempt appendices. No Member expressed the wish to do so.

Project spend to the end of December 2020 was around £93m and was on course to deliver full spend by the end of the programme. All Eastern Agri-Tech funding had been awarded. Monitoring and evaluation of the Local Growth Fund (LGF) was continuing and the report to the Business Board contained an update on LGF recycled funding. The recommendations included project change requests for Cambridge Medipark Ltd Biomedical Multi-occupancy building project and the Cambridgeshire Skills March Adult Education project.

On being proposed by Mr Adams, seconded by Councillor Holdich, it was resolved unanimously to:

- a) Approve the project change request for Cambridge Medipark Ltd Biomedical Multi-occupancy building project;
- b) Approve the project change request for the Cambridgeshire Skills March Adult Education project; and
- c) Note the programme updates outlined in the report to the Business Board.

646. University of Peterborough Phase 2 - Incorporation of PropCo2

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the Committee's question on this item. A copy of the question and response are attached at Appendix 1.

The Board's approval was sought to delegate authority to officers to develop the legal documentation for the Peterborough R&D Property Co Limited, to approve the company's business plan and to consent to the company entering into a contract with the commercial operator which was successful in the procurement exercise. The proposals had been submitted to the Skills Committee on 11 January 2021 for noting before being considered by the Business Board on 12 January 2021 where they were endorsed unanimously.

Councillor Holdich commented that the question of car parking had been raised recently when the Director of Business and Skills gave a presentation on the project at Peterborough City Council. There would be a reduction in available car-parking in the area, but the Research and Development building would be focusing on green technology and so would be delivering a real benefit.

On being proposed by Mr Adams, seconded by Councillor Holdich, it was resolved unanimously to:

- a) Delegate authority to the Director of Business and Skills, in consultation with the Lead Member for Economic Growth, the Section 73 Officer and the Monitoring Officer, to develop the necessary legal documentation for the Peterborough R&D Property Company.
- b) Approve the Business Plan for Peterborough R&D Property Company Ltd.
- c) Consent to Peterborough R&D Property Company Ltd entering into the contract with the commercial operation which is successful in the procurement exercise.

647. University of Peterborough Phase 2 Manufacturing and Materials Research and Development Centre Project

The Board was invited to agree to a £1.13m increase in equity investment from the existing project partner into the Peterborough R&D Property Company Ltd. If approved, Photocentric's share in the project would increase from 12.2% to 18.2%. This investment would allow the size of the centre to be enlarged, increasing the available letting area by 16%. The benefit cost ratio was 2.10 and the Combined Authority would not be disadvantaged by the proposal. The Board's attention was also drawn to the project change request form at Appendix 1 relating to Net Zero Manufacturing Material Research and Development Centre. The recommendations had been considered by the Business Board on 12 January 2021 where they were endorsed unanimously.

On being proposed by Mr Adams, seconded by Councillor Holdich, it was resolved to:

- a) Agree to the £1.13m increase in equity investment from the existing project partner into the Peterborough R&D Property Company Ltd.
- b) Subject to the approval of recommendation (a), to note the new revised total project budget of £19.5 million and the revised shareholding split in Peterborough R&D Property Company Ltd, the Joint Venture Company delivering the project.

648. Local Enterprise Partnership Partnering Strategy

The report provided a summary of collaboration with various other local enterprise partnerships (LEPs) both in the short term and looking to the future. In recent months work had focused on sharing insights and data on the Covid response and this would inform the next iteration of the Local Economic Recovery Strategy (LERS) which would be brought to the Board in March 2021. In the longer term, the focus would shift to implementation and mobilisation. There would also be a focus on an agri-tech growth initiative to include collaboration across the total rural area. Collaboration would also take place across the wider LEP cohort through peer to peer work on best practice and peer reviews.

Councillor Herbert welcomed the links that were being forged with other LEPS, but voiced his longstanding concern about LEP area overlaps. He commented that it was confusing that the exact boundaries had not yet been confirmed and sought confirmation that this work was being advanced. The Director of Business and Skills confirmed that it was intended to bring a report on this to the Board in March and explained that this work had been pushed back while officers had prioritised the Covid response. The proposal before the Board today was about collaborative working with other LEPs. The Business Board had debated this at length and had taken the view that the benefits outweighed the challenges of the mechanics of how it would be put into practice.

On being proposed by Mr Adams, seconded by Councillor Boden, it was resolved unanimously to:

Approve the Partnering Strategies approach between the Business Board and:

- i. The OxCam LEPs;
- ii. NALEP, GLLEP & SEMLEP; and

iii. The LEP Network.

(Mayor)

Combined Authority Board 27 January 2021: Questions from the Overview and Scrutiny Committee

Item 1.7 – Appointment of Combined Authority Returning Officer

Q: The reports suggests an election in May can be run within the budget envelope already envisioned. With the vast majority of local authorities reporting that they will struggle to run an election this year - is the Combined Authority confident that it can run a fair and free election under Covid restrictions and within the budget envelope suggested?

A: Estimates of election costs have been received from constituent councils and are being checked by officers. Whilst increased costs are expected due to COVID-19, there are savings to be made from some common costs being shared across a number of other elections taking place at the same time as the Mayoral election. We are currently expecting the overall costs of the mayoral election to be affordable from the election reserve we have built up over the past four years.

Item 1.8 – Performance Report

Q: The Combined Authority's flagship £100m Affordable Housing Programme now has a residual RAG status of RED. What plans does the Combined Authority have to address this?

A: We remain confident that we will receive the finance necessary, but in the meantime we are preparing an action plan in the possible event of an unsatisfactory outcome that will be discussed with Leaders, the Housing and Communities Committee and the Board.

Item 1.10 – Combined Authority Business Plan and Annual Report 2021-22

Q: The Business Plan 2021/22 states that 'You will see more active travel, more work towards 'doubling nature' and hammering carbon emissions down to zero.' Can you provide further information and in practical terms about what is meant in practical terms by 'hammering carbon emissions down to zero' especially in regard to the authority's construction and transport projects?

A: The Combined Authority is committed to the objective of reducing carbon emissions to net zero by 2050 and this has been reflected in existing policies such as the Local Transport Plan. The Authority has established the Cambridgeshire and Peterborough Independent Climate Change Commission, chaired by Baroness Brown, and the Commission will publish its report soon. The Combined Authority Board will discuss the Commission's recommendations and their implications for the Authority's actions and policies, and will set out its response following publication.

The reason we asked Baroness Brown to lead the Commission in this work was because the Combined Authority does have significant construction and transport projects in Cambridgeshire and Peterborough. We have an economy that is demanding housing delivery, demonstrated by the cost of housing, particularly in the south of the county. We have a burgeoning economy in Peterborough which is showing consistent growth and we want to make sure that any policy we put forward for growth is sustainable given the rural nature of our county. Projects such as CAM Metro are entirely designed to bring forward sustainable and ecologically sound growth in Cambridgeshire and Peterborough and we are doing everything we can now to make appropriate decisions now to hit those targets.

Item 2.1 Budget Monitor Update Report January 2021

Q: The breakdown of the revenue position under the Delivery and Strategy section it notes the CAM Outline Business Case budget of £1.425M – could you advise what stage the Outline Business Case is currently at and how much of the current budget has been spent? Could the detail around this be provided to the Overview & Scrutiny Committee?

A: This budget line reflects costs associated with the City Tunnel Section of the network. There is no further expenditure expected against this budget line in 2020/21. Over the summer of 2020, during the technical work to support the City Tunnel Section OBC, the segmented approach to delivering the CAM was challenged. Work was initiated to reassess the programme approach. Work is continuing to develop a single programme approach for a single network, referred to as 'One CAM'. Details of the emerging expenditure associated with the new approach was provided to this Board in the CAM update reports in August and September 2020.

Q: The breakdown of the revenue position under the Delivery and Strategy section it notes the One CAM Innovation Company has £6.84m allocated with nearly £4M of that already spent. How will the remaining £3M be spent by the end of March?

A: The One CAM company has £1.9M allocated against it for this financial year as an equity investment. That is currently funding the recruitment costs and the non-executive director allowances. The remaining funding is held by the CPCA to support a number of workstreams as set out in the CPCA Board decisions of August and September last year. As in previous years, officers will bring a paper at year end providing an analysis of all underspends and (where appropriate) will recommend the Board to approve the carry forward of any unspent balances to fund activities that may extend into the new financial year.

Item 2.3 2021-22 Budget and Medium Term Financial Plan 2021-2025

Q: Forecast expenditure on the CAM Outline Business Case £5M for 2021/22, and £6.5M in years 2022/23 and 2023/24. Will the Outline Business Case be concluded by the end of 2024?

A: The Medium Term Financial Plan (MTFP) provides for funding until 2023/24. Work is ongoing to establish a timetable under the One CAM approach, which will be reported to the Board once it is finalised with the DfT and other Government departments.

Q: Forecast expenditure on the CAM SPV outlined in Appendix 2c is £2M for 2021/22. What is the spend estimate on the SPV beyond 2021/22 and why is this not included in the forecast?

A: Similarly to the previous answer, work will continue over the next year to confirm the expected on-going costs of One CAM and appropriate funding arrangements to support those costs. This will be for agreement between the CPCA Board and One CAM Limited as to who holds responsibility for the budget and future funding of the project.

Item 2.4 Transport Levy 2021/22

Q: Does the Transport Levy amount sufficiently reflect the enormity of work that has been done and will continue to be done by the Combined Authority in the future?

A: The paper before the Board explains in the tables at paragraphs 2.4 and 2.5 the cost of the functions that the Levy may by law fund, and the functions the proposed levy will fund. If the Overview and Scrutiny Committee can analyse those it would be very helpful.

Item 3.1 CAM Update

Q: Why has the CAM Update item been withdrawn?

A: There are no decisions or substantive updates for the Board for this meeting. A full report will be brought to the next meeting of the Combined Authority Board, in March.

Item 4.3 Greater Cambridge Partnership Consultations - Waterbeach to Cambridge and Eastern Access

Q: What is the Combined Authority's position on an alternative public transport mode for travel between Waterbeach and Cambridge? This has previously formed part of the Authority's proposals for the CAM; is this still the case?

A: The proposed Combined Authority position on the issues raised in the GCP's consultation on the Waterbeach to Cambridge scheme is set out in the papers before the Board. That project forms part over the overall CAM Network.

In addition to the development of the CAM scheme, and following the representations made both by the Mayor and by the Combined Authority, Network Rail has completed upgrade works to extend platforms at Waterbeach and Littleport. As a result, the infrastructure between Cambridge and King's Lynn can now support eight-carriage train formations calling at all intermediate stations. This is a significant boost to space and seats on train services. With the introduction of the December timetable, this has meant that following the completion of the work, there are now half-hourly services at Waterbeach and that will be a significant improvement for passengers using the station.

The GCP's current plans, which the Mayor has asked them to look at, are to take a busway from Cambridge North Station – which is just over a mile from Waterbeach - around Waterbeach and into Waterbeach Station. The question is whether that is the best way to spend the money at this moment in time or would the money be better spent on upgrading the railway stations that are there. Also, with consideration of the new town which is being built at Waterbeach Barracks, would the route for the potential CAM Metro, where the busway will eventually become the CAM Metro, be better if it went in a corridor alongside the A10. These are just suggestions for the GCP to consider.

Item 6.2 University of Peterborough Phase 2 - Incorporation of PropCo2

Q: The plans mention car park provision. What weight has been given to the environmental impact of the proposals in terms of land use and carbon emissions?

A: The requirement for a car park was a stipulation made by the planners at Peterborough City Council and includes 178 spaces to accommodate:

- Up to 250 tenants in the new research building*
- The replacement 36 spaces allocated for the teaching building, lost as a result of the research building being placed over the land allocated to them; and*
- An allowance for additional spaces to allow the currently approved on-street parking for the teaching building, to move into an off street car park.*

Consideration will be given to reducing the number of spaces so as to limit the use of car transport and the feasibility of electric vehicle charging points is being considered.

In regard to the environmental impact on the land in use, we have developed a landscape solution that minimises the take up of the public space and attempts to provide a net increase in green space, in comparison with the current land use.

Report added to the agenda after publication

Terms of Reference – Transport and Infrastructure Committee

Q: Could the Board provide some clarity around the decision making structure that will result from the proposals set out to change the remit of Transport and Infrastructure committee?

A: This question appears to relate to the item “Amendment to Terms of Reference: Transport and Infrastructure Committee” rather than Item 1.6, which is a simple change to the County Council representation on the Transport & Infrastructure Committee.

The effect of the proposed amendment to the terms of reference of the Transport and Infrastructure Committee would be to provide a formal mechanism for the Transport and Infrastructure Committee, on behalf of the CPCA as Local Transport Authority, to

support the Mayor in his role as a non-voting member of the Greater Cambridge Partnership Executive Board. This would in turn contribute to the decision making of the Greater Cambridge Partnership Executive Board on matters relating to the Cambridgeshire Autonomous Metro scheme. The mechanism would be for the Committee to provide the Mayor with representations on CAM matters being considered by the GCP. Final decision making on GCP CAM projects would remain with the GCP Executive Board, subject to any public inquiry process necessary to secure the necessary consents for an individual scheme.

The intention is to ensure that the Transport and Infrastructure Committee is fully briefed on pending GCP CAM decision making and can support the Mayor by formulating representations to the GCP, on behalf of the CPCA as Local Transport Authority.

The decision making structure would be:

- The GCP would publish its agendas for Joint Assembly and Executive Board meetings in the normal way.*
- Any reports relating the CAM scheme would be brought to a meeting of the Transport and Infrastructure Committee. The relevant GCP officers would be invited to present the reports and respond to any queries from the Committee.*
- The Committee would formulate any representations on those reports and they would be shared with the GCP by the Mayor.*
- The GCP Executive Board would then have those representations available to it when it made its decisions on CAM matters*

This is all about trying to get a proper process in place around joint working between the Combined Authority and the GCP.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Cambridgeshire and Peterborough Combined Authority Forward Plan of Executive Decisions

Published 11 March 2021
(Updated 16 March 2021)

Purpose

The Forward Plan sets out all of the decisions which the Combined Authority Board and Executive Committees will be taking in the coming months. This makes sure that local residents and organisations know what decisions are due to be taken and when.

The Forward Plan is a live document which is updated regularly and published on the [Combined Authority website](#) (click the Forward Plan' button to view). At least 28 clear days' notice will be given of any key decisions to be taken.

What is a key decision?

A key decision is one which, in the view of the Overview and Scrutiny Committee, is likely to:

- i. result in the Combined Authority spending or saving a significant amount, compared with the budget for the service or function the decision relates to (usually £500,000 or more); or
- ii. have a significant effect on communities living or working in an area made up of two or more wards or electoral divisions in the area.

Non-key decisions and update reports

For transparency, the Forward Plan also includes all non-key decisions and update reports to be considered by the Combined Authority Board and Executive Committees.

Access to reports

A report will be available to view online one week before a decision is taken. You are entitled to view any documents listed on the Forward Plan after publication, or obtain extracts from any documents listed, subject to any restrictions on disclosure. There is no charge for viewing the documents, although charges may be made for photocopying or postage. Documents listed on this notice can be requested from Robert Parkin, Chief Legal Officer and Monitoring Officer for the Combined Authority at Robert.Parkin@cambridgeshirepeterborough-ca.gov.uk.

The Forward Plan will state if any reports or appendices are likely to be exempt from publication or confidential and may be discussed in private. If you want to make representations that a decision which it is proposed will be taken in private should instead be taken in public please contact Robert Parkin, Chief Legal Officer and Monitoring Officer at Robert.Parkin@cambridgeshirepeterborough-ca.gov.uk at least five working days before the decision is due to be made.

Notice of decisions

Notice of the Combined Authority Board's decisions and Executive Committee decisions will be published online within three days of a public meeting taking place.

Standing items at Executive Committee meetings

The following reports are standing items and will be considered by at each meeting of the relevant committee. The most recently published Forward Plan will also be included on the agenda for each Executive Committee meeting:

Housing and Communities Committee

1. £100m Affordable Housing Programme Update
2. £70m Cambridge City Council Affordable Housing Programme: Update
3. £100k Homes and Community Land Trusts Update

Skills Committee

1. Budget and Performance Report
2. Employment and Skills Board Update

Transport and Infrastructure Committee

1. Budget Monitor Update
2. Performance Report

Skills Committee – 15 March 2021

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
1.	Local Economic Recovery Strategy: Updated refresh	Skills Committee	15 March 2021	Decision	To update Members on the latest version of the Local Economic Recovery Strategy following further evidence-based insight.	Relevant internal and external stakeholders	John T Hill, Director of Business & Skills	Councillor John Holdich Lead Member for Economic Growth	It is not anticipated that there will be any documents other than the report and relevant appendices to be published
2.	Adult Education Budget Annual Review (Academic Year 2019/20) Update	Skills Committee	15 March 2021	Decision	To update Members following the first year of local delivery of the Adult Education Budget.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Councillor John Holdich Lead Member for Skills	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
3.	Life time Skills Guarantee	Skills Committee	15 March 2021	Decision	To consider the commissioning approach of additional delegated funds to deliver the Lifetime Skills Guarantee and make recommendations to the Combined Authority Board.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Councillor John Holdich Lead Member for Skills	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
4.	Business Growth Service	Skills Committee	15 March 2021	Decision	To note the report to the Business Board including the urgency procedure decision, contractual position, financial plan and recommendation to the Combined Authority Board.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Councillor John Holdich Lead Member for Skills	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
5.	Adult Education Budget Covid Response	Skills Committee	15 March 2021	Decision	To advise the Committee of the impact of COVID 19 on the Adult Education Budget and actions to provide mitigation.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Councillor John Holdich Lead Member for Skills	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Housing and Communities Committee - 15 March 2021

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
6.	£100M Affordable Housing Programme Scheme	Housing and Communities Committee	15 March 2021	Key Decision 2021/014	To consider and approve allocations to new schemes within the £100m	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Councillor Chris Boden	It is not anticipated that there will be any documents

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
	Approvals – March 2021				Affordable House Programme.			Lead Member for Housing	other than the report and relevant appendices to be published.
7.	MHCLG Review of £100 Million Affordable Housing Programme	Housing and Communities Committee	15 March 2021	Decision	To provide an overview of the issues raised by MHCLG, the Combined Authority's response and the risks of discontinued funding of the £100m Affordable Housing Programme.	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Councillor Chris Boden Lead Member for Housing	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
8.	Cambridge Northern Fringe East – Progress Report	Housing and Communities Committee	15 March 2021	Decision	To note progress on the Cambridge Northern Fringe East development.	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Councillor Chris Boden	It is not anticipated that there will be any documents

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
								Lead Member for Housing	other than the report and relevant appendices to be published.
9.	Oakington Community Land Trust Start-up Grant Application	Housing and Communities Committee	15 March 2021	Decision	To consider Oakington Community Land Trust's application for start-up grant funding of £5000 under the Community Land Trust start-up fund.	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Councillor Chris Boden Lead Member for Housing	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
10.	Houghton & Wyton Community Land Trust Start-up Grant Application	Housing and Communities Committee	15 March 2021	Decision	To consider Houghton & Wyton Community Land Trust's application for start-up grant funding of £5000	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Councillor Chris Boden Lead Member	It is not anticipated that there will be any documents other than

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
					under the Community Land Trust start-up fund.			for Housing	the report and relevant appendices to be published.

Combined Authority Board - 24 March 2020

Governance items

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
11.	Minutes of the meeting on 27 January 2020	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To approve the minutes of the previous meeting.	Relevant internal and external stakeholders	Richenda Greenhill, Democratic Services Officer	Mayor James Palmer	It is not anticipated that there will be any documents other than the report

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									and relevant appendices.
12.	Forward Plan	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To approve the latest version of the forward plan.	Relevant internal and external stakeholders	Robert Parkin Chief Legal Officer and Monitoring Officer	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices.
13.	Combined Authority Appointments March 2021	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To ratify the changes in Fenland District Council's member and substitute on the Overview and Scrutiny Committee and Cambridgeshire County Council's member on the	Relevant internal and external stakeholders	Robert Parkin Chief Legal Officer and Monitoring Officer	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices.

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
					Housing and Communities Committee.				
14.	Local Assurance Framework Annual Review	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To approve updates to the Local Assurance Framework.	Relevant internal and external stakeholders including Skills Committee and the Audit and Governance Committee	John T Hill, Director of Business & Skills	Austen Adams, Chair of the Business Board Councillor John Holdich Lead Member for Economic Growth	It is not anticipated that there will be any documents other than the report and relevant appendices to be published
15.	Budget Monitor Report March 2021	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/016	To provide an update on the revenue and capital budgets for the year to date and approve the	Relevant internal and external stakeholders	Jon Alsop Section 73 Chief Finance Officer	Mayor James Palmer	It is not anticipated that there will be any documents other than

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
					provisional carry forwards within the Budget Monitoring Report.				the report and relevant appendices to be published.
16.	2021-22 Financial Strategies	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To review and approve the draft Capital, Treasury management and Investment strategies, and Minimum Revenue Provision Statement for 2021-22.	Relevant internal and external stakeholders	Jon Alsop Section 73 Chief Finance Officer	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
17.	Mayoral Election 2021	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	Update on the budget for the May 2021 Mayoral Elections	Relevant internal and external stakeholders	John Hill Chief Executive	Mayor James Palmer	It is not anticipated that there will be any documents other than

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									the report and relevant appendices to be published.

Combined Authority Decisions

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
18.	CAM Update March 2021	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2020/092	Procurement and CAM Update from One CAM Ltd and appointment of the Chief Executive of One Cam LTD	Relevant internal and external stakeholders	Kim Sawyer Chief Executive	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									relevant appendices to be published.
19.	Cambridgeshire and Peterborough Regional Transport Model	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/015	To recommend the drawdown of £750,000 to undertake the development of the Regional Transport Model.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
20.	A605 Stanground – Whittlesey Access Improvement	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/007	To seek approval for the drawdown of funding for the A605 Stanground – Whittlesey Access Improvement.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									appendices to be published.
21.	Market Towns Programme Investment Prospectus – Approval of Fourth Tranche of Recommended Projects	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2020/088	To approve the fourth tranche of recommended projects to under the Market Towns Programme Investment Prospectus	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
22.	Greater South East Energy Hub	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/001	To agree the Accountable Body status for the Greater South East Energy Hub.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									appendices to be published.
23.	Independent Commission on Climate Change: Interim Report	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/008	To consider a response to the initial recommendations of the Independent Commission on Climate Change.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Recommendations from the Transport and Infrastructure Committee

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
24.	Local Transport Plan and Low Emission Vehicles Strategy	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To approve the refresh of the Local Transport Plan (LTP) to be undertaken during the 2021/22 financial year, the development of an Alternative Fuelled Vehicles Strategy during the 2021/22 financial year and the allocation of £200,000 for LTP development work.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
25.	Fengate Phase 2 University Access	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/002	To receive a summary of the outcome of the Fengate Phase 2 University Access Strategic Outline Business Case and give approval to initiate the Outline Business Case.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									to be published.
26.	A47 Dualling	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To provide an update on the progress of the A47 dualling Project.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
27.	Wisbech Rail	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/003	To consider proposals for further progressing Wisbech.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									to be published.
28.	St Ives	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/009	To receive an update on the next stage for development of the Strategic Outline Business Case for St Ives and the programme to develop St Ives Town Centre.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
29.	March Area Transport Study: March 2021	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	The consider an update on the March Area Transport Study Quick Win Programme to date and a proposal to approve proceeding to detailed design on the Walking and Cycling Strategy programme.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									to be published.
30.	England's Economic Heartland Transport Strategy	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To invite the Board to provide feedback and advise the Mayor on the Combined Authority's position in relation to England's Economic Heartlands Transport Strategy.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor James Palmer	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Recommendations from the Housing and Communities Committee

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
31.	£100M Affordable Housing Programme	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To consider any recommendations from the Housing and Communities Committee in relation to the £100M Affordable Housing Programme.	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Councillor Chris Boden Lead Member for Housing	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Recommendations from the Skills Committee

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
32.	Life time Skills Guarantee	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/005	To approve the commissioning approach of additional devolved funds to deliver the Lifetime Skills Guarantee.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Councillor John Holdich Lead Member for Skills	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Recommendations from the Business Board

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
33.	Local Growth Fund Programme Management Review March 2021	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2020/0085	To review the Local Growth Fund Programme delivery including spend against budget and amend as required	Relevant internal and external stakeholders	John T Hill, Director of Business & Skills	Austen Adams, Chair of the Business Board Councillor John Holdich Lead Member for Economic Growth	It is not anticipated that there will be any documents other than the report and relevant appendices to be published
34.	Local Economic Recovery Strategy: Updated refresh	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To approve the updated refresh of the Local Economic Recovery Strategy for Cambridgeshire and Peterborough.	Relevant internal and external stakeholders including Skills Committee	John T Hill, Director of Business & Skills	Austen Adams, Chair of the Business Board Councillor John Holdich Lead Member for	It is not anticipated that there will be any documents other than the report and relevant appendices

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
								Economic Growth	to be published
35.	Resolution of Local Enterprise Partnership Overlaps	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Decision	To approve remaining Strategic Partnership Agreements with neighbouring Local Enterprise Partnerships.	Relevant internal and external stakeholders	John T Hill, Director of Business & Skills	Austen Adams, Chair of the Business Board Councillor John Holdich Lead Member for Economic Growth	It is not anticipated that there will be any documents other than the report and relevant appendices to be published
36.	Business Growth Service	Cambridgeshire and Peterborough Combined Authority Board	24 March 2021	Key Decision 2021/006	To approve raising the maximum grant limit of the Business Growth Service Capital Grant scheme for one application.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Austen Adams, Chair of the Business Board Councillor John Holdich	It is not anticipated that there will be any documents other than the report and relevant

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
								Lead Member for Skills	appendices to be published.

Combined Authority Board Annual Meeting – 2 June 2021

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
37.	Minutes of the meeting on 24 March 2021	Cambridgeshire and Peterborough Combined Authority Board	2 June 2021	Decision	To approve the minutes of the previous meeting.	Relevant internal and external stakeholders	Richenda Greenhill, Democratic Services Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
38.	Forward Plan	Cambridgeshire and Peterborough Combined Authority Board	2 June 2021	Decision	To approve the latest version of the forward plan.	Relevant internal and external stakeholders	Robert Parkin Chief Legal Officer and Monitoring Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.
39.	Budget Monitor Update	Cambridgeshire and Peterborough Combined Authority Board	2 June 2021	Decision	To provide an update on the revenue and capital budgets for the year to date	Relevant internal and external stakeholders	Jon Alsop Section 73 Chief Finance Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
40.	Appointment of the Audit and Governance Committee, including the	Cambridgeshire and Peterborough Combined Authority Board	2 June 2021	Decision	To appoint the Audit and Governance Committee and Independent Person, including its terms of reference,	Relevant internal and external stakeholders	Robert Parkin Chief Legal Officer and Monitoring Officer	Mayor	It is not anticipated that there will be any documents other than

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
	Independent Person				size and allocation of seats to political parties in accordance with political balance requirements, to reflect nominations received from constituent councils.				the report and relevant appendices.

Housing and Communities Committee – 21 June 2021

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
41.	£100M Affordable Housing Programme Scheme	Housing and Communities Committee	21 June 2021	Key Decision 2021/011	To consider and approve allocations to new schemes within the £100m Affordable House Programme.	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Lead Member for Housing	It is not anticipated that there will be any documents other than

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
	Approvals – June 2021								the report and relevant appendices to be published.
42.	Cambridge Northern Fringe East – Progress Report	Housing and Communities Committee	21 June 2021	Decision	To note progress on the Cambridge Northern Fringe East development.	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Lead Member for Housing	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Combined Authority Board Meeting Date – 30 June 2021

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
43.	Minutes of the meeting on 2 June 2021	Cambridgeshire and Peterborough Combined Authority Board	30 June 2021	Decision	To approve the minutes of the previous meeting.	Relevant internal and external stakeholders	Richenda Greenhill Democratic Services Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.
44.	Forward Plan	Cambridgeshire and Peterborough Combined Authority Board	30 June 2021	Decision	To approve the latest version of the forward plan.	Relevant internal and external stakeholders	Robert Parkin Chief Legal Officer and Monitoring Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.
45.	Budget Monitor Update	Cambridgeshire and Peterborough Combined Authority Board	30 June 2021	Decision	To provide an update on the revenue and capital budgets for the year to date	Relevant internal and external stakeholders	Jon Alsop Section 73 Chief Finance Officer	Mayor	It is not anticipated that there will be any documents other than

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
									the report and relevant appendices to be published.

Mayoral Decision

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
46.	Local Highways Maintenance Grant Allocation 2021/22	Mayor	30 June 2021	Key Decision KD2021/018	To approve the Local Highways Maintenance Grant allocations to Cambridgeshire County Council and Peterborough City Council.	Relevant internal and external stakeholders	Jon Alsop Section 73 Chief Finance Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.

Combined Authority Decisions

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
47.	Market Towns Programme Investment Prospectus – Approval of Fifth Tranche of Recommended Projects	Cambridgeshire and Peterborough Combined Authority Board	30 June 2021	Key Decision 2021/019	To approve the fifth tranche of recommended projects under the Market Towns Programme Investment Prospectus.	Relevant internal and external stakeholders	John T Hill, Director of Business & Skills	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices to be published

Recommendations from the Business Board

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
48.	Future Funding Strategy	Cambridgeshire and Peterborough Combined Authority Board	30 June 2021	Decision	To seek the Board's endorsement of the proposed future strategy for maximising funding and impacts from the Levelling-Up (LUF) and Shared Prosperity (SPF) Funds.	Relevant internal and external stakeholders	John T Hill, Director of Business & Skills	Austen Adams Chair of the Business Board	It is not anticipated that there will be any documents other than the report and relevant appendices to be published

Skills Committee - 12 July 2021

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
49.	Sector-Based Work Academies and High Value Courses Update	Skills Committee	12 July 2021	Decision	To update Members on Sector-Based Work Academies and High Value Courses.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Lead Member for Skills	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
50.	National Retraining Scheme Pilot	Skills Committee	12 July 2021	Decision	To update Members on progress with the National Retraining Scheme Pilot.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Lead Member for Skills	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Combined Authority Board – 28 July 2021

Governance items

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
51.	Minutes of the meeting on 30 June 2021	Cambridgeshire and Peterborough Combined Authority Board	28 July 2021	Decision	To approve the minutes of the previous meeting.	Relevant internal and external stakeholders	Richenda Greenhill, Democratic Services Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.
52.	Forward Plan	Cambridgeshire and Peterborough Combined Authority Board	28 July 2021	Decision	To approve the latest version of the forward plan.	Relevant internal and external stakeholders	Robert Parkin Chief Legal Officer and Monitoring Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.
53.	Budget Monitor Update	Cambridgeshire and Peterborough	28 July 2031	Decision	To provide an update on the revenue and	Relevant internal and external stakeholders	Jon Alsop Section 73 Chief	Mayor	It is not anticipated that there will be any

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
		Combined Authority Board			capital budgets for the year to date.		Finance Officer		documents other than the report and relevant appendices to be published.
54.	Performance Report	Cambridgeshire and Peterborough Combined Authority Board	28 July 2021	Decision	To note the Combined Authority performance reporting Dashboard.	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Combined Authority Decisions

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
55	Market Towns Programme Investment Prospectus –Approval of Final Tranche of Recommended Projects	Cambridgeshire and Peterborough Combined Authority Board	28 July 2021	Key Decision KD2021/017	To approve the final tranche of recommended projects under the Market Towns Programme Investment Prospectus.	Relevant internal and external stakeholders	John T Hill Director of Business and Skills	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.

By recommendation to the Combined Authority Board

Recommendations from the Business Board

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
56.	Annual Performance	Cambridgeshire and	28 July 2021	Decision	To update the Board on the end	Relevant internal and	John T Hill, Director of	Austen Adams	It is not anticipated

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
	Review Update	Peterborough Combined Authority Board			of year Annual Performance Review (2020/21) with the Department for Business, Energy and Industrial Strategy (BEIS)	external stakeholders	Business & Skills	Chair of the Business Board	that there will be any documents other than the report and relevant appendices to be published
57.	Enterprise Zones Programme Update	Cambridgeshire and Peterborough Combined Authority Board	28 July 2021	Decision	To update the Board on the Enterprise Zones Programme.	Relevant internal and external stakeholders	John T Hill, Director of Business & Skills	Austen Adams Chair of the Business Board	It is not anticipated that there will be any documents other than the report and relevant appendices to be published

Housing and Communities Committee – 6 September 2021

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
58.	£100M Affordable Housing Programme Scheme Approvals – September 2021	Housing and Communities Committee	6 September 2021	Key Decision 2021/012	To consider and approve allocations to new schemes within the £100m Affordable House Programme.	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Lead Member for Housing	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Housing and Communities Committee – 3 November 2021

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
59.	£100M Affordable Housing Programme Scheme Approvals: November 2021	Housing and Communities Committee	3 November 2021	Key Decision 2021/013	To consider and approve allocations to new schemes within the £100m Affordable House Programme.	Relevant internal and external stakeholders	Roger Thompson Director of Housing and Development	Lead Member for Housing	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Combined Authority Board – 24 November 2021

Governance Items

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
60.	Minutes of the meeting on 29 September 2021	Cambridgeshire and Peterborough Combined Authority Board	24 November 2021	Decision	To approve the minutes of the previous meeting.	Relevant internal and external stakeholders	Richenda Greenhill, Democratic Services Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.
61.	Forward Plan	Cambridgeshire and Peterborough Combined Authority Board	24 November 2021	Decision	To approve the latest version of the forward plan.	Relevant internal and external stakeholders	Robert Parkin Chief Legal Officer and Monitoring Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
62.	Budget Monitor Update	Cambridgeshire and Peterborough Combined Authority Board	24 November 2021	Decision	To provide an update on the revenue and capital budgets for the year to date.	Relevant internal and external stakeholders	Jon Alsop Section 73 Chief Finance Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.
63.	Performance Report	Cambridgeshire and Peterborough Combined Authority Board	24 November 2021	Decision	To note the Combined Authority performance reporting Dashboard	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Combined Authority Board – 26 January 2022

Governance Items

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
64.	Minutes of the meeting on 24 November 2021	Cambridgeshire and Peterborough Combined Authority Board	26 January 2022	Decision	To approve the minutes of the previous meeting.	Relevant internal and external stakeholders	Richenda Greenhill, Democratic Services Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.
65.	Forward Plan	Cambridgeshire and Peterborough Combined Authority Board	26 January 2022	Decision	To approve the latest version of the forward plan.	Relevant internal and external stakeholders	Robert Parkin Chief Legal Officer and Monitoring Officer	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices.
66.	Budget Monitor Update	Cambridgeshire and Peterborough	26 January 2022	Decision	To provide an update on the revenue and capital budgets	Relevant internal and external stakeholders	Jon Alsop Section 73 Chief	Mayor	It is not anticipated that there will be any

	Title of report	Decision maker	Date of decision	Decision required	Purpose of report	Consultation	Lead officer	Lead Member	Documents relevant to the decision submitted to the decision maker
		Combined Authority Board			for the year to date.		Finance Officer		documents other than the report and relevant appendices to be published.
67.	Performance Report	Cambridgeshire and Peterborough Combined Authority Board	26 January 2022	Decision	To note the Combined Authority performance reporting Dashboard	Relevant internal and external stakeholders	Paul Raynes Director of Delivery and Strategy	Mayor	It is not anticipated that there will be any documents other than the report and relevant appendices to be published.

Comments or queries about the Forward Plan to Cambridgeshire and Peterborough Combined Authority

Please send your comments or queries to Robert Parkin, Chief Legal Officer and Monitoring Officer, at Robert.Parkin@cambridgeshirepeterborough-ca.gov.uk . We need to know:

1. Your comment or query:
2. How can we contact you with a response (please include your name, a telephone number and your email address).
3. Who you would like to respond to your query.



Combined Authority Committee Appointments: March 2020

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 24 March 2021

Public report: Yes

Lead Member: Mayor James Palmer

From: Robert Parkin, Monitoring Officer

Key decision: No

Forward Plan ref: n/a

Recommendations: The Combined Authority Board is recommended to:

- a) Ratify the appointment by Fenland District Council of Councillor Alex Miscandlon as one of its members on the Overview and Scrutiny Committee for the remainder of the municipal year 2020/2021.
- b) Ratify the appointment by Fenland District Council of Councillor Susan Wallwark as one of its substitute members on the Overview and Scrutiny Committee for the remainder of the municipal year 2020/2021.
- c) Ratify the appointment by Cambridgeshire County Council of Councillor Mark Goldsack as its member on the Housing and Communities Committee for the remainder of the municipal year 2020/2021.

Voting arrangements: A simple majority of all members present and voting.

1. Purpose

- 1.1 The report notifies the Board of amendments to the membership of the Overview and Scrutiny Committee and the Housing and Communities Committee.

2. Background

- 2.1 Fenland District Council has advised that it has revised one of the appointments on the Overview and Scrutiny Committee. Councillor David Mason has resigned from his appointment on the committee and Councillor Alex Miscandlon has replaced him. The substitute member will be Cllr Susan Wallwark for the remainder of the municipal year 2020/2021.
- 2.2 Cambridgeshire County Council has advised that Councillor Mark Goldsack has been appointed to the Housing and Communities Committee as its representative for the remainder of the municipal year 2020/2021 following the resignation of Councillor Roger Hickford.
- 2.3 The Monitoring Officer has delegated authority to accept changes to membership of committees notified by constituent councils during the municipal year to ensure there is a full complement of members or substitute members at committee meetings. The new appointment takes effect after it has been approved by the Monitoring Officer and is reported to the following Board meeting for ratification.

Significant Implications

3. Financial Implications

- 3.1 In accordance with the Cambridgeshire and Peterborough Combined Authority Order 2017 no remuneration is to be payable by the Combined Authority to its members or substitute members.

4. Legal Implications

- 4.1 The Monitoring Officer has delegated authority to accept changes to membership of committees notified by constituent councils during the municipal year to ensure there is a full complement of members or substitute members at committee meetings. The new appointment shall take effect after the nomination has been approved by the Monitoring Officer.

- 4.2 The Constitution also provides that:

In principle, neither the Mayor nor the Board will seek to exercise their voting rights to veto or vote against the appointment of constituent council members to executive committees.

6. Appendices

6.1 None.

7. Background Papers

7.1 None.



Local Assurance Framework Annual Review

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Mayor James Palmer
From:	Rochelle Tapping, Deputy Monitoring Officer
Key decision:	No
Forward Plan ref:	n/a
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none">a) Approve the revised draft of the Assurance Framework and note that draft has been sent to CLGU for sign offb) Delegate authority to the Monitoring Officer, in consultation with the Mayor, to make further amendments to the draft Assurance Framework following feedback from CLGU.c) Approve adoption of the revised draft of the Assurance Framework following sign off from CLGU.d) Agree to a Lead Member from the Overview and Scrutiny Committee carrying out the role of shadowing the Business Board and agree the role description for that Lead Membere) Subject to (d) and (e) above, note that Cllr Murphy will undertake the role of Lead Member for the Business Board on behalf of the Overview and Scrutiny Committee.
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 The Board is asked to approve the final revised draft of the Assurance Framework attached at Appendix 1. This is the final draft of the Assurance Framework which has been amended to reflect requests for revisions made by the Audit and Governance Committee and the Business Board. This draft therefore differs to the draft of the Assurance Framework that was presented to the Audit and Governance Committee and the Business Board. This draft has been sent to Cities and Local Growth Unit (CLGU) for sign off.
- 1.2 The revised Assurance Framework was considered at the Audit and Governance Committee meeting on 5 March 2021. Following discussion, the Committee decided by a majority to recommend the draft Assurance Framework to the Combined Authority Board for approval.
- 1.3 The draft Assurance Framework was also considered at an extraordinary meeting of the Business Board on 4 March 2021 where it was decided unanimously to recommend the revised draft to the Combined Authority for approval, noting that the draft was subject to sign-off by the Ministry of Housing, Communities and Local Government (MHCLG). The department that receives and signs off the Assurance Framework is CLGU and not MHCLG, as reflected in the recommendations above.
- 1.4 A proposal for a member from Overview and Scrutiny shadowing the work of the Business Board was first proposed at the meeting of the Overview and Scrutiny Committee on 22 February 2021. At the extraordinary meeting, the Business Board subsequently agreed to a Lead Member from the Overview and Scrutiny Committee shadowing the work of the Business Board. The role description for that Lead Member was also agreed. The Combined Authority as accountable body for the Business Board must agree to the scrutiny arrangements for the Business Board, prior to implementation. Subject to this approval, the Board is invited to note that this role will be undertaken by Councillor Murphy.
- 1.5 The report and appendices to the Audit and Governance Committee can be viewed via the link below:

[Audit and Governance Committee 5 March 2021- Item 4 refers](#)
- 1.6 The report and appendices to the Extraordinary meeting of the Business Board can be viewed via the following link:

[Extraordinary meeting of the Business Board 4 March 2021 - Item 2 refers](#)
- 1.7 The report and appendices to the Overview and Scrutiny meeting can be viewed via the following link:

[Overview and Scrutiny Committee 22 February 2021 - Item 8 refers](#)

2. Considerations

- 2.1 The Audit and Governance Committee made two observations. The Committee noted that the reference to the Audit and Governance Committee contained at paragraph 3.6.1 of the

draft Assurance Framework made no reference to the fact that the Committee had an independent member who had been appointed as Chair of the Committee and requested an amendment to reflect this. Paragraph 3.6.1 has been amended accordingly to reflect this request.

- 2.2 The Audit and Governance Committee requested that its concerns were noted around the Business Board adherence to the Nolan Principles as outlined within the Assurance Framework with reference to holding Business Board meetings in private unless determined by the Chair and recommended that the word 'not' be removed at paragraph 4.1.7 of the Assurance Framework. This would change the statement to read: 'All other meetings of the Business Board shall be open to the public unless determined otherwise by the Chair.' This proposal would require agreement of the Business Board and the Combined Authority, prior to implementation. To account for Business Board consideration, the proposal will be presented to the Business Board at its meeting on 12 May and at the next meeting of the Combined Authority.
- 2.3 The Business Board asked that the revised draft be amended at paragraph 5.1 to reflect the fact that Business Board decisions would not have to match the other elements of the Combined Authority's Strategic Framework. This matter arose as the previous drafted reference stated that '*...all business cases must demonstrate a strong fit with the Combined Authority's strategic objectives*'. An amendment was made which now reads '*...all business cases must demonstrate a strong fit with the strategic objectives of the relevant Board*'.
- 2.4 In relation to section 5.8.2, draft wording in relation to the approach to Value for Money, reflecting the revised Green Book (December 2020) was sent to DfT for approval. DfT requested further amendments to the draft wording, which has been factored into the final draft.
- 2.5 Minor amendments to account for inaccuracies and cosmetic changes have also been reflected in this final draft.

3. Appendices

- 3.1 Appendix 1: Revised Assurance Framework (clean copy)
- 3.2 Appendix 2: Revised Assurance Framework (with tracked changes)
- 3.3 Appendix 3: Role description for the Overview and Scrutiny Committee Lead member for the Business Board.
- 3.4 Accessible versions of the appendices are available on request from Democratic.Services@cambridgeshirepeterborough-ca.gov.uk

4. Background Papers

- 4.1 None



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

DRAFT

Cambridgeshire and Peterborough Combined Authority Assurance Framework

March 2021

Document verification:

Created:	Reviewed by:	Approved by:
March 2019	Chief Executive, CPCA S73 Officer and Directors	Business Board Combined Authority Board Audit and Governance Committee
May 2019	Chief Executive, CPCA S73 Officer and Directors	Business Board Combined Authority Board
November 2019	Chief Executive, CPCA S73 Officer and Directors	Business Board Combined Authority Board
March 2021		

Version number:	4
File location:	Internal folder

1. Purpose of the Assurance Framework

1.1 Purpose

1.1.1. The Assurance Framework sets out:

- (a) How the seven principles of public life shape the culture within the Combined Authority in undertaking its roles and responsibilities in relation to the use and administration of the Cambridgeshire and Peterborough Investment Funds, and incorporating the Medium-Term Financial Plan, incorporating the Single Pot funding. This culture is developed and underpinned by processes, practices, and procedures.
- (b) The respective roles and responsibilities of the Combined Authority, the Cambridgeshire and Peterborough Local Enterprise Partnership (known as the Business Board) and the Section 73 Officer, in decision-making and ways of working is set out in the terms of reference of the Business Board and is included within the Combined Authority constitution.
- (c) The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money.
- (d) How potential investments to be funded through the Cambridgeshire and Peterborough Medium Term Financial Plan, incorporating the Single Pot, will be appraised, prioritised, approved, signed off and delivered.
- (e) The processes for oversight of projects, programmes, and portfolios and how the progress and impacts of these investments will be monitored and evaluated.

1.1.2. The Assurance Framework sits alongside a number of other Cambridgeshire and Peterborough Combined Authority documents including:

- the Constitution of the Mayoral Combined Authority
- the Constitution of the Business Board (Local Enterprise Partnership)
- The Cambridgeshire and Peterborough Devolution Deal
- the Cambridgeshire and Peterborough Independent Economic Review (CPIER)
- Local Industrial Strategy
- the Mayor's growth ambition statement
- the Cambridgeshire and Peterborough Annual Report & Business Plan
- the Monitoring and Evaluation Framework
- the Combined Authority Medium-Term Financial Plan 2019-2023

1.1.3. All these documents can be found on the Combined Authority and Business Board websites.

1.1.4. This Assurance Framework replaces the last published Assurance Framework and takes on board the national guidance published by the Ministry of Housing, Communities and Local Government for National Local Growth Assurance Framework (January 2019).

- 1.1.5. The Assurance Framework covers all funds within the Cambridgeshire and Peterborough Medium Term Financial Plan, incorporating the Single Pot under the Cambridgeshire and Peterborough Devolution Deal agreed with government, and funds added to the Single Pot since the Devolution Deal, together with other sources of income such as Enterprise Zone business rates and loan repayments.
- 1.1.6. The Assurance Framework will be reviewed at least annually to ensure that it is kept up to date reflecting changes in the Combined Authority's operating environment and changes to Government policy. **Where potential changes result in significant divergence from the approved local assurance frameworks, adjustments must be agreed by Ministry of Housing, Communities and Local Government for Communities and Local Government (MHCLG) as set out in the National Local Growth Assurance Framework guidance.**
- 1.1.7. The remainder of this document is structured around the following sections:
- **Section 2** describes the Cambridgeshire and Peterborough CPIER, the Mayor's growth ambition statement and our Annual Report & Business Plan and clarifies the content of Cambridgeshire and Peterborough Medium Term Financial Plan and the role of the Assurance Framework.
 - **Section 3** describes the accountability and transparent decision-making processes and practices that we operate and the roles and responsibilities within it.
 - **Section 4** describes the supporting policies and procedures.
 - **Section 5** describes how we make robust and evidenced decisions.
 - **Section 6** explains the processes once programmes and projects are in the delivery phase.
 - **Section 7** explains how we will measure the success of our investments, realise the benefits of that investment and feed the evaluation outcomes back into the investment planning, and strategy and policy development processes.

2. Cambridgeshire and Peterborough Independent Economic Review, Mayor's Growth Ambition Statement and Annual Report & Business Plan

2.1 Cambridgeshire and Peterborough Growth Ambition Statement and Local Industrial Strategy

- 2.1.1 The Cambridgeshire and Peterborough Mayor's Growth Ambition Statement sets out the area's priorities for achieving ambitious levels of inclusive growth and meeting the commitments of the Devolution Deal. The Statement was adopted by the Combined Authority Board (November 2018) and is based upon the significant work of the Cambridgeshire and Peterborough Independent Economic Review (CPIER).
- 2.1.2 The CPIER was commissioned by the Combined Authority and other local partners to provide a world-class evidence base, alongside independent and expert analysis, to inform future strategies and investment. It was also informed by two rounds of open public consultation. The CPIER is publicly available on the CPIER website.
- 2.1.3 The Local Industrial Strategy sets out the economic strategy for Cambridgeshire and Peterborough, taking a lead role in implementing the business growth, productivity, and skills elements of the Growth Ambition Statement as set out below:



- 2.1.4 The Local Industrial Strategy is focussed around the five foundations of productivity established in the UK Industrial Strategy 2018, namely:
- People
 - Ideas
 - Business Environment
 - Infrastructure
 - Place

A core principle of the Local Industrial Strategy is that the fifth foundation of place reflects the findings of the CPIER. In this area there are economic strategies which respond to the three sub-economies identified in the region.

- Greater Cambridge
- Greater Peterborough
- The Fens

2.1.5 The methodology for ensuring investment decisions align with the Combined Authority's strategic objectives is set out in section 5.

2.2 Cambridgeshire and Peterborough Annual Report & Business Plan

2.2.1 The CPCA Annual Report & Business Plan is approved in January and sets out the investment priorities for the forthcoming financial year. For simplicity the rest of this document will refer to it as the Business Plan.

2.2.2 The Combined Authority continues to develop its detailed strategies for key areas of activity including:

- Housing Strategy
- Skills Strategy
- Local Industrial Strategy
- Local Transport Plan
- Non-Statutory Spatial Framework

2.2.3 The Combined Authority has priority projects and programmes, which are based upon the CPIER objectives and the strategies highlighted above and are reflected in the Business Plan, along with other projects.

2.2.4 Alongside the Business Plan, and in line with its statutory duties, the Cambridgeshire and Peterborough Combined Authority Board approves both a one-year budget, and a four-year Medium-Term Financial Plan, that forms the investment plan for the Combined Authority. This allocates resources to deliver the Combined Authority's objectives set out in the Business Plan.

2.2.5 The Business Plan and the Medium-Term Financial Plan sets out at a high level the transformational investments that the Cambridgeshire and Peterborough Combined Authority will commit resources to, subject to the detailed consideration and appraisal of project business cases. Some are project ideas at an early stage where their feasibility is being established, others are further advanced. The Business Plan and the Medium-Term Financial Plan are not intended to be an exhaustive list of activity as new opportunities will arise during the period, but it identifies the key activities that will need investment during the planned period to unlock the opportunities they could bring. Prioritisation has been undertaken to ensure that our investment goes into projects that will unlock transformational anchor projects that will have a significant impact on

growing the whole Cambridgeshire and Peterborough economy.

- 2.2.6 The Combined Authority has a Programme Management regime that reviews the status and performance of projects within the Business Plan.

2.3 Cambridgeshire and Peterborough Financial Strategy

- 2.3.1 The Combined Authority has responsibility for multiple streams of grant funding to invest strategically in the local area, including:

- Gainshare
- Housing Capital Grant
- Local Growth Funds and the Getting Building Funds
- Transforming Cities Fund

- 2.3.2 The Combined Authority also has responsibility for operational grant funds such as:

- Local Highways Maintenance Capital grants
- The Adult Education Budget

- 2.3.3 The Combined Authority has non-grant income streams including Enterprise Zone business rates, the Transport Levy and investment income. The long-term security of the gainshare funds and other income and the devolution deal powers for the Combined Authority means that it is able to borrow against future funds, to enable the Combined Authority to deliver transformational activity sooner rather than delivering smaller scale and less impactful activities based on a smaller annual allocation. This area of activity is incorporated into a Financial Strategy that are overseen by Audit and Governance Committee. Debt funded expenditure is not factored into the current four-year plan, but this may change as the feasibility work identified firms up project delivery programmes.

- 2.3.4 The Combined Authority does not distinguish between the different sources of funding for the purpose of investment planning, other than recognising that some sources of funding are restricted in what they can be used for. All funds are within the Cambridgeshire and Peterborough Medium Term Financial Plan, not just the funds provided through the Devolution Deal, and are covered by this Assurance Framework.

- 2.3.5 The Combined Authority recognises that the monitoring requirements for different sources of funding will differ and needs to meet the requirements of the funding body. However, the Combined Authority applies the Assurance Framework across all projects regardless of funding source. The Assurance Framework clearly identifies the processes for securing funds for investment in Cambridgeshire and Peterborough and the requirements placed on delivery partners once their projects have been approved.

- 2.3.6 This means that any organisation seeking funding from the Combined Authority does not need to concern itself with the source of the funding and different rules and processes that will apply. These will be identified in the funding agreement/contract with the delivery partner.

3. Accountability and Transparent Decision Making

3.1 Roles and Responsibilities

- 3.1.1 Members of the Combined Authority are expected to act in the interests of the Cambridgeshire and Peterborough area as a whole when making investment decisions. A variety of controls are in place to ensure that decisions are appropriate and free from bias and/or the perception of bias. Further details are provided in the following sections.

3.2 Cambridgeshire and Peterborough Combined Authority

- The Combined Authority was established to further the sustainable and inclusive growth of the economy of Cambridgeshire and Peterborough. As a statutory local authority, the governance, decision-making and financial arrangements are in line with local authority requirements and standard checks and balances. **The Combined Authority will act in a manner that is lawful, transparent, evidence based, consistent and proportionate.**
- The Combined Authority was established in 2017. The Mayor of the Combined Authority was first elected in May 2017, and elections are held every four years.
- For the purposes of this document, the majority of references to the 'Combined Authority' apply to both the Cambridgeshire and Peterborough Combined Authority and the Business Board unless explicitly referred to separately.
- The Combined Authority therefore incorporates the roles and responsibilities as defined in the Devolution Deal and the administration of the Adult Education Budget.
- The Combined Authority is its own accountable body for funding received from Government through the Devolution Deal and provides the accountable body role for the Business Board and the Greater South East Local Energy Hub and employs the officers that support them.

Combined Authority Membership

- The Combined Authority membership is as follows: Mayor (Chair) – voting Leaders of the seven constituent local authorities:
 - Cambridge City Council - voting
 - Cambridgeshire County Council - voting
 - East Cambridgeshire District Council - voting
 - Fenland District Council - voting
 - Huntingdonshire District Council - voting
 - Peterborough City Council - voting
 - South Cambridgeshire District Council - voting
 - Business Board Chair - voting

- The Police and Crime Commissioner for Cambridgeshire - non-voting
- Cambridgeshire and Peterborough Fire Authority representative - non-voting
- Clinical Commissioning Group representative - non-voting

Role of the Mayor

- The Constitution provides for a directly elected Mayor of Cambridgeshire and Peterborough, required by government as a precondition for meaningful devolution, and whom is the chair of the Combined Authority. The Mayoral arrangements will only gain the confidence of the electorate if they secure support from across our diverse communities, meet the highest standards of democratic accountability and are subject to robust checks and balances.
- The Mayor chairs the Combined Authority Board which is made up of the leaders of the seven constituent authorities and the Chair of the Business Board, who together form the Combined Authority's decision-making body (voting members of Board), along with other non-voting partners set out above.
- The Constitution sets out arrangements to ensure the effective conduct of the Combined Authority's business is in this spirit of collaboration, mutual respect and transparency. All members strive to work on the basis of consensus; taking decisions through agreement.
- The Mayor has a lead role in allocating Gainshare Funding. The Mayor's Growth Ambition Statement sets out the area's priorities for achieving ambitious levels of inclusive growth and meeting the commitments of the Devolution Deal. These priorities also form the basis of the Business Plan and the Medium Term Financial Plan. The Mayor also produces his own budget each year which ensures he has appropriate support and advice on delivering the Devolution Deal commitments.
- The Mayor has general powers as set out in Chapter 3 of the Constitution, including the power to pay a grant to Cambridgeshire County Council and Peterborough City Council to meet expenditure incurred by them as highways authorities.
- The Mayor of the Combined Authority was first elected in May 2017, and elections are held every four years.

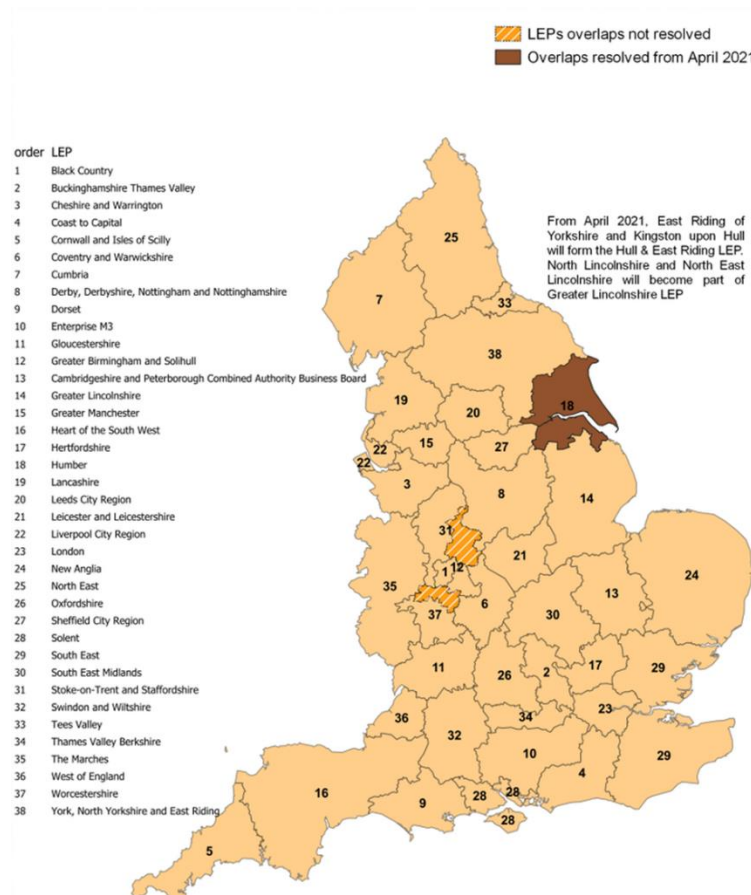
Role of the Local Authority Leaders

- Leadership of the Combined Authority is driven by the Mayor and the local authority leaders. The local authority leaders represent the views of their constituent authorities at the Combined Authority Board whilst putting the needs and opportunities of Cambridgeshire and Peterborough at the forefront of all decisions. In addition, they may take a portfolio lead covering the growth themes within the CPIER and the Mayor's Growth Ambition Statement and the Cambridgeshire and Peterborough Investment Plan. These portfolio lead roles are reviewed annually and are confirmed at the Combined Authority's Annual

3.3 Business Board (LEP)

- 3.3.1 Local Enterprise Partnerships (LEPs) are private sector led voluntary partnerships between local authorities and businesses set up in 2010 by the former Department of Business Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.
- 3.3.2 The Business Board was established on 1st April 2018, taking over from the former Greater Cambridge Greater Peterborough Local Enterprise Partnership, to drive forward economic growth across its local area. The Business Board is now responsible for all former Local Enterprise Partnership projects and programmes. A joint statement setting out the respective roles of the Business Board and the Cambridgeshire and Peterborough Combined Authority is shown in Appendix 1.
- 3.3.3 The Business Board is a non-statutory body which is the Local Enterprise Partnership for this area. It is independent of the Cambridgeshire & Peterborough Combined Authority (CPCA) operating as a private-public sector partnership, focusing on the key business sectors to provide strategic leadership and drive growth in the Cambridgeshire and Peterborough and wider Local Enterprise area.
- 3.3.4 The Cambridgeshire and Peterborough Combined Authority acts as the Business Board's Accountable Body to undertake the public funding accountability responsibilities for administering funds and must also review and approve this Framework.
- 3.3.5 The Business Board is committed to transparent and accountable decision-making processes. By bringing together the Business Board and the Combined Authority we combine the best of private sector expertise and public sector knowledge, transparency and accountability.
- 3.3.6 Prompted by Government's Strengthened Local Enterprise Partnerships Review, which called for local areas to reach solutions to remove the delivery geography overlap between LEPs, the Business Board has become coterminous with the CPCA geography.
- 3.3.7 To formalise coterminous approach, the Business Board has entered into Strategic Partnership Agreements (SPA) to transfer delivery of services in overlap areas to neighbouring LEPs. SPA's has been agreed with New Anglia LEP, South East LEP, Hertfordshire LEP and Lincolnshire LEP. HMG's Cities and Local Growth Unit (CLGU) have been consulted on the CPCA's adopted approach to resolving the LEP overlaps and have confirmed all previous overlap issues between the CPCA Business Board and its neighbouring LEPs as concluded.

3.3.8 Government has produced the following revised LEP boundary map showing the new LEP geographies demonstrating the Business Board geography is now confirmed as coterminous with the CPCA geography:



- 3.3.9 The red line denotes the area covered by the Cambridgeshire and Peterborough Combined Authority and Business Board:



- 3.3.10 The Business Board is the principal forum for collaboration between the public and private sectors, for improving the economy of Cambridgeshire and Peterborough. In 2014, the Government announced the first wave of Growth Deals, making investment via its Local Growth Fund. Also Government announced allocation of the Getting Building Funding in summer 2020. To date, the Business Board (via the former Local Enterprise Partnership) has been awarded £161m via three rounds of Growth Deal funding and the Getting Building Funding allocations.
- 3.3.11 The Business Board provides leadership in the arena of economic growth across its area. Comprising business leaders from key industry sectors, it provides expert knowledge and insight into economic growth-related activities in its area and leads the development of the Industrial Strategy.
- 3.3.12 The Business Board is building on the strength of its existing partnership with neighbouring Local Enterprise Partners by collaborating on common issues and is currently leading on multi LEP programmes on Energy and Agri-Tech. It will continue to work collaboratively across the wider region and envisages working more closely with other Local Enterprise Partners that are outside the current Local Enterprise Partnership area potentially through new collaborations and funding agreements.

- 3.3.13 The Business Board comprises a blend of industry leading experts from the private sector, alongside representatives from the public sector and education communities. It is chaired by a private sector representative and brings together some of the brightest entrepreneurial minds in our area.
- 3.3.14 The Chair and Vice Chair of the Business Board are private sector representatives. The Chair will lead on building the reputation and influence of the area at a national and international level and chairs Business Board meetings. The Chair is also a voting member of the Cambridgeshire and Peterborough Combined Authority Board. The Vice Chair will be available to deputise for the Chair as required.
- 3.3.15 The Business Board has a designated small business (SME) champion who will lead the engagement with small businesses across the area and represents their views at Board level. Given the makeup of the local business community, this is a vital role on the Board.
- 3.3.16 All of the Board Members operate in an open and transparent manner and conduct themselves in accordance with 'The Seven Principles of Public Life' otherwise known as the Nolan Principles, and Code of Conduct.
- 3.3.17 The Business Board is committed to diversity and has a Diversity Statement in place to help guide Board appointment decisions.
- 3.3.18 The Business Board's Executive Team includes an experienced Chief Executive, S73 Officer (CPCA S73 Officer), Monitoring Officer, Directors, Programmes Managers and others to ensure that the organisation is run in a proactive, impact driven and fully compliant manner.
- 3.3.19 The other public and private sector members of the Local Enterprise Partnership support the Combined Authority's work by:
- Supporting and offering advice to the Combined Authority on their responsibilities.
 - Championing and promoting specific initiatives from the perspective of business.
 - Influencing the development of the Combined Authority's strategies and policies, including as lead organisation for the development of the Local Industrial Strategy at the invitation of the Combined Authority.
 - Representing the Cambridgeshire and Peterborough Combined Authority nationally and internationally.
 - Ensuring a strong business influence over decision-making.
 - Supporting the development and delivery of the CPIER and the Mayor's Growth Ambition Statement.
- 3.3.20 The Business Board is an active member of the national Local Enterprise Partnership Network and will continue to be so. This includes participation in

both Local Enterprise Partnership Chair and officer level meetings.

- 3.3.21 **Enterprise Zones:** The Business Board retains strategic oversight and governance of the Enterprise Zones, and delegates programme delivery to the Alconbury Weald Enterprise Zone Programme Board and Project Boards for Cambridge Compass Enterprise Zones. These Boards will drive forward the regeneration and economic growth opportunities of Enterprise Zone sites and will be responsible for reporting to both the Business Board and Combined Authority Board as the accountable body.
- 3.3.22 These Enterprise Zone Boards comprise of Combined Authority officers, Local Authority representatives and key stakeholders. Each is responsible for delivering the programmes and projects associated with the regeneration and development of the Enterprise Zone site.
- 3.3.23 **The Eastern Agri-Tech Growth Initiative & Agri-Tech Programme Board:** The Eastern Agri-Tech Growth Initiative is overseen by the Eastern Agri-Tech Programme Board. Membership of the Programme Board includes experts with experience and knowledge of agriculture and the food industry, including research, farming and food processing.
- 3.3.24 The Programme Board's main task is to consider and make decisions on applications for grant support. All applications are initially appraised by external independent assessors and follow the process set out in the Constitution. Copies of the Eastern Agri-Tech Growth Initiative Guidance Notes and Pre-Qualification Questionnaire (the simple eligibility form) can be found on the Combined Authority and Business Board website.
- 3.3.25 The Eastern Agri-Tech Growth Initiative has its own monitoring and evaluation arrangements, but these do link to the Combined Authority Monitoring and Evaluation Framework.
- 3.3.26 Agri-Tech is one of our strategic growth sectors identified by the CPIER; our ambition is to use the Local Industrial Strategy to step up our programme to ensure we are the "go to" UK centre for Agri-Tech. Agri-Tech also features within our Skills Strategy.
- 3.3.27 The Combined Authority Board delegates decisions about applications for the grant funding for the Eastern Agri-Tech Programme to the Eastern Agri-Tech Programme Board. Specifying that that the Programme Board became a sub-Board of the Business Board and that a member of the Business Board (nominated by the Business Board) became the Chair of the Programme Board. This would strengthen existing governance arrangements and provide continuity between the two Boards. The agenda and decisions of the Programme Board would be published on the Combined Authority/Business Board web site (with names of individuals redacted) in accordance with the transparency arrangements set out in the Business Board constitution. This will ensure that the operation of the Agri-Tech programme is consistent with the Assurance Framework for the Business Board and Combined Authority. The Cambridgeshire and Peterborough Combined Authority is the Accountable

Body for the Eastern Agri-Tech Growth Initiative.

- 3.3.28 The Programme Board's Secretariat is provided by the Cambridgeshire and Peterborough Combined Authority's Agri-Tech Project Officer, who is a very experienced programme manager and ensures that the Programme Board operates effectively, that its decisions are sound and that the Eastern Agri-Tech Growth Initiative is successful and delivers meaningful outcomes.
- 3.3.29 The Terms of Reference (TOR) for the Eastern Agri-Tech Programme Board have been agreed and appear on the Combined Authority/Business Board web site. The TOR can be seen on the CA/Business Board website.
- 3.3.30 **The Greater South East Energy Hub & Energy Hub Board:** The Energy Hub is funded by the Department for Business, Energy & Industrial Strategy (mc) and overseen by the Hub Board. Membership of the Hub Board includes an officer representative from each of the eleven Local Enterprise Partnerships served by the Hub.
- 3.3.31 The Hub Board is the strategic body responsible for taking decisions on Energy Hub business and programme activity. The Hub Board's main task is to approve the allocation and leverage of funds for the Local Energy Capacity Support Programme. The Hub Board are responsible for oversight of the Rural Community Energy Fund (RCEF) Funding Panel; a Hub Board subordinate body that makes decisions on grant applications. All applications are initially appraised by external independent assessors and follow the process agreed with Government. Copies of the RCEF guidance notes and Expression of Interest form can be found on the RCEF website.
- 3.3.32 The Energy Hub has its own project assessment frameworks, monitoring and evaluation arrangements but these do link to the Combined Authority Monitoring and Evaluation Framework.
- 3.3.33 Clean growth is one of the Grand Challenges in the Industrial Strategy. The transition to local low carbon energy is set out in the Local Energy East Strategy and the CPIER recognises the need for a roadmap to decentralised smart energy systems.
- 3.3.34 The Business Board and the Cambridgeshire and Peterborough Combined Authority have agreed that the Combined Authority would be the Accountable Body for the Energy Hub and that the Energy Hub would assume the RCEF management role and administer the Fund. They also agreed the Hub Board terms of reference recognising it as a decision-making body for the Hub.
- 3.3.35 The agenda and decisions of the Hub Board will be published on the Combined Authority/Hub Board website (with names of individuals redacted). This will ensure that the operation of the Energy Hub is consistent with the Assurance Framework for the Business Board and Combined Authority. The Cambridgeshire and Peterborough Combined Authority Board is the Accountable Body for the Energy Hub Initiative.
- 3.3.36 The Programme Board's Secretariat is provided by the Cambridgeshire and

Peterborough Combined Authority's Regional Energy Hub Manager, who ensures that the Hub Board operates effectively, that its decisions are sound and that the Greater South East Energy Hub is successful and delivers meaningful outcomes.

- 3.3.37 The Terms of Reference (TOR) for the Hub Board have been agreed and appear on the Combined Authority/Energy Hub web site. The TOR can be seen on the Combined Authority/Energy Hub website.

Membership of the Business Board

- 3.3.38 The Business Board has been reviewing its membership in response to the national Local Enterprise Partnership review (Mary Ney, 2017) and government's response "Strengthened Local Enterprise Partnerships" (July 2018). The current membership comprises of fourteen members, which includes two public sector members and up to twelve business representatives as follows:

- The Mayor and the Portfolio Holder for Economic Growth of the Cambridgeshire and Peterborough Combined Authority shall be non-voting members of the Business Board by virtue of their office. Thus, ensuring close working relationship between the Combined Authority and the Business Board.
- Twelve private sector members appointed from the key sectors across the Cambridgeshire and Peterborough area.
- One of the twelve private sector members is appointed specifically to represent the interests of the Small and Medium Sized Enterprises (SME) sector, one member represents the education sector and one member is appointed as an international business representative.

- 3.3.39 The Business Board membership meets the requirements for two thirds of the members to be private sector representatives and does not exceed the maximum of 20 members. Whilst all appointments to the Business Board have been made on merit, in accordance with Government requirements the Business Board will aim to improve the gender balance and representation of those with protected characteristics on its board with the following aims:

- That women make up at least one third of Business Board.
- With an expectation for equal representation by 2023.
- Ensure its Board is representative of the businesses and communities they serve.

- 3.3.40 The Business Board will regularly review its agenda balance on the Business Board and any committees.

- 3.3.41 The Business Board Constitution sets out its role, the principles of membership and the terms of office.

- The term of office for **private sector representatives** will normally be a maximum of three (3) years, and subject to a maximum of one consecutive term.

- The term of office of **public sector** members appointed by the Combined Authority is at their discretion; the Mayor is a member by virtue of his office.
- 3.3.42 The **Chair** of the Business Board may appoint **up to five** co-opted members as necessary to complement the skills and expertise on the Board or to meet gender balance and protected characteristic requirements. Membership may not exceed 20 members and up to five co-opted members.
- 3.3.43 Private sector members all have expertise and knowledge of our key sectors. These details together with their biographies are published on the Business Board website including a designated SME representative.

Chair and Vice-Chair of Business Board

- 3.3.44 The Constitution requires that the Chair and Vice-Chair must be the private sector representatives of the Board.
- 3.3.45 The terms of office of the Chair and Vice-Chair will be for three (3) years with one consecutive term permitted upon unanimous vote of the Board members present and voting.
- 3.3.46 The Chair is a voting member of the Cambridgeshire and Peterborough Combined Authority Board.
- 3.3.47 “Strengthened Local Enterprise Partnerships” stipulated a maximum membership of 20 members with 2/3rds from the private sector and to aim to have a 50/50 gender balance by 2023.
- 3.3.48 Following the revised Assurance Framework Guidance (January 2019), Higher Education and Further Education will represent the private sector on the Business Board.
- 3.3.49 The Business Board Constitution states that private sector members including the Chair shall be appointed following an open, transparent and non-discriminatory recruitment process which assesses each candidate on merit carried out in accordance with its Diversity Statement, Government Guidance and the Nolan Principles. This will include a public advertisement and an interview process conducted by the relevant Business Board’s appointments panel. The Business Board will consult widely and transparently with the business community before appointing a new Chair. When vacancies become available for private sector Business Board members, they will be advertised on the Combined Authority website. In addition, social media will be used to raise awareness of the opportunities, particularly among under-represented groups. A recruitment panel (including the Cambridgeshire and Peterborough Mayor and Local Enterprise Partnership Chair) assesses applications received and makes a recommendation to the Combined Authority Board for approval of appointments.
- 3.3.50 All Business Board members (public and private) are expected to conduct themselves in accordance with the seven principles of public life. This is set out under the Code of Conduct detailed in the Combined Authority Constitution and provided to all new Local Enterprise Partnership members in their induction information. All members sign up to the code of conduct and the Nolan

principles. As stated in its constitution, all Business Board and sub- committee and sub-group members will make decisions on merit having taken into account all the relevant information available at the time.

3.3.51 All new members of the Business Board receive a comprehensive induction to ensure they have the knowledge and understanding needed to effectively fulfil their duties in the role. To bring an element of consistency to the induction, a presentation based training tool has been introduced to all members, and to which new Business Board members can refer and at their convenience. The Business Board induction covers the following elements:

- CPCA Assurance Framework
- Governance & Constitution
- Nolan Principles – member roles and responsibilities
- Business Board Landscape - purpose and key tasks
- Annual Performance Review – Business Board effectiveness
- Strategy & Delivery
- Succession Planning & Future Funding Strategy

Wider Business and Public Engagement

3.3.52 The Combined Authority and Business Board recognise that the private sector members cannot represent the views of all business in the Cambridgeshire and Peterborough area. Therefore, a variety of engagement mechanisms are utilised to ensure that the broader business community has the ability to influence strategy and policy development, our investment priorities and to be actively engaged in the delivery of some of our activities, particularly around supporting careers development with schools. This includes, through the business networks and groupings that officers of the executive engage with as part of their activity, as well as specific engagement sessions – such as business roundtables to inform strategy and policy development.

3.3.53 Strategy and policy documents are developed through engagement with partners and key stakeholders and are subject to consultation. Each consultation will vary depending on the topic but will meet all statutory requirements. However, drafts are formally considered in public at the Combined Authority Board with papers published in advance of the meeting.

3.3.54 Evidence of effective public engagement includes the work on the CPIER and Local Industrial Strategy referred to in section 2. A review of engagement activity and impact will be undertaken annually as part of the annual Delivery Plan from 2020. The annual Delivery Plan will be published on the website.

Secretariat Arrangements

3.3.55 In accordance with Government requirement, an independent secretariat and a designated Chief Officer were appointed to support the Business Board. The Chief Officer is supported by a Business Board S73 (BB S73) Chief Finance

Officer and Monitoring Officer appointed separately to the statutory officers who support the Combined Authority Board.

Local Area Agreement

- 3.3.56 In accordance with Government requirements for mayoral areas there is a requirement for a Local Agreement between the Business Board and the Cambridgeshire and Peterborough Combined Authority and the Accountable Body setting out the responsibilities of the Chair, Board and Accountable Body. The Accountable Body agreement is embedded in the Business Board's terms of reference and constitution.

3.4 Decision Making for the Cambridgeshire and Peterborough Investment Funds

- 3.4.1 Cambridgeshire and Peterborough Combined Authority is its own Accountable Body for all funds received by Government and is the Accountable Body for the Business Board.
- 3.4.2 The Cambridgeshire and Peterborough Combined Authority Constitution sets out the basis of how decisions will be taken within our Combined Authority, in keeping with principles of democracy and transparency and with effective and efficient decision-making. The Constitution takes on board the changes relating to the Business Board, as a result of the national Local Enterprise Partnership review.
- 3.4.3 Investment decisions using public funds will be made with reference to statutory requirements, conditions of the funding, local transport objectives and through formal LEP involvement. The Monitoring Officer reviews all proposed funding decision and their comments are included in all public or delegated power reports. The CPCA S73 Officer reviews all funding decisions recommended to the Combined Authority Board and their comments are included in all public or delegated power reports. The BB S73 Officer reviews and approves all funding decisions before recommendation to the Business Board, their comments are included in all public reports.

CPIER and the Mayor's growth ambition statement and Investment Planning

- 3.4.4 The Combined Authority Board provides the overall strategic direction for economic growth in Cambridgeshire and Peterborough, approving the CPIER and the Mayor's Growth Ambition Statement and associated thematic strategies and plans.
- 3.4.5 The Combined Authority Board sets out the investment priorities for Cambridgeshire and Peterborough through the Medium-Term Financial Plan and the Business Plan. This includes named prioritised projects which are allocated against either revenue or capital funds.

Decision process for Business Board and Combined Authority Board projects

- 3.4.6 For new programmes/projects, the detailed consideration of whether the programme/project represents value for money, has realistic delivery timescales and processes, and will deliver the outputs and outcomes in line with our strategic documents is undertaken through the development of a Project Initiation Document (PID) and Business Case.
- 3.4.7 A PID is used to identify the expected expenditure, project governance, timescales for delivery and proposed outcomes, and to enable more informed financial and output profiling in line with the Medium-Term Financial Plan. This is an internal project management document and will be prepared by the Project Manager.
- 3.4.8 The PID provides a first view of how, what and when the project will deliver against the Mayor's Growth Ambition Statement, the Local Industrial Strategy and the Business Plan.
- 3.4.9 Once approved, the project can then be developed into a Business Board or paper for approval at the Combined Authority Board meeting.

Decision process for Business Board

- 3.4.10 The Business Board will review the Business Case for Business Board funded projects and make recommendations to the Combined Authority Board, as Accountable Body, to approve the funding.
- 3.4.11 In order to ensure that the Business Board is able to progress its business in an efficient manner, the Business Board has an urgency decision making procedure which is set out in its constitution. Decisions and actions taken will be retrospectively reported to the next meeting of the Business Board
- 3.4.12 In addition to the delegations in the Combined Authority Constitution, the Business Board and Combined Authority Board has delegated limited authority to the Director of Business and Skills to approve small grants to SMEs between £2,000 and £20,000 subject to Section 73 Officer approval, and regular reporting to the Business Board;
- 3.4.13 Business cases approved at the Business Board and Combined Authority Board are published on the Combined Authority website, as part of the monthly Board papers.
- 3.4.14 Work from the HM Treasury on Green Book guidance has created a benchmark and guidance that has been built into Business Case templates and for when procuring Business Cases; all Business Cases must adhere to the 5-case model. This forms the evidential basis on which the need for intervention is based and will help ensure programmes and projects are identified based on need and opportunity.
- 3.4.15 Decisions within the Scheme of Delegation and taken under delegated powers are recorded through the Officer Decision Notice process, with supporting

Business Cases available on request. The Officer Decision Notices are published on the Combined Authority website.

- 3.4.16 All reports to the Business Board and any committees, include the application for funding, appraisal of application, legal and finance expert' view and recommendations. The BB S73 Officer signs off all Business Board expenditure

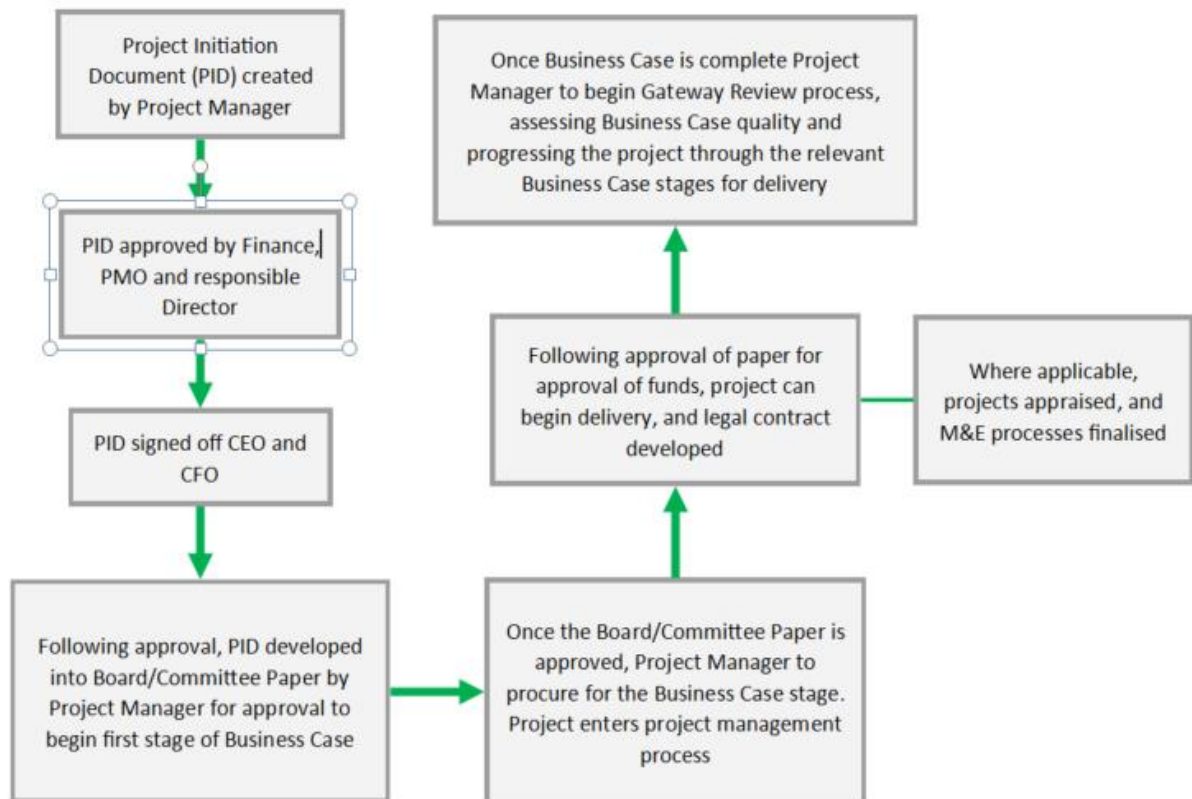
Summary of Scheme of Delegations for Business Board

The scheme of delegation specific to local enterprise funding is set out in the Business Board's constitution and is summarised in Appendix 2. The Combined Authority Constitution also applies to all Business Board and officer decisions.

Decision process for Combined Authority Board

- 3.4.17 The Combined Authority Board will approve the Business Cases for Combined Authority funded projects and will approve the Business Case recommended by the Business Board.
- 3.4.18 Business cases and appraisal documentation submitted to the Combined Authority Board will be published on the Combined Authority website with Board papers, subject to any exemptions applied as set out in the transparency rules within the Constitution.
- 3.4.19 Decisions within the Scheme of Delegation and taken under delegated powers are recorded through the Officer Decision Notice process, with supporting business cases available on request. The Officer Decision Notices are published on the Combined Authority website.
- 3.4.20 The decision-making process and governance arrangements are illustrated in the diagram below:

Decision Making Process



Decision process for new programmes/projects not in the Business Plan and not within a named budget allocation

- 3.4.21 New opportunities or challenges will arise and programmes/projects that are not currently in the Business Plan will need to be considered to address them. If these new programmes/projects are not accommodated within the current Medium- Term Financial Plan, they will need to be considered by the Combined Authority Board for entry to the Budget and Business Plan.
- 3.4.22 The Business Plan and Medium-Term Financial Plan are normally set annually but can also be refreshed within the year where there are extraordinary unforeseen circumstances.
- 3.4.23 New projects which are accepted would then proceed to follow the PID development and be taken to the Combined Authority Board for decision.

Role of the Cambridgeshire and Peterborough Corporate Management Team

- 3.4.24 The Cambridgeshire and Peterborough Corporate Management Team is made up of members of the Combined Authority's senior officers: Chief Executives, Section 73 Officer, and Directors. The Management Team meets regularly and has an oversight role of the work of the Combined Authority.

3.5 Decision Making for the Adult Education Budget

- 3.5.1 Investment decisions on the use of the Adult Education Budget will be made with full consideration to the statutory entitlements:
 - 3.5.1.1 English and Maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A* to C or grade 4, or higher, and/or.
 - 3.5.1.2 First full qualification at Level 2 for all, and/or.
 - 3.1.5.3 First full qualification at level 3 for individuals aged 19 to 23.
- 3.5.2 The Combined Authority submitted its Strategic Skills Plan to government in May 2018 as part of the readiness conditions requirements set by the Department for Education. Further iterations have been shared with the Department for Education and form a chapter in the new Skills Strategy 2019.
- 3.5.3 Local and national partners have been fully engaged throughout the development phase for the processes and priorities for the funding award and during the funding award phase. This has included providing regular communications via our website, hosting three strategic events for all local and national providers, and participating in provider network meetings that met regularly during 2018. The Provider Networks comprised local Further Education and local authority providers, the Education and Skills Funding Agency, the Association of Colleges and Independent Training Providers.

- 3.5.4 The Combined Authority Board is the final decision-making body for funding awards. A grant commissioning process was launched on 1st December 2018 and closed in March 2019. Appraisals were carried out on the submitted delivery plans requesting funding by the Combined Authority officers. A moderation panel of internal senior managers consider recommendations and make final recommendations for approval. The Director of Business & Skills in consultation with the Portfolio Holder for Skills to approve funding awards.
- 3.5.5 **During the funding award process a web enabled portal has included the ability for all potential providers to submit questions. These have been developed into a Q+A section on the portal so that the same information is available to all potential providers.**

3.6 Statutory Committees

- 3.6.1 As a Mayoral Combined Authority, we are constitutionally required to have the following Committees within our Governance structures:
- Overview & Scrutiny Committee:** Reviews decisions made, to ensure they meet the needs of the people of Cambridgeshire and Peterborough and are made in line with our agreed policies; making recommendations where necessary. It has the power to “call in” and delay the implementation of decisions made by the Board. The membership of the Committee comprises 14 members, two nominated from each of the Constituent Authorities.
- Members of the Committee appointed reflect the balance of political parties for the time among members of the Constituent Authorities collectively. It also has the power to scrutinise the Business Board.
- **Audit & Governance Committee:** Ensures we are spending public money properly and have the right systems in place to manage our finances correctly and meet our legal and regulatory responsibilities. The Committee also reviews the corporate risk register on a quarterly basis. The membership of the Committee is one member from each Constituent Authority. Members of the Committee appointed reflect the balance of political parties for the time among members of the Constituent Authorities collectively. The Committee is chaired by an independent Member. The Committee will also oversee the audit and governance arrangements of the Business Board.
- 3.6.2 The terms of reference and membership of these Committees is detailed in the Combined Authority Constitution.
- 3.6.3 There are also three executive Committees of the Combined Authority: Skills, Transport and Infrastructure, and Housing and Communities. These executive Committees take decisions within the strategic and budgetary framework agreed by the Combined Authority Board.

3.7 Role of the Statutory Officers

3.7.1 The Combined Authority appoints four Statutory Officers who each have a formal role of discharging the duties and obligations on its behalf. The roles are detailed in the Combined Authority Constitution but briefly comprise of:

- **Head of Paid Service:** The Chief Executive fulfils the role of the Head of Paid Service. The Head of Paid Service discharges the functions in relation to the Combined Authority as set out in section 4, Local Government and Housing Act 1989 and act as the principal advisor to the Business Board.
- **Section 73 Officer:** The Chief Finance Officer fulfils the role of Section 73 Officer in accordance with the Local Government Act 1985 to administer the financial affairs of the Combined Authority and Business Board. The Section 73 Officer is responsible for providing the final sign off for funding decisions. The Section 73 Officer will provide a letter of assurance to government by 28th February each year regarding the appropriate administration of government funds for which the Cambridgeshire and Peterborough Combined Authority are responsible. As set out in paragraph 3.3.56, in order to provide an independent secretariat to the Business Board the Combined Authority's Section 73 Officer delegates responsibilities in relation to the Business Board to their deputy, referred to as the Business Board Section 73 in this document.
- **Monitoring Officer:** The Monitoring Officer fulfils their role in accordance with the Local Government Act 1972 to administer the legal duties of the Combined Authority and Business Board.
- **Scrutiny Officer:** To promote the role of and provide support to the Overview and Scrutiny Committee.

3.7.2 In addition to these statutory roles the Combined Authority has nominated officers to ensure that we meet our obligations under the Data Protection Act 2018 and information governance. These are:

- **Senior Information Risk Officer (SIRO)** - The Monitoring Officer is the SIRO for Information Governance. The SIRO is responsible for the Strategy, acts as an advocate for good practice and is required to provide a statement of assurance as part of the Combined Authority's Annual Governance Statement.
- **Data Protection Officer** – The Deputy Monitoring Officer is the Data Protection Officer responsible for providing advice and guidance on the Data Protection Act 2018.

4. Accountability and Transparent - Supporting Policies and Procedures

4.1 Working Arrangements, Meeting Frequency and Transparency

- 4.1.1 The Combined Authority is subject to a robust transparency and local engagement regime. The Combined Authority's Constitution includes how agendas, minutes and papers will be made available to the public and when.
- 4.1.2 The Combined Authority Board:
- Is subject to the Transparency Code applied to local authorities.
 - Will ensure all meetings of the Combined Authority Board and other statutory committees are open to the public and appropriately accessible.
 - Will make sure all meeting agendas, papers (when not exempt or confidential as set out in the transparency rules within the Constitution), and minutes are published on the Combined Authority website, within the minimum statutory timescales – an agenda will be published five clear working days before the meeting. Decisions made at a meeting will be published no later than the close of business on the third clear working day following the day of the meeting at which the decision was made. Draft minutes will be published within 12 clear working days of the meeting taking place and final minutes within two clear days of approval where changes are made.
 - All Decision Notices will be published in line with statutory requirements and any key decisions are subject to call in.
 - Will make clear the approach to making investment decisions in the Combined Authority Constitution.
 - Will publish (online) all funding decisions, including funding levels through Business Board and Combined Authority agendas and minutes and through the Mayoral and Officer Decision Notice register where decisions are taken under delegated powers.
 - Growth fund updates are submitted to the Business Board at each meeting. The Combined Authority has a performance management system which includes quarterly reports to the Combined Authority Board on delivery of key priority projects in the Business Plan by exception and monthly budget monitoring updates.
 - As the accountable body for the Business Board funding, the Combined Authority Board will review and ratify funding decisions made by the Business Board for legality and value for money and will hold a record of all relevant documentation relating to government funding allocated

to the area.

- 4.1.3 For ease of access the Combined Authority website has a transparency section and a separate meetings section which contain all information on the Combined Authority governance arrangements, agendas and papers and the Combined Authority Board Forward Plan.
- 4.1.4 The Combined Authority Board meets bi-monthly. The Combined Authority publishes a Forward Plan on the Combined Authority website, which is legally-required with a statement of all key decisions together with all non-key decisions we plan to take over the next four months. Confirmed items are published 28 clear days in advance of a decision being made.
- 4.1.5 In addition to the Combined Authority Board, the Business Board meets bi-monthly. The Business Board shall have at least one meeting a year that will be open to the public to ensure the communities that they represent can understand and influence the economic plans for the area.
- 4.1.6 No business may be transacted at a meeting of the Business Board unless there is a quorum. The quorum requires a majority of the total number of Members of the Board to be present which should include the majority of private sector members and at least one public sector member.
- 4.1.7 All other meetings of the Business Board shall not be open to the public unless determined otherwise by the Chair. This enables commercially confidential items to be discussed and for open and frank exchanges of information and views to be expressed that might not otherwise be expressed in an open forum. This forms an important element within the Combined Authority governance arrangements.
- 4.1.8 Agendas and reports will be published 5 clear days prior to the meeting and minutes of these meetings will be published on the website within 12 clear working days of the meeting and the agreed minutes will be published within 2 clear working days after approval at the subsequent meeting.
- 4.1.9 Information regarding activity being undertaken by the Combined Authority is available on the website. This includes the publication of key documents such as the CPIER and the Mayor's Growth Ambition Statement, the Cambridgeshire and Peterborough Business Plan, the Combined Authority Local Assurance Framework, as well as details of the regular programme of events to provide ongoing engagement with public and private partners across the Cambridgeshire and Peterborough area. Regular news updates on activity underway are also provided through dedicated pages on social media outlets including LinkedIn, Twitter and Facebook. Additionally, when investment decisions are taken, they are published through the use of press releases and social media.

4.2 Publication of Financial Information

- 4.2.1 The Combined Authority is subject to the same financial arrangements as a

Local Authority and is legally required to publish its annual accounts, external audit letter and annual governance statement by the end of July each year. The draft statement of accounts is signed by the CPCA S73 Officer and published (on the Cambridgeshire and Peterborough Combined Authority website) by 31st May. The final set of financial statements are signed by the CPCA S73 Officer and the Chair of the Audit and Governance Committee and published by the 31st July.

- 4.2.2 The Annual Governance Statement will be published in draft by 31st May, and the final version to be signed by the Mayor, the Business Board Chair and the Chief Executive and published by 31st July. The Audit and Governance Committee approves the statement of accounts and reviews the Annual Governance Statement prior to approval, in accordance with their terms of reference.
- 4.2.3 It is also used as part of the Annual Conversation each year, to supplement the information provided and discussed on governance arrangements.
- 4.2.4 All payments made on behalf of the Business Board are published in the monthly transparency report by Cambridgeshire and Peterborough Combined Authority.
- 4.2.5 All approvals for new funding are published and monitored. The quarterly return to Government on Growth Fund projects, spend and performance is reported to Business Board and published in the reports, as part of the Business Board agenda. These are uploaded on the Business Board section of the website to increase transparency.

4.3 Remuneration and Expenses

- 4.3.1 Allowances or expenses may be payable to the Mayor and any of the Business Board members, in accordance with a scheme approved from time to time by the Cambridgeshire and Peterborough Combined Authority Board upon the recommendations of an Independent Remuneration Panel.
- 4.3.2 The Combined Authority publishes the following information on its website:
 - Confirmation of the allowance payable to the Mayor and Business Board members.
 - Confirmation of any allowances and expenses paid to the Mayor, Business Board Members and independent Chairs of Committees or Panels (published annually).
 - Salaries of senior officers earning more than £50,000 (published annually); together with the numbers of staff who earn over £50,000, in bands.
- 4.3.3 Any scheme of allowances approved for Business Board members and payments made will also be published.

4.4 Freedom of Information

- 4.4.1 The Combined Authority is subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. As Accountable Body for the Business Board, the Combined Authority will also fulfil these functions on behalf of the Business Board. The Combined Authority will hold records and will be the focal point for statutory information requests. Applicants are made aware of their right to access information through the Combined Authority, which will deal with the request in accordance with the relevant legislation. As set out in this section, the Combined Authority aims to publish as much information as possible so that Freedom of Information requests are less necessary. A publication scheme is on the website and answers to previous requests are also published on the website.

4.5 Conflicts of Interest

- 4.5.1 The Combined Authority has a Code of Conduct which applies to all members of the Combined Authority, the Business Board, all committee members and the officers who form part of any decision-making body e.g. the Chief Executive. The Code of Conduct requires all those identified to avoid any conflicts of interest.
- 4.5.2 Each member of the Combined Authority is also required to complete a written declaration of interest for the purposes of their organisations and their individual personal interests covering a broad range of activities/ownership. Individual declarations of interest forms are completed annually following members' appointment at the Combined Authority annual meeting. Declarations of interest are requested at the start of each meeting and declared and recorded within the minutes. The registers of interests are updated, as appropriate, following each Combined Authority meeting.

4.6 Gifts and Hospitality

- 4.6.1. Any gifts and hospitality received by members and officers will be declared under the relevant members name and any declarations declared by members will be published on the website. The register of gifts and hospitality declared by Business Board members is published under the governance page of the Business Board section of the website. All offers of gifts and hospitality of £25.00 or more in value, including any offers of sponsorship for training or development, whether or not they are accepted, must be recorded promptly (and by no later than 28 days from the date of the offer) in a register held by the Combined Authority. A six monthly reminder will be sent to all members and officers. The Combined Authority also has a protocol on Gifts and Hospitality which applies to all members.

4.7 Complaints and Whistleblowing

- 4.7.1 If it is alleged that the Combined Authority is (a) acting in breach of the law, (b) failing to adhere to its framework, or (c) failing to safeguard public funds, complaints (from stakeholders, members of the public or internal whistleblowers) should be handled under the complaints policy.
- 4.7.2 The Business Board and the Combined Authority have adopted a confidential complaints procedure and whistleblowing procedure, which are both published on its website. Any complaints will be dealt with in accordance with its approved complaints process.
- 4.7.3 Where the Combined Authority cannot resolve the issue locally to the complainant's satisfaction, and the matter relates to the Cambridgeshire and Peterborough's Single Pot funding, the issue may be passed to the Ministry of Housing, Communities and Local Government (MHCLG) or other relevant departments, such as the Department for Transport (DfT), as appropriate to the complaint in question. If the complainant is not satisfied with the response, they can raise it with the Local Government Ombudsman.

4.8 Diversity Statement

- 4.8.1 As detailed previously the Combined Authority is fully committed to diversity and equality. The Business Board has a published Diversity Statement which explains how it looks to ensure diverse representation available on the Business Board website.

4.9 Government Branding

- 4.9.1 The Combined Authority is committed to meeting Government branding guidelines for projects in its Local Assurance Framework. This includes the branding guidance issued to LEPs for the Local Growth Fund. The correct branding and wording is used on the Business Board and subsidiary websites. Guidance will be produced for signage, social media, press notices and other marketing materials for every Government funded project.
- 4.9.2 A summary of the Governance framework and checklist is set out in Appendix 3.

5. Robust Decision Making

5.1 Principles

- This section details the processes and procedures that are in place to ensure we make robust investment decisions with funds devolved to the Combined Authority. These are in addition to those identified within the Accountability, Openness and Transparency sections above. The processes and procedures will:
- Achieve value for money in spending public funds through ensuring that all projects contribute to the objectives of the Combined Authority via adherence to the Green Book principles, specifically -
 - Unless fulfilling a statutory requirement, all business cases must demonstrate a strong fit with the strategic objectives of the relevant Board.
 - For the Combined Authority this is as set out in the Devolution Deal, Growth Ambition Statement, and evidenced in the CPIER. Where there are relevant strategies approved by the Combined Authority the case must also demonstrate alignment to these. (e.g. Local Industrial Strategy, Local Transport Plan, Skills Strategy, Non-Statutory Spatial Framework)
 - For the Business Board the strategic objectives are those set out in the Local Industrial Strategy, and sector-based strategies, that the Business Board have endorsed.
 - All business cases must clearly set out the key objectives of the project, how these contribute to the achievement of the relevant Board's strategic objectives, as well as how these will be delivered and measured. Where a project is part of a programme the case must also set out how it fits in to that programme.
- At the Outline Business Case and Full Business Case stages, Benefit Cost Ratios (BCRs) will be calculated for the options being considered, including the do-minimum option, and the options will be presented alongside any unmonetisable benefits so that decision makers can see the additional costs of these benefits, and make an informed decision as to whether the cost is worth paying.
- Ensure an appropriate separation between project development and project appraisal, with Independent Value for Money (VFM) Assessment and Business Case Assurance, for all Growth Deal funded schemes and Single Pot Transport projects with a project value greater than £5m by our contracted business case assurance contractor. Transport schemes below £5m will be assessed and signed off independently of the scheme promoter by the Chief Finance Officer with support from an experienced transport modeller, where schemes are below £5m at Full Business Case (FBC) and are of significant complexity or importance an independent assessment may be requested by the Chief Finance Officer from our contracted independent assessment supplier prior to sign off as previously stated.
- Appraise projects in a way which is consistent with the Green Book 'five cases' model and proportionate to the funding ask in terms of processes required.
- Ensure that the money spent results in delivery of outputs and outcomes in a timely fashion, and in accordance with the conditions placed on each investment, and by actively managing the investment to respond to changing circumstances (for example, scheme slippage, scheme alteration, cost increases etc).
- Implement effective evaluation to demonstrate where programmes and projects have achieved their stated aims and using feedback appropriately to refine the priorities and the

decision-making process.

- Ensure that the use of resources is subject to the usual local authority checks and balances as well as normal local government audit, accounting and scrutiny requirements.

5.2 Separation of Development and Appraisal Functions

- 5.2.1 The Combined Authority ensures all funding decisions are based on impartial advice. Project Initiation Documents require approval by the CPCA S73 Officer and Chief Executive while Business Cases created by project managers require approval from Combined Authority Board before commencing to project delivery.

5.3 Expressions of Interest/Open Calls

- 5.3.1 In relation to the Local Growth Fund, expressions of interest are received for potential funding under the Growth Prospectus, which is published on the Combined Authority website. These Expression of Interests for funding calls will be appraised and evaluated by an internal panel with inputs from the appropriate policy lead, legal, procurement and financial officers' under the delegation.. When **full** applications are received, external appraisers will carry out detailed appraisals and, for projects over £500k, the project sponsor must present to an Entrepreneurs Assessment Panel and be scored which counts towards the overall assessment of projects upon which the Business Board considers projects for award of funding.

5.4 Project Initiation Documents (PIDs)

- 5.4.1 PIDs are required for all new programmes and projects and are used to identify the expected expenditure, outputs, governance and outcomes of project delivery.
- 5.4.2 Once approved by the relevant members of the Senior Management Team (Responsible Director, Section 73 Officer and Chief Executive Officer), the delivery of the project concept can proceed.
- 5.4.3 A PID is used to identify the expected expenditure, project governance, timescales for delivery and proposed outcomes, and to enable more informed financial and output profiling in line with the Medium-Term Financial Plan. This is an internal project management document and will be prepared by the Project Manager.
- 5.4.4 The PID provides a first view of how, what and when the project will deliver against the Mayor's Growth Ambition Statement, the Local Industrial Strategy and the Business Plan. Detail such as the following will be included:
- The identified Project Manager.
 - Project description including objectives and overview.
 - Timescales (high level).
 - Project outputs and outcomes against the CPIER and the

Mayor's growth ambition statement.

- Cost of project (high level), and initial funding required.

5.4.5 It is also during the PID stage where it is recommended a RACI Chart is first developed. From this stage, the internal Project Manager must establish project roles and responsibilities. This will enable a clear escalation process where risks, issues and changes are reported appropriately.

5.5 Business Cases

5.5.1 Business cases are designed to enable delivery and are important because projects will only deliver their intended outputs and benefits if they are properly scoped, planned and cost justified from the outset. These Business Cases will require detailed evidenced on the options, designs, delivery and outcomes of the project, along with strategic fit and value for money information to enable informed decision making.

5.5.2 Some categories of projects may have specific Business Case requirements, but most Business Cases are procured externally. The Combined Authority has adopted HM Treasury's Five Case Model, and business cases need to be prepared according to the following elements:

Five Cases	Detail
Strategic Case	The strategic case sets out the rationale for the proposal; it makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved.
Economic Case	The economic case is the essential core of the business case and should be prepared according to Treasury's Green Book guidance. This section of the business case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal.
Commercial Case	The commercial case is concerned with issues of commercial feasibility and sets out to answer the question "can the proposed solution be effectively delivered through a workable commercial deal or deals?" The first question, therefore, is what procurement does the proposal require, is it crucial to delivery and what is the procurement strategy?
Financial Case	The financial case is concerned with issues of affordability, and sources of budget funding. It covers the lifespan of the scheme and all attributable costs. The case needs to demonstrate that funding has been secured and that it falls within appropriate spending and settlement limits.
Management Case	The management case is concerned with the deliverability of the proposal and is sometimes referred to as programme management or project management case. The management case must clearly set out management responsibilities, governance and reporting arrangements, if it does not then the business case is not yet complete. The Senior Responsible Owner should be identified.

5.4.3 Reputational due diligence assessment will also be carried out to enable the Combined Authority to gain a comprehensive assessment of possible reputational risk.

- 5.4.4 As part of the financial case, the source of funding will be determined (as part of the review of business cases prior to submission to the Combined Authority or Business Board) and the CPCA S73 Officer (or BB S73 Officer where funding is from within the funds the Combined Authority holds as accountable body to the Business Board) will review the financial case to ensure that, where funding is required from internal Combined Authority sources, it is available and affordable within the Combined Authority's overall resources. The purpose of this is to ensure that the funding requirements of the component elements of the Single Pot are being met, and to enable the effects and outcomes of the component elements of funding within the Single Pot to be tracked.
- 5.4.5 Appraisals will be proportionate to either the estimated scale of budget and/or the level of innovation/risk associated with the programme and in line with established guidance, where appropriate, as set out by HM Government, including:
- HM Treasury Green Book.
 - MHCLG Appraisal Guide.
 - HM Treasury Magenta Book.
- 5.4.6 Where a conflict of interest exists, full independent due diligence will be sought. Additionally, the Combined Authority will appoint an independent organisation, through appropriate procurement, to undertake external due diligence when required. The independent organisation works directly with the project applicant to undertake due diligence which then follows the decision-making process.
- 5.4.7 In cases where the investment is to match central government funding, and that government department has undertaken due diligence, the Combined Authority would not need to undertake its own due diligence.
- 5.4.8 The Combined Authority will include reputational checks on organisations (and their group structure including parent organisations), when considering making loans and grants.
- 5.4.9 The Combined Authority's 10-point guide on Project Management provides detail on this decision-making process.

5.6 Relationship with Project Managers – Development to Decision

- 5.6.1 Throughout the development of PIDs and Business Cases through the appraisal process, the Combined Authority will keep in regular contact with external project managers.
- 5.6.2 An internally named project manager will be assigned to each programme/project where the Combined Authority are not the delivery body. The internal project manager will establish close working relationships with external contacts.

5.7 Ensuring Value for Money

- 5.7.1 As an investor of public funds, the Combined Authority has a responsibility to ensure that its decisions deliver best value for the taxpayer, and therefore all investment opportunities and Business Cases must include an assessment of Value for Money. The Assurance Framework has been developed in line with HM Treasury Green and Magenta Book Guidelines, which require

project managers to build in Value for Money processes throughout the approval stages. In addition, the Combined Authority requires all Business Cases be developed in line with HM Treasury's Five Case Model.

- 5.7.2 The delivery, and costs, of outputs must be quantified within all applications for funding. Where there are clear guidelines set out by Government for assessing Value for Money these will be taken into account; for example, for all Transport and Infrastructure schemes, the use of the benefit cost ratio (BRC) indicator is implemented in line with DfT TAG guidance.
- 5.7.3 The Director responsible for project delivery should document they are satisfied with Value for Money requirements. The Section 73 Chief Finance Officer is also required to sign off Value for Money Statements.
- 5.7.4 The key objective of the Assurance Framework is to support the Combined Authority to make judgements about the value for money of potential investments and to accept or reject investments accordingly. However, it is just one of a range of complementary strategic guidance documents developed by the Combined Authority to inform decision making. The following table sets out the framework of strategic documents which will be used to determine the SMART objectives a project must fulfil in order to be included in any longlisting exercise:

Document Name	Function	Date Published
CPIER and the Mayor's Growth Ambition Statement 2016-2026. The Industrial Strategy for Cambridgeshire and Peterborough	<ul style="list-style-type: none"> Key strategy document for the region. Sets high level targets (jobs and GVA) for the Combined Authority and develops the rationale for intervention across the region (six themes and seven priority sectors) 	November 2018
Local Industrial Strategy	<ul style="list-style-type: none"> With a particular focus on productivity the Local Industrial Strategy articulates how the region and its priority industries will contribute to the successful delivery of the UK Industrial Strategy and the key interventions necessary to enable productivity growth in Cambridgeshire and Peterborough. 	May 2019
Skills Strategy	<ul style="list-style-type: none"> The devolution of some of the skills functions alongside the Adult Education Budget to the CPCA frames the impetus for the Skills Strategy. With a holistic approach being taken to increasing productivity and to growing the social and economic well-being of the local communities, the Skills Strategy and high-level delivery plan have been aligned to the Local Industrial Strategy and the Cambridgeshire and Peterborough Independent Economic Review (CPIER) and its recommendations. 	June 2019 (update planned for June 2021)
Housing Strategy	<ul style="list-style-type: none"> Sets out a new, ambitious and flexible approach to accelerating building rates and making homes more affordable in order to help tackle the severe shortage of housing of all types across Cambridgeshire and Peterborough. 	September 2018

Local Transport Plan	<ul style="list-style-type: none"> Sets out the vision, goals and objectives that define how transport will support the Combined Authority's Growth Ambition, and our approach to meeting these objectives. 	February 2020
Non-Statutory Spatial Framework	<ul style="list-style-type: none"> Sets out strategic planning principles to shape growth to make the economy more inclusive and sustainable, while strengthening communities and enhancing quality of life. 	Phase 1 2018, Phase 2 ongoing.
The Business Plan	<ul style="list-style-type: none"> Sets output targets both in terms of spend 	Updated annually
Monitoring and Evaluation Plan	<ul style="list-style-type: none"> Provides for each theme a capital and revenue logic model including key market failures to be addressed, and a range of indicative activities, outputs, outcomes and impacts, tied back to the achievement of the key performance indicators specified in the Local Industrial Strategy. 	Updated annually

5.8 Value for Money for Transport Schemes

5.8.1 For transport infrastructure schemes, the Cambridgeshire & Peterborough Combined Authority will ensure that modelling and appraisal is sufficiently robust and fit for purpose for the scheme under consideration, and that modelling, and appraisal meets the guidance set out in TAG.

5.8.2 Furthermore, the Cambridgeshire & Peterborough Combined Authority will ensure value for money and transparency of transport scheme through the following:

- Transport Project Business case assessments [Strategic Outline Business Cases (SOBC), Outline Business Cases (OBC) and Full Business Cases (FBC)] will be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). We will also consider alternative planning assumptions, **which are in line with our devolution ambition**, as sensitivity tests in coming to a decision about whether to approve a scheme.
- The appraisal and modelling will initially be scrutinised by our external Highways Authority delivery partner planning lead to ensure it has been developed in accordance with the TAG. Independent Value for Money (VFM) Assessment and Business Case Assurance, for all Growth Deal funded schemes and Single Pot Transport projects with a project value greater than £5m will be carried out by our contracted business case assurance contractor. Single Pot funded transport projects with a value below £5m will be considered on a case-by-case basis and in cases of strategic impact or project complexity, an independent value for money statement will be undertaken on a proportionate and appropriate basis.
- Options development will utilise previous studies and reports as well as stakeholder engagement. This approach will enable a broad range of possible measures to be established for consideration when establishing the long list.

- The sifting from long list to short will be based on the criteria used in the Department for Transport Early Assessment Sifting Tool (EAST). At the sifting stage discarding of options will be based on whether those options meet the i) resolution of the issue; ii) achieve the strategic and local objectives iii) and is deliverable and technically sound. A scoring mechanism will be used, usually during a workshop environment, where options are appraised and assigned a negative or positive score. This facilitates an initial ranking of options and unfeasible options will be removed. Further engagement with stakeholders will then be undertaken to facilitate further sifting from the initial long list to a shorter list.
- The short-listed options will then be considered at a technical level and a recommendation provided within the Business Case and supporting papers presented to the Combined Authority Board who are empowered to make funding decisions.
- The Combined Authority will endeavour to always maximise value for money with public funds. This will not always be the same as selecting the shortlisted option with the highest BCR, as there may be unmonetisable benefits and risks that outweigh the lower ratio of monetisable benefits and costs, for example higher contract or delivery risks. The rationale on which a decision is made will be recorded through a combination of the papers presenting the options to the decision maker, and any minutes recording the discussion of the meeting at which the decision was made.
- The Combined Authority acknowledges that there may be cases when the best value way of delivering a project in order to achieve its strategic objectives may have a BCR which is not as strong as the BCR of alternatives which do not align as clearly with the Authority's strategic objectives set out in key policies including the Local Transport Plan. Despite this, it is then for the Combined Authority Board to make a judgement on whether the achievement of those strategic objectives is worth the cost to the Combined Authority.
- The Combined Authority's Chief Finance Officer will sign off all Value for Money statements undertaken whether in the form of a business case or an independent assessment. Decisions will be taken appropriate to scheme phase and greater scrutiny and emphasis on VfM will be undertaken as schemes progress through the SOBC, OBC and FBC process, with greater scrutiny of FBC VfM.
- **Business case publication is notified up to 3 months in advance within the Forward Plan, published on the Combined Authority website and then published as part of submission for decision approval at the Business Board and subsequent Combined Authority Board, before a decision to approve funding is made so that external comment is possible. Opinions expressed by the public and stakeholders are made available to relevant members or boards of either Business or Combined Authority Boards when decisions are being taken. The Forward Plan is formally approved at each monthly meeting of the Combined Authority Board and Business Board.**

5.9 Project Approval – Funding Agreement

- 5.8.2 For projects being delivered by an external organisation, funding agreements or formal legal contracts will need to be put in place before delivery commences. These agreements are

important in setting out project monitoring and evaluation requirements, claims/invoice profile and setting out main tasks and responsibilities, including key conditions of the funding. This information is also recorded throughout the project lifecycle through a RACI chart. Agreements/contracts also set out the recovery and/or clawback arrangements in the event of non-compliance, mis-representation, underperformance, mismanagement and/or a failure to deliver an outcome. Any variations to these funding agreements/contracts must be signed off and approved by the Combined Authority.

- 5.8.3 All Growth Fund schemes, and any other funds delegated to the Business Board, such as Getting Building Fund, will have a funding agreement that sets out the outputs that are required and the schedule of payments that are to be paid. These are examined at each point in the claim.
- 5.8.4 Following approval of a Business Case it may be necessary to complete a range of statutory processes to ensure the project is ready to continue to the next stage. For example, planning permission or a Compulsory Purchase Order. National and local S106 requirements will be followed when gaining planning permission. It may also be necessary to satisfy a number of conditions agreed as part of the Business Case appraisal. Due diligence of such processes/conditions will then be carried out as required prior to the Combined Authority issuing a formal legal contract.

6. DELIVERY PHASE

6.1 Release of Funding, Cost Control and Contract Management

- 6.1.1 Once a formal funding agreement/contract is in place the programme/project enters the delivery phase.
- 6.1.2 The Combined Authority's Section 73 Officer must certify that funding can be released under the appropriate conditions.
- 6.1.3 Funding claims submitted to the Combined Authority are checked against the approved project baseline information, which is included within the original funding agreement/contract. Payments will be released quarterly in arrears unless otherwise agreed.
- 6.1.4 A mechanism for 'claw-back' provision is to be included within the funding agreements/contract to ensure funding is spent only on the specified scheme and linked to delivery of outputs and outcomes. Payment milestones are agreed between the project manager and the Combined Authority based upon the complexity, cost and timescales of the scheme. This forms part of the programme management role of the Combined Authority.

6.2 Performance Reporting

- 6.2.1 A monthly highlight report cycle has been created and embedded across the organisation. Projects which fall under the Combined Authority Board are required to have monthly reports completed, updating on budget spend and performance against key milestones and outputs/outcomes. There is also a monthly highlight report which monitors spend against Local Growth Funding and Getting Building Funding.
- 6.2.2 Highlight reports also contain risk registers for each project, where project managers track and monitor key risks (and assign a named individual of appropriate seniority against each).
- 6.2.3 Using information from these monthly highlight reports, a monthly dashboard report is created, pulling together the key information from all projects across the Combined Authority Directorates. This information is shared with Members of the Corporate Management Team once a month.
- 6.2.4 Once a quarter, a Performance Report is taken to the Combined Authority Board meeting and provides detail on how the Combined Authority is performing against the following key metrics and targets within the Devolution Deal:
 - Prosperity (measured by Gross Value Added or GVA)
 - Housing
 - Jobs
- 6.2.5 The Performance Report also details the RAG status of key projects, taken from the monthly highlight reports process.
- 6.2.6 In addition to this performance report, an exception report is created from the amber and red rated projects and shared with Combined Authority Board Members.
- 6.2.7 Project Managers are also required to complete monthly finance reports for each of their

projects, which provides a detailed overview of the year-to-date actual spend, budget and a full year forecast. This links with the highlight report process, to ensure an accurate picture of project delivery is captured. The finance reports enable effective forward planning of expenditure, with future year budgets included which are discussed between Project Managers and Finance Managers and fed into the Budget Monitoring Reports which are a standing item at the Combined Authority Board. This report also allows costs to be split between spend to date and future spend forecasts, allowing baselining of costs.

- 6.2.8 Strategic funds investment update reports that cover Local Growth fund and Getting Building Fund are also submitted to every meeting of the Business Board and will be published on the Business Board section of the website.
- 6.2.9 All funding agreements/contracts with external bodies will include reporting guidelines as specified in the Monitoring and Evaluation Framework.

6.3 Risk Management

- 6.3.1 The Combined Authority has developed a risk management approach for corporate, portfolio, programme and project level as set out in the Risk Management Strategy published on the Combined Authority website. Within our strategy it manages risk identification, mitigation, escalation and reporting templates guidance.
- 6.3.2 It is important that the level of risk taken on any project and programme is understood from an early stage alongside the associated cost implications. Project managers are required to include risk as part of funding requests.
- 6.3.3 The corporate risk register which incorporates the risks will be reviewed monthly by the Corporate Management Team and will be considered by the Audit and Governance Committee quarterly. The Combined Authority's risk strategy includes a hierarchy of risk registers: Project, Programme, Portfolio and Corporate, risks can be escalated up through these levels where required.
- 6.3.4 Senior Officers of the Combined Authority (Chief Executive and CPCA S73 Officer) are responsible for the identification and management of risk.
- 6.3.5 At the project level, all projects are expected to outline, in detail, any identified risks during the business case development and due diligence processes. Once in delivery, ongoing risk registers are maintained and incorporated into the monthly highlight reports. Where applicable, external partners are also encouraged the Combined Authority's risk register template.

6.4 Change requests and funding clawback

- 6.4.1 All early warnings and project change requests must be clearly documented, with evidence of approvals and notifications saved where applicable and recorded within the performance highlight reports.
- 6.4.2 All project changes must receive written approval from the named Director responsible for the project, or the CPCA Project Board where one exists. The Director for Business and Skills has delegated authority to SROs, within this directorate. This is

found within Appendix 1 of the Relationship between Risk and Change Control document.

- 6.4.3 When a change request requires an increase in funds outside of the MTFP allocation, this change request will need to follow the appropriate Committee and or Board approval.
- 6.4.4 Approval will be required for:
- RAG rating change in the Highlight Report
 - Changes of project scope
 - Changes to timescales
 - Amendment to budget (within the MTFP allocation)
 - Variations to outputs delivered
 - Withdrawal of a project
- 6.4.5 Directors are responsible for agreeing change requests within delegation and promoting change requests outside delegation. Where there is a project board on which the Director sits, the Project Board may also agree change requests within its delegations.
- 6.4.6 In relation to funding controlled by the Business Board, any change requests should be taken to the Business Board for recommendation to Combined Authority Board.
- 6.4.7 Business Board recommendation will be required for:
- Changes of project scope (from original awarded scope)
 - Changes to timescales (beyond a month to milestones)
 - Amendment to budget (outside of the original funding award)
 - Variations to outputs delivered (as agreed in Grant Funding Agreement)
 - Withdrawal of a project
- 6.4.8 Project change requests that do not constitute a material change can be approved by the Chief Officer to the Business Board.
- 6.4.9 The tolerance thresholds that constitute a material change are defined in relation to spend targets, variance control and change control within individual projects and programmes. But generally, a 10% variance will be permitted in any one reporting period. More than 10% variance on spend and delivery targets will trigger a review by the Business Board. In respect of timeline of project milestones, a variation of up to one month is permissible if agreed by the Chief Officer to the Business Board, in writing but beyond a month is considered a material change requiring Business Board recommendation for approval.
- 6.4.10 Funding clawback and recovery processes for under-performing projects is clearly addressed in the funding agreement/contract.
- 6.4.11 The Business Board is responsible for decisions around withholding, suspending and/or paying back of awarded funds. In some instances, as a result of project

review and monitoring it will be determined that a project is not going to spend its Business Board funding allocation or there will be an issue with eligibility or relevance of spend against contract which requires a claw back of funds.

- 6.4.12 Funding agreements or contracts relating to financial awards granted through programmes offered by the Business Board, determine the circumstances under which funds might be withheld, suspended and/or clawed back. Project applicants agree to monitor the delivery of their projects, reporting back regularly, to ensure that the outputs and outcomes are being met and that the terms of the Agreement are complied with.
- 6.4.13 The Business Board will undertake interim or post completion checks to confirm that the grant has been used as per the approved purposes and will investigate any projects in the event of non-compliance, mis-representation, underperformance, mismanagement and/or a failure to deliver an output and/or outcome.
- 6.4.14 On request the applicant must provide the Business Board with such information, explanations and documents as may reasonably be required in order to facilitate monitoring and/or to establish the terms of their Agreement have been complied with.
- 6.4.15 No financial claim shall be paid unless and until the Business Board and/or the Combined Authority are satisfied that such payment is due under the terms of the funding agreement. An applicant may be required to pay back all or part of the funding in the following circumstances;
- Cases involving breach of UK Subsidy law
 - Failure to comply with the agreement or contract
 - Cases involving fraud, prohibitive acts, illegal or unlawful activity or actions, dishonesty and/or negligence
 - Misleading the Business Board/Combined Authority
 - Undertaking activity which could affect reputation of the Business Board or Combined Authority
 - Failure to make satisfactory progress, or failing to achieve an output and/or outcome
 - Cases where the grant was used for purposes other than those intended (such as ineligible expenditure).
- 6.4.16 There may be instances where recovery or clawback is required against assets, The Business Board/Combined Authority may seek to recover funding against assets by legal process but in the first instance preferably through cooperation of the applicant/grant beneficiary on disposal assets to achieve repatriation of all or part of the original grant value. The Combined Authority reserves the right to pursue legal claims against grant applicants and grant beneficiaries under the terms of the grant agreement/contract and this includes any assets.
- 6.4.17 The Combined Authority in its capacity as the Accountable Body will:

- ensure that all decisions regarding public funds are made on merit having taken into account all the relevant information available at the time.
- compliance to EU state aid and UK subsidy rules in all cases where this may apply and to take legal advice where necessary, ensuring that all decisions are recorded and reported
- ensure that all funding agreements reflect the conditions that need to be placed on any grant and that these conditions are upheld
- ensure that recovery and/or clawback is enforced where non-compliance, mis-representation, underperformance or mismanagement or a failure to deliver has occurred and where this is appropriate but only when other options have been exhausted by the Business Board and Officers to enable delivery and the Board have agreed this cause of action, following detailed reports and legal advice
- to retain copies of all related documentation for Local Growth Funding and any other government funding delegated to the Business Board and to ensure that the Business Board is retaining the complete record
- ensure that this Assurance Framework and the National Assurance Framework as approved by Government is adhered to in relation to any Recovery or Clawback.
- maintain the official record of recovery and/or clawback proceedings and holding all related documents.
- review that the Business Board's decisions are lawful and that suitable legal advice has been obtained by the Business Board or Officers, also that the correct processes have been followed
- At its discretion undertake any of the clawback/recovery actions as outlined instead of the Business Board

6.5 Monitoring & Evaluation

- 6.5.1 The Combined Authority's Monitoring and Evaluation Framework sets out when and how programmes and projects are reported.
- 6.5.2 Project managers are responsible for identifying, at the initiation stage, what their project is to deliver. All projects must have a logic model created to detail this and more information can be found in the Monitoring & Evaluation Framework.
- 6.5.3 Evaluation plans are created when the project is nearing the construction/delivery phase and will be proportionate and in line with the latest government department guidance where relevant. For example, all transport schemes (over £5m) will follow Monitoring and Evaluation Guidance for Local Authority Major Schemes.

6.6.1. The Combined Authority will identify the projects that will be subject to a more detailed evaluation. The level of evaluation will depend on the following questions:

- A) Is the project funded through Investment funding (in the CPCAs' case the core agreement with central government to devolve £20m per year over 30 years) or Transforming Cities Funding. If so, it is subject to the agreed independent national evaluation framework.
- B) Is the project funded through other streams and identified as being 'key' in terms of the expected benefits to be achieved. If so, it is subject to a full independent evaluation commissioned by the CPCA.
- C) Is the project identified as one where significant learning is available that would help to inform future policy making either locally or nationally. This will include projects that are innovative or considered 'pilots'. If so evaluation work in this case would be either be commissioned independently or carried out locally within the public sector.
- D) Other projects not included above would be subject to minimal 'self-evaluation' based on submitted business cases. The funding partner may be responsible for this.

7. Measuring Success – Realising the Benefits

7.1 The Importance of Monitoring and Evaluation

7.1.1 The Combined Authority and the Business Board (LEP) is committed to implementing effective monitoring and evaluation so that it is able to:

- **Provide local accountability to the public** by demonstrating the impact of locally devolved funding and the associated benefits being achieved.
- **Comply with external scrutiny requirements** i.e. to satisfy conditions of the Devolution Deal. Specifically, the Monitoring and Evaluation Framework will be used to demonstrate local progress and delivery to senior government officials and Ministers who are ultimately accountable to parliament for devolved funds.
- **Understand the effectiveness of policies or investments** and to justify reinvestment or modify or seek alternative policy. The Monitoring and Evaluation Framework provides a feedback loop for the Authority and relevant stakeholders. This includes performance measurement on the impact of outcomes from specific funding programmes which the Combined Authority is the Accountable Body, for example Local Growth Funds.
- **Develop an evidence base for input into future business cases** and for developing future funding submissions. The Monitoring and Evaluation Framework will collect, collate and analyse data which can be utilised for future work and especially in relation to economic impact of particular interventions creating ‘benchmarks’.

7.1.2 The Combined Authority Monitoring and Evaluation Framework was initially prepared in relation to the Combined Authority’s Devolution Deal monitoring and evaluation requirements. However, the approach set out in the Framework will be utilised for all sources of funding within the Cambridgeshire and Peterborough Business Plan, accepting that some government departments will have slightly different requirements which will be met. The Framework builds on the National Evaluation Framework for devolution funds, prepared by SQW and agreed with devolution areas and government.

7.1.3 The Business Board has also adopted this Monitoring and Evaluation framework, as the Governments published guidance requires the Business Board to reference their monitoring and evaluation arrangements as well. This includes for example specific plans using the framework to deliver monitoring and evaluation work for key Business Board programmes.

7.1.4 The overall responsibility for monitoring and evaluation (the Monitoring and Evaluation framework) and execution of the activity associated with it is held at director level at the Combined Authority, within the post of Strategy & Assurance Director Delivery and Strategy. The Combined Authority has agreed a contract with Cambridgeshire County Council (part of the wider Cambridgeshire Insight partnership) to provide an appropriate level of officer support on Monitoring and Evaluation, including local knowledge, expertise and supporting capacity. For Local Growth Fund programme it was agreed to utilise an additional contractor to undertake the evaluation work on the Local Growth Fund

evaluation plan phase one.

- 7.1.5 The Combined Authority's approach uses the Magenta Book definition of monitoring and evaluation and makes use of the wider guidance within this document as complementary guidance to the HM Treasury Green Book.
- 7.1.6 The Combined Authority major projects will have logic models.
- 7.1.7 Lessons learnt from evaluations will be reported to the Business Board and Combined Authority Board as appropriate.

7.2 Programme and Project Monitoring

- 7.2.1 Funding agreement/contracts set out the programme or project spend and output profile together with the monitoring arrangements (financial, benefits and risk).
- 7.2.2 Monthly highlight reports are completed by project managers on all live projects. These reports are reviewed by members of the Corporate Management Team.
- 7.2.3 Project finances are reported as a standing item to relevant Executive Committees, and the Combined Authority Board, as part of the overall budget monitoring report.
- 7.2.4 Any changes or variances to the spend profiles or key milestones will need to be reported by the Project Manager and approved by the Combined Authority. On approval a variation letter to the Funding Agreement/contract will be issued.

7.3 Adult Education Budget Monitoring and Evaluation

- 7.3.1 The Adult Education Budget reporting will be included within the Combined Authority monitoring and evaluation submissions as required under the devolution agreement. The Combined Authority has already submitted our policies for adult education as part of the readiness conditions and they were published as part of the commissioning process.
- 7.3.2 The Combined Authority's Monitoring and Evaluation Framework (detailed above) will be used for the Adult Education Budget activity including the use of logic models. The first formal annual evaluation has been undertaken and completed in January 2021. It meets the national requirements as set out in the National Assurance Framework, together with locally determined requirements so that it can be used to inform and shape the criteria for future funding awards.
- 7.3.3 The Combined Authority has agreed with the Education & Skills Funding Agency a formalised approach for Audit, Assurance, Fraud and Investigations for the first year of devolved delivery in 2020/21, known as Year 1. The Combined Authority will be responsible for auditing all training providers and colleges on the adult education budget funding stream in our region from April 2021, known as Year 2.

8. Appendix 1 - Cambridgeshire and Peterborough Combined Authority and Business Board Joint Statement

Advisory and challenge function:

The Business Board is a non-statutory body which is the Local Enterprise Partnership for this area. It is independent of the Cambridgeshire & Peterborough Combined Authority (CPCA) operating as a private- public sector partnership, focusing on the key business sectors to provide strategic leadership and drive growth in the Cambridgeshire and Peterborough and wider Local Enterprise area.

The Business Board comprises a blend of industry leading experts from the private sector, alongside representatives from the public sector and education communities. It is chaired by a private sector representative and brings together some of the brightest entrepreneurial minds in our area.

The Chair is a voting member of the Cambridgeshire and Peterborough Combined Authority Board ensuring that the business view is at the centre of regional decision making.

The role of the Business Board as stated within its terms of reference is:

Strategy:

- (a) In collaboration with the Cambridgeshire and Peterborough Combined Authority, develop and deliver an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area.
- (b) Set strategy and commission interventions to drive growth, jobs and private sector investment to deliver the strategy.

Allocation of funds

- (c) Identify and develop investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy.
- (d) ensure that bids for public funding made available by government for LEPs support economic growth.
- (e) ensure any decisions which are made in contravention of the process will be invalid.

Co-ordination

- (f) Use its Business convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors.
- (g) ensure Business Board and Combined Authority policy and decisions receive the input and views of key business leaders and take account of the views of the wider business community
- (h) engage with local businesses to understand the needs of different sectors and markets

Advocacy

- (i) Collaborate with a wide-range of local partners to act as an informed and independent voice for business across their area.
- (j) engage business, opinion formers and policy makers at a national and international level in promoting economic growth in the region.

(Business Board constitution)

By bringing together the Business Board and the Combined Authority we combine the best of private sector expertise and public sector knowledge, transparency and accountability.

Alignment of decision-making across a clear geography:

The Mayoral Cambridgeshire and Peterborough Combined Authority was formally established on 2 March 2017 (with the first Mayoral election held in May 2017) to further the sustainable and inclusive growth of the economy of Cambridgeshire and Peterborough. Its geographical boundary covers seven constituent local authorities in the Cambridgeshire and Peterborough area.

The Business Board was established on 1st April 2018, taking over from the former Greater Cambridge Greater Peterborough Local Enterprise Partnership, to drive forward economic growth across its local area. The Business Board is now responsible for all former Local Enterprise Partnership projects and programmes. The Business Board currently covers 15 local authorities;

As part of a full regional governance review, the Department for Business Enterprise and Industry are considering proposals to align the Business Board boundaries with the Cambridgeshire and Peterborough Combined Authority to ensure close working and delivery of economic growth projects across Cambridgeshire and Peterborough.

The integrated officer structure ensures that the relationship between the Combined Authority and Business Board is strong and effective. All governance policies and procedures are aligned ensuring transparency and open and accountable decision making.

Accountability:

The accountable body for all Local Enterprise Partnership funding is the Cambridgeshire and Peterborough Combined Authority. It provides the accountable body role for the both Business Board, the multi LEP Agri-Tech programme and the Greater South East Local Energy Hub and employs the officers that support them. The Combined Authority will ensure the effective use of public money and have responsibility for the proper administration of funding received and its expenditure, and must also review and approve the financial framework.

The Combined Authority Board approves funding decisions upon the recommendation of the Business Board except where delegations have been approved. The BB S73 Officer signs off all funding decisions taken by the Business Board prior to their presentation to the Business Board.

Efficiency and corporate identity:

The Combined Authority and Business Board operate under a single officer team. In order to ensure the independence of each Board, the senior management team has separate duties assigned to officers within that team. The senior management team is headed up by the joint Chief Executives.

The Combined Authority Board and Business Board are supported by a Chief Officer who is the Director for Business & Skills, and further supported by key statutory officers within the single team and through a dedicated S73 Officer (BB S73 Officer) and Monitoring Officer to provide an independent secretariat to each Board.

In addition to the above, the Boards also benefit from specialist support within the wider structure. This includes experienced Directors, Programmes Managers and others to ensure that the organisation is run in a proactive, impact driven and fully compliant manner.

The Combined Authority and the Business Board have their own branding and identity recognising that some work of the Business Board is separate from and extends beyond the Combined Authority.

Overview and Scrutiny:

The role of the Cambridgeshire and Peterborough Combined Authority's Overview and Scrutiny Committee is primarily to scrutinise the work and decisions made by the Cambridgeshire and Peterborough Combined Authority. In so far as the business of the Business Board, the Overview and Scrutiny Committee may review or scrutinise any Combined Authority decision in its role as accountable body for the Business Board. The Combined Authority's Scrutiny Officer shall ensure this includes appropriate scrutiny of the Business Board decision making and achievements. To further strengthen internal scrutiny, an appointed member of Overview & Scrutiny Committee will shadow the work of the Business Board and this member will occupy the position of Overview & Scrutiny Lead Member. The Cambridgeshire and Peterborough Combined Authority's Audit and Governance Committee shall also oversee the audit and governance arrangements of the Business Board.

9. Appendix 2 – Summary of Scheme of Delegation for Business Board funding

The schemes of delegations are set out in the Business Board and Combined Authority Constitutions and summarised below:

Function	Approved by	Recommendation by	Supported by
Strategy			
CPIER and the Mayor's growth ambition statement and associated thematic strategies	Combined Authority Board		Chief Executive, Monitoring Officer and CPCA S73 Officer
Business Plan and the Medium-Term Financial Plan	Combined Authority Board	Overseen by Audit and Governance Committee	Chief Executive, Monitoring Officer and CPCA S73 Officer
Business Board to lead on development and deliver an evidence-based Local Industrial Strategy	Combined Authority Board	Business Board	Chief Executive, Director of Business and Skills, Monitoring Officer and BB S73 Officer
Digital Sector Strategy	Combined Authority Board	Business Board	Chief Executive, Directors, Monitoring Officer, CPCA S73 Officer and BB S73 Officer
OxCam Arc	Combined Authority Board	Business Board	Director of Business and Skills Monitoring Officer, CPCA S73 Officer and BB S73 Officer
Influencing the development of the other Combined Authority's strategies and policies	Combined Authority Board	Business Board	Chief Executive, Monitoring Officer, CPCA S73 Officer and BB S73 Officer
Allocation of LEP funding			
Budget approval	Combined Authority Board		Chief Executive, Monitoring Officer and CPCA S73 Officer

Sign off all funding decisions relating to funding allocated to the Business Board and sub-committee expenditure	BB S73 Officer		
Business Board funded project approvals	Combined Authority Board as accountable body	Business Board review the Business Case for Business Board funded projects and make Recommendation to the Combined Authority Board	BB S73 Officer signs off all Business Board proposals

Function	Approved by	Recommendation by	Supported by
Allocation of Small Grants between £2,000 and £20,000	Director of Business & Skill		Delegation subject to BB S73 Officer approval and report all approvals to the next schedule meeting of the Business Board. Decision recorded through the Officer Decision Notice process
Wisbech Access Strategy at key gateway stages to deliver the agreed Wisbech Access Strategy Package works	Head of Transport in consultation with the Chair of the Transport Committee CPCA S73 Officer		Decision recorded through the Officer Decision Notice process
Eastern Agri-Tech Programme (Multi-LEP Programme) to make decisions about applications for grant funding on behalf of both the CA/BB and NALEP (New Anglia Local Enterprise Partnership).	Eastern Agri-Tech Programme Board		Agri-Tech Project Officer, Director of Business and Skills, Monitoring Officer and BB S73 Officer
Energy Hub funding (Multi-LEP Programme) (a) to assume the Rural Community Energy Fund management role (b) oversight of the Rural Community Energy Fund (RCEF) Funding Panel	Greater South East Energy Hub		Regional Energy Hub Manager, Director of Business and Skills, Monitoring Officer and CPCA S73 Officer
Makes decisions on Energy Hub grant applications.	Community Energy Fund (RCEF) Funding		Regional Energy Hub Manager, Director of Business and Skills,

Function	Approved by	Recommendation by	Supported by
	Panel		Monitoring Officer and CPCA S73 Officer
Strategic oversight and governance of the Enterprise Zones	Business Board		Director of Business and Skills, Monitoring Officer and BB S73 Officer
Programme delivery of Enterprise Zone projects	Enterprise Zone Alconbury Weald Programme Board and Cambridge Compass Enterprise Zone Project Boards BB S73 Officer Chief Executive	Director of Business and Skills	Individual Enterprise Zone Project Boards for each site, set-up at officer level and responsible for delivering the programmes and projects associated with the regeneration and development of each Enterprise Zone site.
Governance			
Accountable Body Business Board and the Greater South East Local Energy Hub	Combined Authority Board BB S73 Officer	Director of Business and Skills	
Assurance Framework	Joint approval by Combined Authority Board and Business Board	Monitoring Officer and CPCA S73 Officer	Director of Business and Skills responsible for the delivery of Business Board functions within the assurance framework
Submission of Growth Deal and Getting Building Fund monitoring reports to Government	Chief Executive BB S73 Officer	Business Board where Board meeting timetable allows	Director of Business and Skills
Annual Delivery Plan	Business Board		Director of Business and Skills responsible for the delivery of annual delivery plan within agreed budgets
Business Board Constitution and delegations to other bodies or Officers	Combined Authority Board	Business Board	Director of Business and Skills. Monitoring Officer and BB S73 Officer

Membership of the Business Board –	Board's appointments		Director of Business and Skills
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Function	Approved by	Recommendation by	Supported by
Private Sector members	panel		
Diversity Statement	Business Board		Director of Business and Skills
Contract Standing orders and financial Regulations	Combined Authority Board		Monitoring Officer and CPCA S73 Officer
Urgent Decisions	Business Board urgency procedure and reported to next Meeting of Business Board		Director of Business and Skills Monitoring Officer and BB S73 Officer
Risk Management for Business Board Projects	Business Board		Director of Business and Skills Senior Information Risk Officer (SIRO) - The Monitoring Officer is the SIRO for Information Governance
Final accounts	CPCA S73 Officer and Audit and Governance Committee		
Annual Governance Statement	Mayor, the Business Board Chair and the Chief Executive	Audit and Governance Committee	

10. Appendix 3 – Governance Framework and Publication Checklist

	Chapter	Key Documents	Documents that must be published under National Framework
1	Assurance framework		
		National Assurance Framework	✓
		Cambridgeshire and Peterborough Assurance Framework	✓
2	Strategic Documents		
		Cambridgeshire and Peterborough Devolution Deal	✓
		Cambridgeshire and Peterborough Independent Economic Review	✓
		Local Industrial Strategy	✓
2.1		Mayor's growth ambition statement	✓
2.2		Cambridgeshire and Peterborough Business Plan 2019-2020	✓
2.3		Combined Authority Medium-Term Financial Plan 2019-2023	✓
3	Accountability and Transparent Decision making		
3.2	Combined Authority	Constitution of the Mayoral Combined Authority	✓
		Combined Authority Members	✓
3.3	Business Board	Constitution of the Business Board	✓
		Business Board Members	✓
		Cambridgeshire and Peterborough Combined Authority and Business Board Joint Statement (See Appendix 1)	✓
		Eastern Agri-Tech Growth	✓

		Initiative & Agri-Tech Programme Board	
		Eastern Agri-Tech Growth Initiative Guidance Notes and Pre-Qualification Questionnaire	✓
		Enterprise Zones Alconbury Weald and Cambridge Compass Enterprise Zones	✓
		Greater South East Energy Hub & Energy Hub Board	✓
		RCEF guidance notes and Expression of Interest form (to be published)	✓
3.4			
		Officer Decision Notices	
3.6	Statutory Committees		
	Overview & Scrutiny Committee	Terms of reference (Constitution)	
	Audit & Governance Committee	Terms of reference (Constitution)	
		Audit Reports 2019 - Business Board - Internal Audit annual internal Audit letter	✓
3.7	Data Protection	Data Protection Policy	✓
4	Accountability and Transparency – Supporting Policies and Procedures		
		Combined Authority Agendas and minutes	✓
		Business Board Agendas and minutes	✓
		Annual report and delivery plan	✓
4.2	Financial information	Annual accounts, external audit letter and annual governance statement 2017/18	✓
		Quarterly return to BEIS on Growth Fund projects, spend and performance	✓
		Funding programme with description of the scheme, promoter and funding award	✓
4.3	Remuneration and Expenses	Interim Business Board Expenses Scheme	✓
		Allowances and Expenses paid 2018/19	✓
		Salaries of senior officers earning more than £50,000 (published annually); together with the numbers of staff who earn over	

		£50,000, in bands	
4.4	Freedom of Information	CACP Freedom of Information Policy, publication scheme and published FOI requests and responses	✓
4.5	Conflicts of Interest	Code of Conduct for Business Board Members	✓
		Code of Conduct for staff	✓
		Declarations of Interest forms	✓
		Register of interest for Chief Executives	✓
4.6	Gifts and Hospitality	The register of gifts and hospitality declared by Business Board	✓
4.7	Complaints and Whistleblowing	CACP Complaints Policy	✓
		CACP Whistleblowing Policy	✓
		CA Business Board Complaints Policy	✓
		CA Business Board Whistleblowing Policy	✓
		CA Business Board Confidential reporting of complaints	✓
		Making a complaint	✓
		Fraud and Corruption Policy	
4.8	Diversity Statement	CA Business Board Diversity Statement	✓
4.9	Government Branding	Guidance for signage, social media, press notices and other marketing materials for every Government funded project (to be published)	
5	Robust Decision making		
5.3	Expressions of Interest/Open Calls	Local Growth Fund, expressions of interest under the Growth Prospectus	✓
5.5	Business Cases	10-point guide on Project Management – See Appendix 3	✓
5.7	Ensuring Value for Money	Monitoring and Evaluation Framework	
6	Delivery Phase		
		Growth fund and investment update reports	✓
		Risk Management	



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY



THE BUSINESS BOARD



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

DRAFT

Cambridgeshire and Peterborough Combined Authority Assurance Framework

November 2019

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March 2021

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Contents

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Created:	Reviewed by:	Approved by:
March 2019	Chief Executive, CPCA S73 Officer and Directors	Business Board Combined Authority Board Audit and Governance Committee
May 2019	Chief Executive, CPCA S73 Officer and Directors	Business Board Combined Authority Board

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November 2019	Chief Executive, CPCA S73 Officer and Directors	Business Board Combined Authority Board
March 2021		

Version number:	34
File location:	Internal folder

1. Purpose of the Assurance Framework

1.1 Purpose

1.1.1. The Assurance Framework sets out:

- (a) How the seven principles of public life shape the culture within the Combined Authority in undertaking its roles and responsibilities in relation to the use and administration of the Cambridgeshire and Peterborough Investment Funds, and incorporating the Medium-Term Financial Plan, incorporating the Single Pot funding. This culture is developed and underpinned by processes, practices, and procedures.
- (b) The respective roles and responsibilities of the Combined Authority, the Cambridgeshire and Peterborough Local Enterprise Partnership (known as the Business Board) and the Section 73 Officer, in decision-making and ways of working is set out in the terms of reference of the Business Board and forms part of is included within the Combined Authority and the Local Enterprise Partnership constitutionsconstitution.
- (c) The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money.
- (d) How potential investments to be funded through the Cambridgeshire and Peterborough Medium Term Financial Plan, incorporating the Single Pot, will be appraised, prioritised, approved, signed off and delivered.
- (e) The processes for oversight of projects, programmes, and portfolios and how the progress and impacts of these investments will be monitored and evaluated.

1.1.2. The Assurance Framework sits alongside a number of other Cambridgeshire and Peterborough Combined Authority documents including:

- the Constitution of the Mayoral Combined Authority; <http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Final-Constitution-Sept18.pdf>
- the Constitution of the Mayoral Combined Authority
- the Constitution of the Business Board (Local Enterprise Partnership); <http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Business-Board-Constitution-24-09-18-final.pdf>
- The Cambridgeshire and Peterborough Devolution Deal; <http://cambridgeshirepeterborough-ca.gov.uk/home/devolution/>
- the Cambridgeshire and Peterborough Independent Economic Review (CPIER); www.cpier.org.uk
- Local Industrial Strategy; <https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/>
- the Cambridgeshire and Peterborough Business Plan 2019-2020;

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- the Mayor's growth ambition statement;
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/GROWTH-AMBITION STATEMENT .pdf>

- the Cambridgeshire and Peterborough Business Plan 2019-2020;

- <http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/CPCA-Business-Plan-2019-20-dps.pdf>
- the Mayor's growth ambition statement
 - the Cambridgeshire and Peterborough Annual Report & Business Plan
 - the Monitoring and Evaluation Framework;
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/ME-Framework-Mar-2019.pdf>
 - ~~the Combined Authority Medium-Term Financial Plan 2019-2023;
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/2019-20-Budget-and-Medium-Term-Financial-Plan-2019-2023-FINAL.pdf>~~
 - the Combined Authority Medium-Term Financial Plan 2019-2023
- 1.1.3. All these documents can be found on the Combined Authority and Business Board websites ~~under~~
<http://cambridgeshirepeterborough-ca.gov.uk/about-us>
<http://cambridgeshirepeterborough-ca.gov.uk/business-board/governance/>
- 1.1.4. This Assurance Framework replaces the last published Assurance Framework and takes on board the national guidance published by the Ministry of Housing, Communities and Local Government for National Local Growth Assurance Framework (January 2019).
- 1.1.5. The Assurance Framework covers all funds within the Cambridgeshire and Peterborough Medium Term Financial Plan, incorporating the Single Pot under the Cambridgeshire and Peterborough Devolution Deal agreed with government, and funds added to the Single Pot since the Devolution Deal, together with other sources of income such as Enterprise Zone business rates and loan repayments.
- 1.1.6. The Assurance Framework will be reviewed ~~on an annual basis with any revisions in place for April of the following year. Any agreed changes that require amendments to the Combined Authority Constitution will be agreed at the Combined Authority AGM in May each year. The next annual review of this document will take place in December 2019, at least annually to ensure that it is kept up to date reflecting changes in the Combined Authority's operating environment and changes to Government policy.~~ **Where potential changes result in significant divergence from the approved local assurance frameworks, adjustments must be agreed by Ministry of Housing, Communities and Local Government for Communities and Local Government (MHCLG) as set out in the National Local Growth Assurance Framework guidance.**
- ~~1.1.7. The review will examine whether the assurance processes are operating effectively and identify any areas of improvement. Any changes to legal, funding, or other contextual changes that might require a change of assurance process will be taken into account, along with the impact on any other Combined Authority key strategies, policies or processes.~~
- ~~1.1.8.1.1.7.~~ The remainder of this document is structured around the following sections:
- **Section 2** describes the Cambridgeshire and Peterborough CPIER ~~and~~ the

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Mayor’s growth ambition statement, [and](#) our [One Year Annual Report & Business Plan 2019-2020](#) and clarifies the content of Cambridgeshire and Peterborough Medium Term Financial Plan and the role of the Assurance Framework.

- **Section 3** describes the accountability and transparent decision-making processes and practices that we operate and the roles and responsibilities within it.
- **Section 4** describes the supporting policies and procedures.

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- **Section 5** describes how we make robust and evidenced decisions.
- **Section 6** explains the processes once programmes and projects are in the delivery phase.
- **Section 7** explains how we will measure the success of our investments, realise the benefits of that investment and feed the evaluation outcomes back into the investment planning, and strategy and policy development processes.

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2. Cambridgeshire and Peterborough Independent Economic Review, Mayor's Growth Ambition Statement and Annual Report & Business Plan 2019-2020

2.

2.1 Cambridgeshire and Peterborough Growth Ambition Statement and Local Industrial Strategy

- 2.1.1 The Cambridgeshire and Peterborough Mayor's Growth Ambition Statement sets out the area's priorities for achieving ambitious levels of inclusive growth and meeting the commitments of the Devolution Deal. The Statement ~~has been~~was adopted by the Combined Authority Board (November 2018) and is based upon the significant work of the Cambridgeshire and Peterborough Independent Economic Review (CPIER).
- 2.1.2 The CPIER was commissioned by the Combined Authority and other local partners to provide a world-class evidence base, alongside independent and expert analysis, to inform future strategies and investment. It was also informed by two rounds of open public consultation. The CPIER is publicly available ~~at~~ www.cpiere.org.uk on the CPIER website.
- 2.1.3 ~~The Local Industrial Strategy.~~ The Local Industrial Strategy sets out the economic strategy for Cambridgeshire and Peterborough, taking a lead role in implementing the business growth, productivity, and skills elements of the Growth Ambition Statement as set out below:



- 2.1.4 The Local Industrial Strategy is focussed around the five foundations of productivity established in the UK Industrial Strategy 2018, namely:

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- People
- Ideas
- Business Environment
- Infrastructure
- Place

~~It is a~~

~~2.1.5~~ A core principle of the Local Industrial Strategy ~~is~~ that the fifth foundation of

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place reflects the findings of the CPIER. In this area there ~~will be~~ economic strategies which respond to the three sub-economies identified in the region.

- Greater Cambridge
- Greater Peterborough
- The Fens

~~2.1.6 Investments will only be made if they can demonstrate that they will support the delivery of the Growth Ambition Statement and the Local Industrial Strategy, and the more detailed place and sector strategies (where they are in place).~~

~~2.1.5 The methodology for ensuring investment decisions align with the Combined Authority's strategic objectives is set out in section 5.~~

2.2 Cambridgeshire and Peterborough Annual Report & Business Plan 2019-2020

~~2.2.1 With the creation of the Combined Authority in 2017 and the Mayoral election in May 2017, the Devolution Deal with Government provides for the transfer of significant powers for transport, housing, skills and investment. Through the deal, the Combined Authority has the power to create investment, bringing together funding for devolved powers to be used to deliver a 30-year programme of transformational investment in the region. This includes the control of a new~~

~~2.2.1 £20m a year funding allocation over 30 years. The initial Cambridgeshire and Peterborough Combined Authority The CPCA Annual Report & Business Plan was agreed is approved in March 2018 January and sets out the investment priorities for the period to 2020 forthcoming financial year. For simplicity the rest of this document will refer to it as the Business Plan.~~

2.2.2 The Combined Authority ~~has been developing~~ continues to develop its detailed strategies for key areas of activity including:

- Housing Strategy
- Skills Strategy
- Local Industrial Strategy
- Local Transport Plan
- ~~Non-statutory spatial plan~~ Statutory Spatial Framework

~~2.2.3 The Combined Authority has 12 priority projects and programmes, which are based upon the CPIER objectives and the strategies highlighted above. These 12 priority programmes and are reflected in the Business Plan. On 30th January 2019, along with other projects.~~

~~2.2.3.2.4 Alongside the Business Plan, and in line with its statutory duties, the~~ Cambridgeshire and Peterborough Combined Authority Board ~~approved~~ approves both a one-year budget, and a four-year Medium-Term Financial Plan, that forms the investment plan for the Combined Authority. This allocates resources to deliver the ~~next stages of these priority~~

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~~programmes~~ Combined Authority's objectives set out in the Business Plan.

~~2.2.4 This~~ The Business Plan and the Medium-Term Financial Plan sets out at a high level the transformational investments that the Cambridgeshire and Peterborough Combined Authority will commit resources to, subject to the detailed consideration and appraisal of project business cases. Some are project ideas at an early stage ~~and might not be feasible~~ where their feasibility is being established, others are further advanced. The Business Plan and the Medium-Term Financial Plan are not intended to be an exhaustive list of activity as new opportunities will arise during the period, but it identifies the key activities that ~~are transformational and~~ will need investment during the ~~plan~~ planned period to unlock the opportunities they could bring. Prioritisation has been undertaken to ensure that our investment goes into projects that will unlock transformational anchor projects that will have a significant impact on

2.2.5 growing the whole Cambridgeshire and Peterborough economy.

2.2.5.2.6 The Combined Authority has a Programme Management regime that reviews the status and performance of projects within the Business Plan. This is reported to the Directors once a month, and to the Cambridgeshire and Peterborough Combined Authority Board quarterly.

2.3 Cambridgeshire and Peterborough Financial Strategy

2.3.1 As part of the devolution deal, the The Combined Authority has responsibility for a 'Single Pot' multiple streams of grant funding to invest strategically in the local area, including:

- Gainshare (the devolution deal £20m pa for 30 years).
 - Housing Capital Grant (£170m over five years).
 - Local Growth Fund (LGF). Funds and the Getting Building Funds
 - Transforming Cities Fund (TCF) (£94.5m over six years).
 - Adult Education Budget (AEB).
- However, the

2.3.2 The Combined Authority also has other sources of responsibility for operational grant funds such as:

- Local Highways Maintenance Capital grants
- The Adult Education Budget

2.3.2.2.3.3 The Combined Authority has non-grant income, streams including Enterprise Zone business rates, the Transport Levy and investment income. The long-term security of the gainshare funds and other income and the devolution deal powers for the Combined Authority means that it is able to borrow against future funds, to enable the Combined Authority to deliver transformational activity sooner rather than delivering smaller scale and less impactful activities based on a smaller annual allocation. This area of activity is incorporated into a Treasury Management Strategy Financial Strategy that is overseen by Audit and Governance Committee. Borrowing Debt funded expenditure is not factored into the current four-year plan, but this may change as the feasibility work identified firms up project delivery programmes.

2.3.2.3.4 The Combined Authority does not distinguish between the different sources of funding for the purpose of investment planning, other than recognising that some sources of funding are restricted in what they can be used for. All funds are within the Cambridgeshire and Peterborough Medium Term Financial Plan, not just the funds provided through the devolution deal Devolution Deal, and are covered within this Assurance Framework.

2.3.2.3.5 The Combined Authority recognises that the monitoring requirements for different sources of funding will differ and needs to meet the requirements of the funding body. However, the Combined Authority applies the Assurance Framework consistently across all funds within the Plan projects regardless of

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[funding source](#). The Assurance Framework clearly identifies the processes for securing funds for investment in Cambridgeshire and Peterborough and the requirements placed on delivery partners once their projects have been approved.

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2.3.52.3.6 This means that any organisation seeking funding from the Combined Authority does not need to concern itself with the source of the funding and different rules and processes that will apply. These will be identified in the funding agreement/contract with the delivery partner.

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3. Accountability and Transparent Decision Making

3.1 Roles and Responsibilities

- 3.1.1 Members of the Combined Authority are expected to act in the interests of the Cambridgeshire and Peterborough area, as a whole, when making investment decisions. A variety of controls are in place to ensure that decisions are appropriate and free from bias and/or the perception of bias. Further details are provided in the following sections.

3.2 Cambridgeshire and Peterborough Combined Authority

- ~~3.2.1~~ The Combined Authority was established to further the sustainable and inclusive growth of the economy of Cambridgeshire and Peterborough. As a statutory local authority ~~our~~, the governance, decision-making and financial arrangements are in line with local authority requirements and standard checks and balances. **The Combined Authority will act in a manner that is lawful, transparent, evidence based, consistent and proportionate.**

- ~~3.2.2~~ The Combined Authority was established in 2017 ~~with~~. The Mayor of the Mayoral election-held Combined Authority was first elected in May 2017, and elections are held every four years.

- ~~3.2.3~~ For the purposes of this document ~~all~~, the majority of references to the 'Combined ~~Authority~~Authority' apply to both the Cambridgeshire and Peterborough ~~Local Enterprise Partnership (known as Combined Authority and the Business Board)~~ unless explicitly referred to separately.

- ~~3.2.4~~ The Combined Authority therefore incorporates the ~~roles~~roles and responsibilities ~~of the Business Board and the roles as~~ defined in the ~~devolution deal~~Devolution Deal and the administration of the Adult Education Budget.

- ~~3.2.5~~ The Combined Authority is its own accountable body for funding received from Government through the ~~devolution deal~~Devolution Deal and provides the accountable body role for the Business Board and the Greater South East Local Energy Hub and employs the officers that support them.

Combined Authority Membership

- ~~3.2.6~~ The Combined Authority membership is as follows: Mayor (Chair) ~~—~~ voting Leaders of the seven constituent local authorities:

- Cambridge City Council - voting
- Cambridgeshire County Council - voting
- East Cambridgeshire District Council - voting
- Fenland District Council - voting
- Huntingdonshire District Council - voting
- Peterborough City Council - voting
- South Cambridgeshire District Council - voting

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- ~~Local Enterprise Partnership~~[Business Board](#) Chair - voting
- The Police and Crime Commissioner for Cambridgeshire - non-voting
- Cambridgeshire and Peterborough Fire Authority representative - non-voting

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- Clinical Commissioning Group representative - non-voting

Role of the Mayor

3.2.7 The Constitution provides for a directly elected Mayor of Cambridgeshire and Peterborough, required by government as a precondition for meaningful devolution, and [whewhom](#) is the chair of the Combined Authority. The Mayoral arrangements will only gain the confidence of the electorate if they secure support from across our diverse communities, meet the highest standards of democratic accountability and are subject to robust checks and balances.

3.2.8 The Mayor chairs the Combined Authority Board which is made up of the leaders of the seven constituent authorities and the Chair of the Business Board, who together form the Combined Authority's decision-making body (voting members of Board), [together along](#) with other non-voting partners set out above.

3.2.9 The Constitution sets out arrangements to ensure the effective conduct of the Combined Authority's business [is](#) in this spirit of collaboration, mutual respect and transparency. All members strive to work on the basis of consensus; taking decisions through agreement.

3.2.10 The Mayor has a lead role in allocating [gain share funding](#). [Gainshare Funding](#). The Mayor's Growth Ambition Statement sets out the area's priorities for achieving ambitious levels of inclusive growth and meeting the commitments of the Devolution Deal. These priorities also form the basis of the Business Plan and the Medium Term Financial Plan. The Mayor also produces his own budget each year which ensures he has appropriate support and advice on delivering the Devolution Deal [commitments](#).

3.2.11 The Mayor has general powers as set out in Chapter 3 of the Constitution, including the power to pay a grant to Cambridgeshire County Council and Peterborough City Council to meet expenditure incurred by them as highways authorities.

- The [Mayor's term](#) Mayor of [office is for four years with the next election](#) Combined Authority was first elected in May [2021-2017](#), and elections are held every four years.

3.2.12

Role of the Local Authority Leaders

3.2.13 Leadership of the Combined Authority is driven by the Mayor and the local authority leaders. The local authority leaders represent the views of their constituent authorities at the Combined Authority Board whilst putting the needs and opportunities of Cambridgeshire and Peterborough at the forefront of all decisions. In addition, they may take a portfolio lead covering the growth themes within the CPIER and the Mayor's [growth ambition statement](#) [Growth Ambition Statement](#) and the Cambridgeshire and Peterborough Investment Plan. These portfolio lead roles are reviewed annually and are confirmed at the Combined Authority AGM [Authority's Annual General Meeting](#).

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3.3 Business Board (LEP)

- 3.3.1 3.3.1 Local Enterprise Partnerships (LEPs) are private sector led voluntary partnerships between local authorities and businesses set up in 2010 by the former Department of Business Innovation and Skills to help determine local economic priorities and lead and lead economic growth and job creation within the local area.
- 3.3.2 3.3.2 The Business Board was established on 1st April 2018, taking over from the former Greater Cambridge Greater Peterborough Local Enterprise Partnership, to drive forward economic growth across its local area. The Business Board is now responsible for all former Local Enterprise Partnership projects and programmes. A joint statement setting out the respective roles of the Business Board and the Cambridgeshire and Peterborough Combined Authority is shown in Appendix 1.
- 3.3.3 3.3.3 The Business Board is a non-statutory body which is the Local Enterprise Partnership for this area. It is independent of the Cambridgeshire & Peterborough

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Combined Authority (CPCA) operating as a private-public sector partnership, focusing on the key business sectors to provide strategic leadership and drive growth in the Cambridgeshire and Peterborough and wider Local Enterprise area.

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3.3.4 The Cambridgeshire and Peterborough Combined Authority acts as the Business Board's Accountable Body to undertake the public funding accountability responsibilities for administering funds and must also review and approve this Framework.

3.3.5 The Business Board is committed to transparent and accountable decision- making processes. By bringing together the Business Board and the Combined Authority we combine the best of private sector expertise and public sector knowledge, transparency and accountability.

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~~3.3.4 Cambridgeshire and Peterborough has three functioning economic areas. The Business Board was established on 1st April 2018, taking over from the former Greater Cambridge Greater Peterborough Local Enterprise Partnership, to drive forward economic growth across its local area. The Business Board is now responsible for all former Local Enterprise Partnership projects and programmes. A joint statement setting out the respective roles of the Business Board and the Cambridgeshire and Peterborough Combined Authority is shown in Appendix 1.~~

~~3.3.5 The Business Board currently covers 15 local authorities; however, the current geographical area is under review. The Department for Business Enterprise and Industry are considering proposals for a coterminous boundary with the Cambridgeshire and Peterborough Combined Authority. The authorities that are current members are as below:~~

District	Areas	Council
Cambridgeshire		Cambridgeshire County Council
Cambridge		Cambridge City Council
East Cambridgeshire	Ely, Littleport and Soham	East Cambs District Council
Fenland	Wisbech, March, Whittlesey & Chatteris	Fenland District Council
Huntingdonshire	Huntingdon, St Ives & St Neots	Huntingdonshire District Council
South Cambridgeshire	Cambourne	South Cambs District Council
Peterborough		Peterborough City Council
North Hertfordshire	Royston	North Hertfordshire District Council
South Kesteven (Lincs)	Grantham, Stamford, Bourne and Market Deeping	South Kesteven District Council
Rutland	Oakham	Rutland County Council
West Suffolk	Bury St Edmunds, Haverhill, Newmarket and Mildenhall	West Suffolk Council

Uttlesford (Essex)	Saffron Walden, Great Dunmow, Stansted, Mountfitchet and Thaxted	Uttlesford District Council
West Norfolk & King's Lynn	King's Lynn, Downham Market and Hunstanton	BC of King's Lynn and West Norfolk

South Holland (Lines)	Spalding, Crowland, Donington, Holbeach, Long Sutton and Sutton Bridge	South Holland District Council
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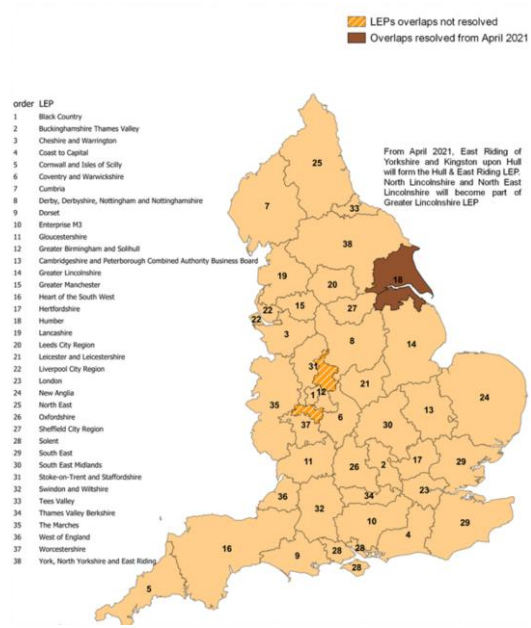
The Business Board's current area is set out below. [3.3.6](#) Prompted by Government's Strengthened Local Enterprise Partnerships Review, which



[called for local areas to reach solutions to remove the delivery geography overlap between LEPs, the Business Board has become coterminous with the CPCA geography.](#)

[3.3.7 To formalise coterminous ~~approach~~ approach, the Business Board has entered into Strategic Partnership Agreements \(SPA\) to transfer delivery of services in overlap areas to neighbouring LEPs. SPA's has been agreed with New Anglia LEP, South East LEP, Hertfordshire LEP and Lincolnshire LEP. HMG's Cities and Local Growth Unit \(CLGU\) have been consulted on the CPCA's adopted approach to resolving the LEP overlaps and have confirmed all previous overlap issues between the CPCA Business Board and its neighbouring LEPs as concluded.](#)

3.3.8 Government has produced the following revised LEP boundary map showing the new LEP geographies demonstrating the Business Board geography is now confirmed as coterminous with the CPCA geography:



~~3.3.6~~ 3.3.9 The red line denotes the area covered by the Cambridgeshire and Peterborough Combined Authority [and Business Board](#):



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~~3.3.7~~ 3.3.10 The Business Board is the principal forum for collaboration between the public and private sectors, for improving the economy of Cambridgeshire and Peterborough. In 2014, the Government announced the first wave of Growth Deals, making investment via its Local Growth Fund. [Also Government announced allocation of the Getting Building Funding in summer 2020](#). To date, the Business Board (via the former Local Enterprise Partnership) has been awarded ~~£146m~~[£161m](#) via three rounds of Growth Deal funding [and the Getting Building Funding](#) allocations.

~~3.3.8~~ In April 2016, the Government reviewed Growth Deal Assurance Frameworks in the context of new Devolution Deals and issued Single Pot Assurance Framework Guidance for devolved areas. In July 2016, Cambridgeshire and Peterborough secured a Devolution Deal and began work to set up a new Combined Authority. Therefore, this new Guidance came into effect for the Business Board area from that date. In November 2016, the Government issued revised national guidance for Local Enterprise Partnership Assurance Frameworks. The Cambridgeshire and Peterborough Combined Authority was formally established on 2 March 2017.

~~3.3.9~~ The Cambridgeshire and Peterborough Combined Authority acts as the Business Board's Accountable Body to undertake the public funding accountability responsibilities for administering funds and must also review and approve this Framework.

~~3.3.10~~ 3.3.11 The Business Board provides leadership in the arena of economic growth across its area. Comprising business leaders from key industry sectors, it provides expert knowledge and insight into economic growth-related activities in its area and leads the development of the Industrial Strategy.

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3.3.12 The Business Board is building on the strength of its existing partnership with neighbouring Local Enterprise Partners by collaborating on common issues and is currently leading on multi ~~Local Enterprise Partnership~~ LEP programmes on Energy and Agri-Tech. It will continue to work collaboratively across the wider region and ~~also~~ envisages working more closely with other Local Enterprise Partners that are outside the current Local Enterprise Partnership area potentially through new collaborations and funding agreements.

~~3.3.11~~

~~3.3.12~~ 3.3.13 The Business Board comprises a blend of industry leading experts from the private sector, alongside representatives from the public sector and education communities. It is chaired by a private sector representative and brings together some of the brightest entrepreneurial minds in our area.

~~3.3.13~~ 3.3.14 The Chair and Vice Chair of the Business Board are private sector representatives. The Chair will lead on building the reputation and influence of the area at a national and international level and chairs Business Board meetings. The Chair is also a voting member of the Cambridgeshire and Peterborough Combined Authority Board. The Vice Chair will be available to deputise for the Chair as required.

~~3.3.14~~ 3.3.15 The Business Board has a designated ~~a~~ small business (SME) representative, champion who will lead the engagement with small businesses across the area and represents their views at Board level. Given the makeup of the local business community, this is a vital role on the Board.

~~3.3.15~~ 3.3.16 All of the Board Members operate in an open and transparent manner and conduct themselves in accordance with 'The Seven Principles of Public Life' otherwise known as the Nolan Principles, and ~~the Business Board's~~ Code of Conduct.

~~3.3.16~~ 3.3.17 The Business Board is committed to diversity and has a Diversity Statement in place to help guide Board appointment decisions.

~~3.3.17~~ 3.3.18 The Business Board's Executive Team ~~is provided via the Cambridgeshire and Peterborough Combined Authority officer structure, who operate as a single team for the Combined Authority and the Business Board. This includes an experienced Chief Executive, S73 Officer, (CPCA S73 Officer), Monitoring Officer, Directors, Programmes Managers, Assurance Manager~~ and others to ensure that the organisation is run in a proactive, impact driven and fully compliant manner.

~~3.3.18~~ 3.3.19 The other public and private sector members of the Local Enterprise Partnership support the Combined Authority's work by:

- Supporting and offering advice to the Combined Authority on their responsibilities.
- Championing and promoting specific initiatives from the perspective of business.
- Influencing the development of the Combined Authority's strategies and policies, including as lead organisation for the development of the Local Industrial Strategy at the invitation of the Combined Authority.

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- Representing the Cambridgeshire and Peterborough Combined Authority nationally and internationally.
 - Ensuring a strong business influence over decision-making.
 - Supporting the development and delivery of the CPIER and the Mayor's ~~growth ambition statement~~Growth Ambition Statement.
- 3.3.193.3.20 ~~Cambridgeshire and Peterborough~~The Business Board is are an active member of the national Local Enterprise Partnership Network and will continue to be so. This includes participation in both Local Enterprise Partnership Chair and officer level meetings.
- 3.3.203.3.21 **Enterprise Zones:** The Business Board retains strategic oversight and governance of the Enterprise Zones, and delegates programme delivery to the Alconbury Weald Enterprise Zone Programme Board and Project Boards for Cambridge Compass Enterprise Zones. These Boards will drive forward the regeneration and economic growth opportunities of Enterprise Zone sites and will be responsible for reporting to both the Business Board and Combined Authority Board as the accountable body.
- 3.3.203.3.22 These Enterprise Zone Boards comprise of Combined Authority officers, Local Authority representatives and key stakeholders. Each is responsible for delivering the programmes and projects associated with the regeneration and development of the Enterprise Zone site.
- 3.3.213.3.23 **The Eastern Agri-Tech Growth Initiative & Agri-Tech Programme Board:** The Eastern Agri-Tech Growth Initiative is overseen by the Eastern Agri-Tech Programme Board. Membership of the Programme Board includes experts with experience and knowledge of agriculture and the food industry, including research, farming and food processing.
- 3.3.22 The Programme Board's main task is to consider and make decisions on applications for grant support. All applications are initially appraised by external independent assessors and follow the process ~~that was previously agreed-set out in the Constitution~~. Copies of the Eastern Agri-Tech Growth Initiative Guidance Notes and Pre-Qualification Questionnaire (the simple eligibility form) can be found on the Combined Authority and Business Board website ~~using the following link: _~~
- ~~<http://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/>~~

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3.3.25 The Eastern Agri-Tech Growth Initiative has its own monitoring and evaluation arrangements, but these do link to the Combined Authority ~~monitoring~~ Monitoring and evaluation framework Evaluation Framework.

~~3.3.23~~ 3.3.26 Agri-Tech is one of our strategic growth sectors identified by the CPIER; our ambition is to use the Local Industrial Strategy to step up our programme to ensure we are the “go to” UK centre for Agri-Tech. Agri-Tech also features within our Skills Strategy.

~~3.3.24~~ It was recommended by the Business Board and agreed by the The Combined Authority Board at their respective meetings in November 2018 that the Eastern Agri-Tech Programme Board should continue to take delegates decisions about applications for the grant funding on behalf of both for the Combined Authority and NALEP (both organisations are represented on Eastern Agri-Tech Programme to the Eastern Agri-Tech Programme Board). Specifying that that the Programme

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3.3.27 Board became a sub-Board of the Business Board and that a member of the Business Board (nominated by the Business Board) became the Chair of the Programme Board. This would strengthen existing governance arrangements and provide continuity between the two Boards. The agenda and decisions of the Programme Board would be published on the Combined Authority/Business Board web site (with names of individuals redacted) in accordance with the transparency arrangements set out in the Business Board constitution. This will ensure that the operation of the Agri-Tech programme is consistent with the Assurance Framework for the Business Board and Combined Authority. The Cambridgeshire and Peterborough Combined Authority is the Accountable Body for the Eastern Agri-Tech Growth Initiative.

3.3.28 The Programme Board's Secretariat is provided by the Cambridgeshire and Peterborough Combined Authority's Agri-Tech Project Officer, who is a very experienced programme manager and ensures that the Programme Board operates effectively, that its decisions are sound and that the Eastern Agri-Tech Growth Initiative is successful and delivers meaningful outcomes.

3.3.253.3.29 The Terms of Reference (TOR) for the Eastern Agri-Tech Programme Board have been agreed and appear on the Combined Authority/Business Board web site. The TOR can be seen [on the CA/Business Board website](http://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/) using the following link:

<http://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/>

3.3.263.3.30 **The Greater South East Energy Hub & Energy Hub Board:** The Energy Hub is funded by the Department for Business, Energy & Industrial Strategy (mc) and overseen by the Hub Board. Membership of the Hub Board includes an officer representative from each of the eleven Local Enterprise Partnerships served by the Hub.

3.3.273.3.31 The Hub Board is the strategic body responsible for taking decisions on Energy Hub business and programme activity. The Hub Board's main task is to approve the allocation and leverage of funds for the Local Energy Capacity Support Programme. The Hub Board are responsible for oversight of the Rural Community Energy Fund (RCEF) Funding Panel; a Hub Board subordinate body that makes decisions on grant applications. All applications are initially appraised by external independent assessors and follow the process agreed with Government. Copies of the RCEF guidance notes and Expression of Interest form can be found on the RCEF website using the following link:

<http://cambridgeshirepeterborough-ca.gov.uk/business-board/energy-hub/>

3.3.32 The Energy Hub has its own project assessment frameworks, monitoring and evaluation arrangements but these do link to the Combined Authority ~~monitoring~~Monitoring and ~~evaluation framework~~Evaluation Framework.

Authority Board have agreed that the Combined Authority would be the

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~~3.3.28~~3.3.33 Clean growth is one of the Grand Challenges in the Industrial Strategy. The transition to local low carbon energy is set out in the Local Energy East Strategy and the CPIER recognises the need for a roadmap to decentralised smart energy systems.

~~3.3.29~~ The Business Board and the Cambridgeshire and Peterborough Combined

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Authority Board have agreed that the Combined Authority would be the

3.3.34 Authority have agreed that the Combined Authority would be the Accountable Body for the Energy Hub and that the Energy Hub would assume the RCEF management role and administer the Fund. They also agreed the Hub Board terms of reference recognising it as a decision-making body for the Hub.

3.3.35 The agenda and decisions of the Hub Board will be published on the Combined Authority/Hub Board [web-site](#) (with names of individuals redacted). This will ensure that the operation of the Energy Hub is consistent with the Assurance Framework for the Business Board and Combined Authority. The Cambridgeshire and Peterborough Combined Authority Board is the Accountable Body for the Energy Hub Initiative.

3.3.36 The Programme Board's Secretariat is provided by the Cambridgeshire and Peterborough Combined Authority's Regional Energy Hub Manager, who ensures that the Hub Board operates effectively, that its decisions are sound and that the Greater South East Energy Hub is successful and delivers meaningful outcomes.

3.3.37 The Terms of Reference (TOR) for the Hub Board have been agreed and appear on the Combined Authority/Energy Hub web site. The TOR can be seen [on the Combined Authority/Energy Hub website using the following link:](#)
<http://cambridgeshirepeterborough-ca.gov.uk/business-board/energy-hub/>

Membership of the Business Board

3.3.38 The Business Board has been reviewing its membership in response to the national Local Enterprise Partnership review (Mary Ney, 2017) and government's response "Strengthened Local Enterprise Partnerships" (July 2018). The current membership ([September 2018](#)) comprises of fourteen members, which includes two public sector members and up to twelve business representatives as follows:

- The Mayor and the Portfolio **Holder** for Economic Growth of the Cambridgeshire and Peterborough Combined Authority shall be non-voting members of the Business Board by virtue of their office. Thus, ensuring close working relationship between the Combined Authority and the Business Board.
- Twelve private sector members appointed from **amongst** the key sectors across the Cambridgeshire and Peterborough area.
- One of the twelve private sector members is appointed specifically to represent the interests of the Small and Medium Sized Enterprises (SME) sector, one member represents the education sector and one member is appointed as an international business representative.

3.3.39 The Business Board membership meets the requirements for two thirds of the members to be private sector representatives and does not exceed the maximum of 20 members.¹

3.3.40 Whilst all appointments to the Business Board have been made on merit, in accordance with Government requirements the Business Board will aim

¹ Strengthening Local Enterprise Partnerships, MHC&LG, July 2018

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to improve the gender balance and representation of those with protected characteristics on its board with the following aims:

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- That women make up at least one third of Business Board by 2020.
 - With an expectation for equal representation by 2023.
 - Ensure its Board is representative of the businesses and communities they serve².
- 3.3.363.3.40 The Business Board will regularly review its agenda balance on the Business Board and any committees.
- 3.3.373.3.41 The Business Board Constitution sets out its role, the principles of membership and the terms of office.
- The term of office for **private sector representatives** will normally be a maximum of three (3) years, and subject to a maximum of one consecutive term.

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- The term of office of **public sector** members appointed by the Combined Authority is at their discretion; the Mayor is a member by virtue of his office.

~~3.3.38~~3.3.42 The **Chair of the** Business Board may appoint **up to five** co-opted members as necessary to complement the skills and expertise on the Board or to meet gender balance and protected characteristic requirements. Membership may not exceed 20 members and up to five co-opted members.

~~3.3.39~~3.3.43 Private sector members all have expertise and knowledge of our key sectors. These details together with their biographies are published on the Business Board website. ~~This will include~~ including a designated SME representative.

Chair and Vice-Chair of Business Board

~~3.3.40~~3.3.44 The Constitution requires that the Chair and Vice-Chair must be the private sector representatives of the Board.

~~3.3.41~~3.3.45 The terms of office of the Chair and Vice-Chair will be for ~~two~~ (2)three (3) years with one consecutive term permitted upon unanimous vote of the Board members present and voting.

~~3.3.42~~3.3.46 The Chair is a voting member of the Cambridgeshire and Peterborough Combined Authority Board.

~~3.3.43~~3.3.47 "Strengthened Local Enterprise Partnerships" stipulated a maximum membership of 20 members with 2/3rds from the private sector and to aim to have a 50/50 gender balance by 2023. ~~The Business Board aims to have a 50/50 gender balance by 2020 through the advertisement and appointment of new private sector members to sit on the Board and the appointment of co-opted membership. A recruitment campaign will be undertaken in 2019 for three new members to ensure gender balance and to ensure all members' term of office does not end at the same time thus ensuring succession planning.~~

~~3.3.44~~3.3.48 Following the revised Assurance Framework Guidance (January 2019), Higher Education and Further Education will represent the private sector on the ~~Local Enterprise Partnership~~Business Board.

~~3.3.45~~ The Business Board Constitution states that private sector members including the

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3.3.49 Chair shall be appointed following an open, transparent and non-discriminatory recruitment process which assesses each candidate on merit carried out in accordance with its ~~diversity statement~~Diversity Statement, Government Guidance and the Nolan Principles. This will include a public advertisement and an interview process conducted by the relevant Business Board's appointments panel. The Business Board will consult widely and transparently with the business community before appointing a new Chair. When vacancies become available for private sector ~~Local Enterprise Partnership~~Business Board members, they will be advertised on the Combined Authority website. In addition, social media will be used to raise awareness of the opportunities, particularly among under-represented groups. A recruitment panel (including the Cambridgeshire and Peterborough Mayor and Local Enterprise Partnership Chair) assesses applications received and makes a recommendation to the Combined Authority Board for approval of appointments.

3.3.463.3.50 All ~~Local Enterprise Partnership~~Business Board members (public and private) are expected to conduct themselves in accordance with the seven principles of public life. This is set out under the Code of Conduct detailed in the Combined Authority Constitution and provided to all new Local Enterprise Partnership members in their induction information. All members sign up to the code of conduct and the Nolan principles. As stated in its constitution, all Business Board and sub- committee and sub-group members will make decisions on merit having taken into account all the relevant information available at the time.

3.3.51 ~~New members receive an initial induction, and this is being enhanced during 2019.~~All new members of the Business Board receive a comprehensive induction to ensure they have the knowledge and understanding needed to effectively fulfil their duties in the role. To bring an element of consistency to the induction, a presentation based training tool has been introduced to all members, and to which new Business Board members can refer and at their convenience. The Business Board induction covers the following elements:

- CPCA Assurance Framework
- Governance & Constitution
- Nolan Principles – member roles and responsibilities
- Business Board Landscape - purpose and key tasks
- Annual Performance Review – Business Board effectiveness
- Strategy & Delivery
- Succession Planning & Future Funding Strategy

Wider Business and Public Engagement

3.3.483.3.52 The Combined Authority and Business Board recognise that the private sector members cannot represent the views of all business in the Cambridgeshire to support the Chair and Board, the Director of Business and Skills is the chief

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and Peterborough area. Therefore, a variety of engagement mechanisms are utilised to ensure that the broader business community has the ability to influence strategy and policy development, our investment priorities and to be actively engaged in the delivery of some of our activities, particularly around supporting careers development with schools. This includes, through the business networks and groupings that officers of the executive engage with, as a part of their activity, as well as specific engagement sessions – such as business roundtables to inform strategy and policy development.

~~3.3.49~~3.3.53 Strategy and policy documents are developed through engagement with partners and key stakeholders and are subject to consultation. Each consultation will vary depending on the topic but will meet ~~any~~all statutory requirements. However, drafts are formally considered in public at the Combined Authority Board with papers published in advance of the meeting.

~~3.3.50~~3.3.54 Evidence of effective public engagement includes the work on the CPIER and Local Industrial Strategy referred to in section 2. A review of engagement activity and impact will be undertaken annually as part of the annual ~~delivery plan~~Delivery Plan from 2020. The annual ~~delivery plan~~Delivery Plan will be published on the website.

Secretariat Arrangements

~~3.3.51~~ In accordance with Government requirement ~~to have~~, an independent secretariat

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to support the Chair and Board, the Director of Business and Skills is the chief

~~3.3.55~~ officer and a designated Chief Officer were appointed to support the Business Board. The ~~Director~~ Chief Officer is supported by a ~~S73~~ Business Board S73 (BB S73) Chief Finance Officer and Monitoring Officer appointed separately to ~~those~~ the statutory officers who support the Combined Authority Board.

Local Area Agreement

~~3.3.53~~ 3.56 In accordance with Government requirements for mayoral areas there is a requirement for a Local Agreement between the Business Board and the Cambridgeshire and Peterborough Combined Authority and the Accountable Body setting out the responsibilities of the Chair, Board and Accountable Body. The Accountable Body agreement is embedded in the Business Board's terms of reference and constitution.

3.4 Decision Making for the Cambridgeshire and Peterborough Investment Funds

3.4.1 Cambridgeshire and Peterborough Combined Authority is its own Accountable Body for all funds received by Government and is the Accountable Body for the Business Board.

3.4.2 The Cambridgeshire and Peterborough Combined Authority ~~and the Business Board~~ Constitution sets out the basis of how decisions will be taken within our Combined Authority, in keeping with principles of democracy and transparency and with effective and efficient decision-making. The Constitution takes on board the changes relating to the Business Board, as a result of the national Local Enterprise Partnership review.

~~3.4.3~~ In summary, the decision-making process and governance for Cambridgeshire and Peterborough as set out in the Cambridgeshire and Peterborough Business Plan is as follows:

~~3.4.4~~ 3.4.3 Investment decisions using public funds will be made with reference to statutory requirements, conditions of the funding, local transport objectives and through formal LEP involvement. The Monitoring Officer ~~and S73~~ review reviews all proposed funding decision and their comments are included in all public or delegated power reports. The CPCA S73 Officer reviews all funding decisions recommended to the Combined Authority Board and their comments are included in all public or delegated power reports. The BB S73 Officer reviews and approves all funding decisions before recommendation to the Business Board, their comments are included in all public reports.

CPIER and the Mayor's growth ambition statementing statement and Investment Planning

~~3.4.5~~ 3.4.4 The Combined Authority Board provides the overall strategic direction for economic growth in Cambridgeshire and Peterborough, approving the CPIER and the Mayor's ~~growth ambition statement~~ Growth Ambition Statement and

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associated thematic strategies and plans.

~~3.4.63.4.5~~ The Combined Authority Board sets out the investment priorities for Cambridgeshire and Peterborough through the Medium-Term Financial Plan and the Business Plan. This includes named prioritised projects which are allocated against either revenue or capital funds. ~~All projects, revenue or capital, are identified in the current year of the Business Plan and the Medium Term Financial Plan.~~

Decision process for Business Board and Combined Authority Board projects

~~3.4.73.4.6~~ For new programmes/projects, the detailed consideration of whether the programme/project represents value for money, has realistic delivery timescales and processes, and will deliver the outputs and outcomes ~~that we require etc~~ in line with our strategic documents is undertaken through the development of a Project Initiation Document (PID) and Business Case.

~~3.4.83.4.1~~ ~~Work from the Department for Transport Early Assessment and Sifting Tool ('EAST') has created a benchmark and guidance that has been built into the Project initiation Document and Business Case templates, to which all projects must adhere to. This forms the evidential basis on which the need for intervention is based and will help ensure programmes and projects are identified based on need and opportunity.~~

~~3.4.93.4.7~~ A Project Initiation Document PID is used to identify the expected expenditure, project governance, timescales for delivery and proposed outcomes, and to enable more informed financial and output profiling in line with the Medium-Term Financial Plan. This is an internal project management document and will be prepared by the Project Manager.

~~3.4.103.4.8~~ ~~This document~~ The PID provides a first view of how, what and when the project will deliver against the Mayor's Growth Ambition Statement, the Local Industrial Strategy and the 2019/20 Business Plan. ~~This Project Initiation Document will include detail such as:~~

3.4.9 Once approved, the project can then be developed into a Business Board or paper for approval at the Combined Authority Board meeting.

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- ◆ The identified Project Manager.
- ◆ Project description including objectives and overview.
- ◆ Timescales (high level).
- ◆ Project outputs and outcomes against the CIPER and the Mayor's growth ambition statement.
- ◆ Cost of project (high level), and initial funding required.

3.4.11 Project Initiation Documents are appraised and approved during the Combined Authority weekly Director meetings. Following approval, the Project Manager can then arrange for the Business Case to be developed, adapting HM Treasury's Five Case Model.

3.4.12 Business cases should be initially appraised and approved at the weekly Combined Authority Director Meetings. In considering the appraisal recommendations (including any conditions) on business cases the following supporting information will be provided to the Directors meeting:

- ◆ The business case.
- ◆ The completed appraisal documents.

3.4.13 Once approved at the Director meetings, the Business Case will then require final approval to commence to project delivery. This may be via the monthly Combined Authority Board cycle or by Combined Authority Officers. Approval requirements are set out in the Scheme of Delegations.

3.4.14 In addition, projects with political sensitivities or a variation to an original Board approval are required to go to Combined Authority Board for approval, even

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~~when the Chief Executive has delegated authority to sign off.~~

Decision process for Business Board

~~3.4.15~~3.4.10 The Business Board will review the Business Case for Business Board funded projects and make recommendations to the Combined Authority Board, as Accountable Body, to approve the funding.

~~3.4.16~~3.4.11 In order to ensure that the Business Board is able to progress its business in an efficient manner, the Business Board has an urgency decision making procedure which is set out in its constitution. Decisions and actions taken will be retrospectively reported to the next meeting of the Business Board

~~3.4.17~~3.4.12 In addition to the delegations in the Combined Authority Constitution, the Business Board and Combined Authority Board has delegated limited authority to the Director of Business and Skills to approve small grants to SMEs between £2,000 and £20,000 subject to Section 73 Officer approval, and regular reporting to the Business Board;

~~3.4.18~~3.4.13 Business cases approved at the Business Board and Combined Authority Board are published on the Combined Authority website, as part of the monthly Board papers.

3.4.14 Work from the HM Treasury on Green Book guidance has created a benchmark and guidance that has been built into Business Case templates and for when procuring Business Cases; all Business Cases must adhere to the 5-case model. This forms the evidential basis on which the need for intervention is based and will help ensure programmes and projects are identified based on need and opportunity.

~~3.4.19~~3.4.15 Decisions within the Scheme of Delegation and taken under delegated powers are recorded through the Officer Decision Notice process, with supporting ~~business cases~~Business Cases available on request. The Officer Decision Notices are published on the Combined Authority website.

~~3.4.20~~3.4.16 All reports to the Business Board and any committees, include the application for funding, appraisal of application, legal and finance expert' view and recommendations. The ~~BB~~ S73 Officer signs off all Business Board expenditure

Summary of Scheme of Delegations for Business Board

The scheme of delegation specific to local enterprise funding is set out in ~~Part 3 and 4 of~~ the Business Board's constitution and is summarised in Appendix 2. The Combined Authority Constitution also applies to all Business Board and officer decisions.

Decision process for Combined Authority Board

~~3.4.21~~3.4.17 The Combined Authority Board will approve the Business Cases for

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Combined Authority funded projects and will approve the Business Case recommended by the Business Board.

[3.4.223.4.18](#) Business cases and appraisal documentation submitted to the Combined Authority Board will be published on the Combined Authority website with Board papers, subject to any exemptions applied as set out in the transparency rules within the Constitution.

[3.4.223.4.19](#) Decisions within the Scheme of Delegation and taken under delegated powers are recorded through the Officer Decision Notice process, with supporting business cases available on request. The Officer Decision Notices are published on the Combined Authority website.

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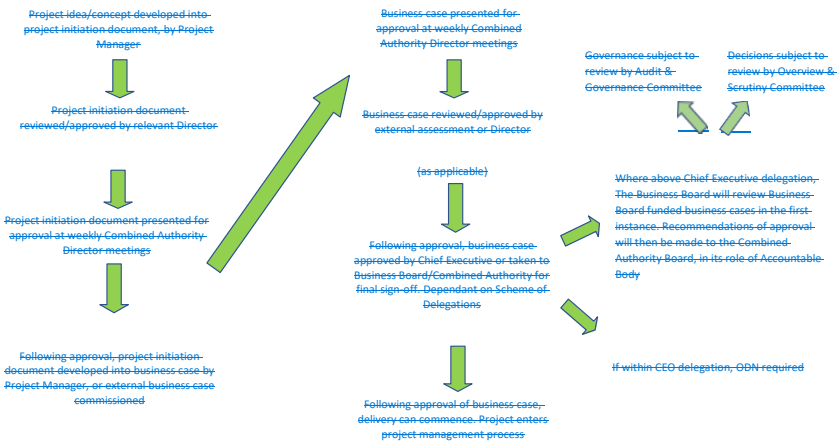
3.4.243.4.20 The decision-making process and governance arrangements are illustrated in the diagram below:

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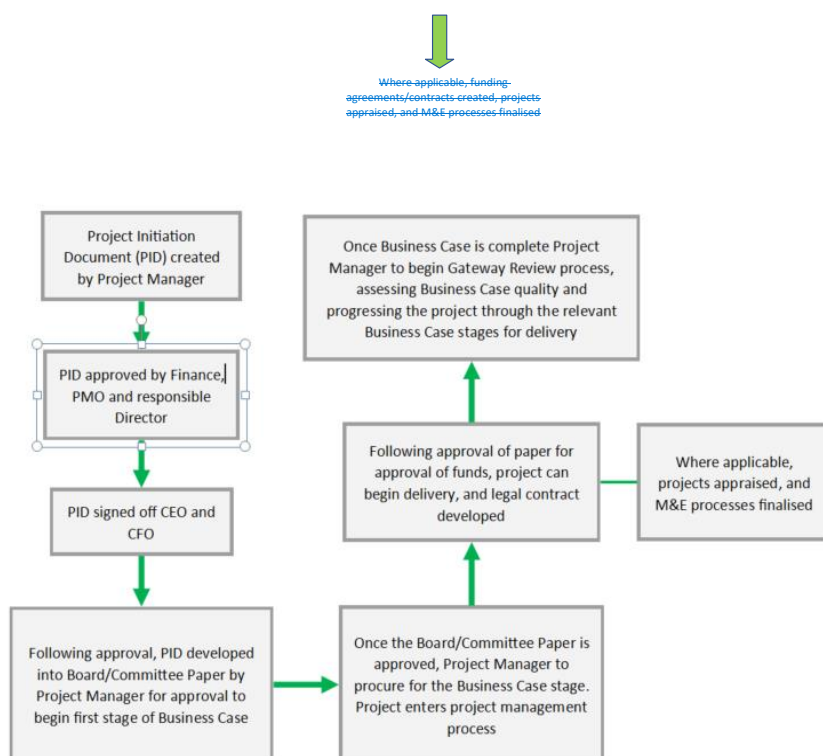
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Decision Making Process



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Decision process for new programmes/projects not in the Business Plan and not within a named budget allocation

3.4.25 **3.4.21** New opportunities or challenges will arise and programmes/projects that are not currently in the business plan Business Plan will need to be considered to address them. If these new programmes/projects cannot be are not accommodated within the current Medium- Term Financial Plan, they will need to be considered by the Combined Authority Board for entry to the Budget and Business Plan and reflected in the six monthly refreshment cycle for those documents.

3.4.22 The Business Plan and Medium-Term Financial Plan will be are normally set annually but can also be reviewed every six months, together with any prioritisation of new refreshed within the year where there are extraordinary unforeseen circumstances.

3.4.26 New projects.

3.4.27 **3.4.23** Those that which are accepted into the Business Plan would then

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proceed to follow the [Project Initiation Document through to Business Case](#)^{PID} development and be taken to the Combined Authority Board for decision.

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Role of the Cambridgeshire and Peterborough [Corporate Management Team](#)

[3.4.283.4.24](#) The Cambridgeshire and Peterborough [DirectorsCorporate Management](#)

Team is made up of members of the Combined Authority's senior officers: Chief [ExecutiveExecutives](#), [Section 73 Officer](#), and Directors. The Management Team meets [weeklyregularly](#) and has an oversight role of the work of the Combined Authority.

3.5 Decision Making for the Adult Education Budget

3.5.1 Investment decisions on the use of the Adult Education Budget will be made with full consideration to the statutory [entitlements](#):

3.5.1.1 English and Maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A* to C or grade 4, or higher, [and/or](#).

3.5.1.2 First full qualification at Level 2 for [individuals aged 19 to 23all](#), [and/or](#).

3.5.1.3 First full qualification at level 3 for individuals aged 19 to 23.

3.5.2 The Combined Authority submitted its Strategic Skills Plan to government in May 2018 as part of the readiness conditions requirements set by the Department for Education. Further iterations have been shared with the Department for Education and form a chapter in the new Skills Strategy [2019](#).

3.5.3 Local and national partners have been fully engaged throughout the development phase for the processes and priorities for the funding award and during the funding award phase. This has included providing regular communications via our website, hosting three strategic events for all local and national providers, and participating in provider network meetings that met regularly during 2018. The Provider Networks comprised local Further Education and local authority providers, the Education and Skills Funding Agency, the Association of Colleges and Independent Training [Providers](#).

3.5.4 The Combined Authority Board is the final decision-making body for funding awards. A grant commissioning process was launched on 1st December 2018 and closed in March 2019. Appraisals were carried out on the submitted delivery plans requesting funding by the Combined Authority officers. A moderation panel of internal senior managers consider recommendations and make final recommendations for approval. The Director of Business & Skills in consultation with the Portfolio Holder for Skills to approve funding [awards](#).

3.5.5 [During the funding award process a web enabled portal has included the ability for all potential providers to submit questions. These have been developed into a Q+A section on the portal so that the same information is available to all potential providers.](#)

3.6 Statutory Committees

3.6.1 As a Mayoral Combined Authority, we are constitutionally required to have the

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following Committees within our Governance structures:

- **Overview & Scrutiny Committee:** Reviews decisions made, to ensure they

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meet the needs of the people of ~~the~~ Cambridgeshire and Peterborough and are made in line with our agreed policies; making recommendations where necessary. It has the power to “call in” and delay the implementation of decisions made by ~~the~~ Board. The membership of the Committee comprises 14 members, two nominated from each of the Constituent Authorities.

Members of the Committee appointed reflect the balance of political parties for the time ~~being prevailing~~ among members of the Constituent Authorities collectively. It also has the power to scrutinise the Business Board.

- **Audit & Governance Committee:** Ensures we are spending public money properly and have the right systems in place to manage our finances correctly and meet our legal and regulatory responsibilities. The Committee also reviews the corporate risk register on a quarterly basis. The membership of the Committee is one member from each Constituent Authority. Members of the Committee appointed reflect the balance of political parties for the time ~~being prevailing~~ among members of the Constituent Authorities collectively. The Committee is chaired by an independent Member. The Committee will also oversee the audit and governance arrangements of the Business Board.

3.6.2 The terms of reference and membership of these Committees is detailed in the Combined Authority Constitution.

3.6.3 There are also three executive Committees of the Combined Authority: Skills, Transport and Infrastructure, and Housing and Communities. These executive Committees take decisions within the strategic and budgetary framework agreed by the Combined Authority Board.

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3.7 Role of the Statutory Officers

- 3.7.1 The Combined Authority appoints four Statutory Officers who each have a formal role of discharging the duties and obligations on its behalf. The roles are detailed in the Combined Authority Constitution but briefly comprise of:
- **Head of Paid Service:** The Chief Executive fulfils the role of the Head of Paid Service. The Head of Paid Service discharges the functions in relation to the Combined Authority as set out in section 4, Local Government and Housing Act 1989 and act as the principal advisor to the Business Board.
 - **Section 73 Officer:** The Chief Finance Officer fulfils the role of Section 73 Officer in accordance with the Local Government Act 1985 to administer the financial affairs of the Combined Authority and Business Board. The Section 73 Officer is responsible for providing the final sign off for funding decisions. The Section 73 Officer will provide a letter of assurance to government by 28th February each year regarding the appropriate administration of government funds under the Cambridgeshire and Peterborough Investment for which the Cambridgeshire and Peterborough Combined Authority are responsible. As set out in paragraph 3.3.563-3.54, in order to provide an independent secretariat to the Business Board the Combined Authority's Section 73 Officer delegates responsibilities in relation to the Business Board to their deputy, referred to as the Business Board Section 73 in this document.
 - **Monitoring Officer:** The Monitoring Officer fulfils their role in accordance with the Local Government Act 1972 to administer the legal duties of the Combined Authority and Business Board.
 - **Scrutiny Officer:** To promote the role of and provide support to the Overview and Scrutiny Committee.

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3.7.2 In addition to these statutory roles the Combined Authority has nominated officers to ensure that we meet our obligations under the Data Protection Act 2018 and information governance. These are:

- **Senior Information Risk Officer (SIRO)** - The Monitoring Officer is the SIRO for Information Governance. The SIRO is responsible for the Strategy, acts as an advocate for good practice and is required to provide a statement of assurance as part of the Combined Authority's Annual Governance Statement.
- **Data Protection Officer** – [The](#) Deputy Monitoring Officer is the Data Protection Officer responsible for providing advice and guidance on the Data Protection Act 2018.

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4. Accountability and Transparent - Supporting Policies and Procedures

4.1 Working Arrangements, Meeting Frequency and Transparency

- 4.1.1 The Combined Authority is subject to a robust transparency and local engagement regime. The Combined Authority's Constitution includes how agendas, minutes and papers will be made available to the public and when.
- 4.1.2 The Combined Authority Board:
- Is subject to the Transparency Code applied to local authorities.
 - Will ensure all meetings of the Combined Authority Board and other statutory committees are open to the public and appropriately accessible.
 - Will make sure all meeting agendas, papers (when not exempt or confidential as set out in the transparency rules within the Constitution), and minutes are published on the Combined Authority website, within the minimum statutory timescales – an agenda will be published five clear working days before the meeting. A decision notice ~~Decisions made at a meeting~~ will be published no later than the close of business on the third clear working day following the day of the meeting at which the decision was made ~~and any key decisions are subject to call in~~. Draft minutes will be published within 12 clear working days of the meeting taking place and final minutes within two clear days of approval where changes are made.
 - All Decision Notices will be published in line with statutory requirements and any key decisions are subject to call in.
 - Will make clear the approach to making investment decisions in the Combined Authority Constitution.
 - Will publish (online) all funding decisions, including funding levels through Business Board and Combined Authority agendas and minutes and through the ~~mayoral~~ Mayoral and ~~officer decision notice~~ Officer Decision Notice register where decisions are taken under delegated powers.
 - Growth fund updates are submitted to the Business Board at each meeting. The Combined Authority has a performance management system which includes quarterly reports to the Combined Authority Board on delivery of key priority projects in the Business Plan by exception and monthly budget monitoring updates.
 - As the accountable body for the Business Board funding, the Combined Authority Board will review and ratify funding decisions made by the Business Board for legality and value for money and will hold a record of all relevant documentation relating to government funding allocated to the area.
- 4.1.3 For ease of access the Combined Authority website has a transparency section and a separate meetings section which contain all information on the Combined Authority governance arrangements, agendas and papers and the Combined Authority Board Forward Plan.

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4.1.4 The Combined Authority Board meets ~~every month~~bi-monthly. The Combined Authority publishes a Forward Plan on the Combined Authority website, which is legally required with a statement of all key decisions together with all non-key decisions we plan to take over the next four months. Confirmed items are published 28

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4.1.4 clear days in advance of a decision being made.

4.1.5 In addition to the Combined Authority Board, the Business Board meets bi-monthly. The Business Board shall have at least one meeting a year that will be open to the public to ensure the communities that they represent can understand and influence the economic plans for the area.

4.1.6 No business may be transacted at a meeting of the Business Board unless there is a quorum. The quorum requires a majority of the total number of Members of the Board to be present which should include the majority of private sector members and at least one public sector member.

4.1.7 All other meetings of the Business Board shall not be open to the public unless determined otherwise by the Chair. This enables commercially confidential items to be discussed and for open and frank exchanges of information and views to be expressed that might not otherwise be expressed in an open forum. This forms an important element within the Combined Authority governance arrangements.

4.1.8 Agendas and reports will be published five clear days prior to the meeting and minutes of these meetings will be published on the its website within 10 clear working days of the meeting and the agreed minutes will be published within two clear working days after approval at the subsequent meeting.

4.1.9 Information regarding activity being undertaken by the Combined Authority is available on the website. This includes the publication of key documents such as the CPIER and the Mayor's growth ambition statement Growth Ambition Statement, the Cambridgeshire and Peterborough Business Plan 2019-2020, and, the Combined Authority Local Assurance Framework, as well as details of the regular programme of events to provide ongoing engagement with public and private partners across the Cambridgeshire and Peterborough area. Regular news updates on activity underway are also provided through dedicated pages on social media outlets including LinkedIn, Twitter and Facebook. Additionally, when investment decisions are taken, they are published through the use of press releases and social media.

4.1.9

4.2 Publication of Financial Information

4.2.1 The Combined Authority is subject to the same financial arrangements as a Local Authority and is legally required to publish its annual accounts, external audit letter and annual governance statement by the end of July each year. The draft statement of accounts is signed by the CPCA S73 Officer and published (on the Cambridgeshire and Peterborough Combined Authority website) by 31st May. The final set of financial statements are signed by the CPCA S73 Officer and the Chair of the Audit and Governance Committee and published by the 31st July.

4.2.2 The Annual Governance Statement will be published in draft by 31st May, and the final version to be signed by the Mayor, the Business Board Chair and the Chief Executive and published by 31st July. The Audit and Governance Committee approves the statement of accounts and reviews the Annual Governance Statement prior to approval, in accordance with their terms of reference.

4.2.3 It is also used as part of the Annual Conversation each year, to supplement the information provided and discussed on governance arrangements.

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4.2.4—All payments made on behalf of the Business Board are published in the monthly

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4.2.4 transparency report by Cambridgeshire and Peterborough Combined Authority.

4.2.5 All approvals for new funding are ~~now~~ published and monitored. The quarterly return to Government on Growth Fund projects, spend and performance is reported to Business Board and published in the reports, as part of the Business Board agenda. These ~~have now also been are~~ uploaded on the Business Board section of the website ~~and will continue to be published going forward to~~ increase transparency.

4.2.5

4.3 Remuneration and Expenses

4.3.1 Allowances or expenses may be payable to the Mayor and any of the Business Board members, in accordance with a scheme approved from time to time by the Cambridgeshire and Peterborough Combined Authority Board upon the recommendations of an Independent Remuneration Panel.

4.3.2 The Combined Authority publishes the following information on its website:

Transparency

- Confirmation of the allowance payable to the Mayor and Business Board members.
- Confirmation of any allowances and expenses paid to the Mayor, Business Board Members and independent Chairs of Committees or Panels (published annually).
- Salaries of senior officers earning more than £50,000 (published annually); together with the numbers of staff who earn over £50,000, in bands.

4.3.3 Any scheme of allowances approved for Business Board members and payments made will also be published.

4.4 Freedom of Information

4.4.1 The Combined Authority is subject to the Freedom of Information Act 2000 and the Environmental ~~Impact~~Information Regulations 2004. As Accountable Body for the ~~Local Enterprise Partnership~~Business Board, the Combined Authority will also fulfil these functions on behalf of the Business Board. The Combined Authority will hold records and will be the focal point for statutory information requests. Applicants are made aware of their right to access information through the Combined Authority, which will deal with the request in accordance with the relevant legislation. As set out in this section, the Combined Authority aims to publish as much information as possible so that Freedom of Information requests are less necessary. A publication scheme is on the website and answers to previous requests are ~~also~~ published on the website. ~~CPCA-Freedom-of-Information-Policy~~

4.5 Conflicts of Interest

4.5.1 The Combined Authority has a Code of Conduct which applies to all members of the Combined Authority, the Business Board, all committee members and the officers who form part of any decision-making body ~~ege.g.~~ the Chief Executive.

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The Code of Conduct requires all those identified to avoid any conflicts of interest.

4.5.2—Each member of the Combined Authority is also required to complete a written declaration of interest for the purposes of their organisations and their individual personal interests covering a broad range of activities/ownership. Individual

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4.5.2 declarations of interest forms are completed annually following members' appointment at the Combined Authority annual meeting. Declarations of interest are requested at the start of each meeting and declared and recorded within the minutes. The registers of interests are updated, as appropriate, following each Combined Authority meeting.

[Combined Authority Board Membership](#)

[Business Board Membership](#)

4.6 Gifts

4.6 Gifts and Hospitality

4.6.1. 4.6.1—Any gifts and hospitality received by members and officers will be declared under the relevant members name and any declarations declared by members will be published on the website, [For example, Mayor Palmer: Declared Gifts and Hospitality. The register of gifts and hospitality.](#) The register of gifts and hospitality declared by Business Board members is published under the governance page of the Business Board section of the website. All offers of gifts and hospitality of £5025.00 or more in value, including any offers of sponsorship for training or development, whether or not they are accepted, must be recorded promptly (and by no later than 28 days from the date of the offer) in a register held by the Combined Authority. A six monthly reminder will be ~~sendsent~~ to all members and officers. [The Combined Authority also has a protocol on Gifts and Hospitality which applies to all members.](#)

4.7 Complaints and Whistleblowing

- 4.7.1 If it is alleged that the Combined Authority is (a) acting in breach of the law, (b) failing to adhere to its framework, or (c) failing to safeguard public funds, complaints (from stakeholders, members of the public or internal whistleblowers) ~~are to be directed to the Combined Authority's Chief Executive or Internal Auditors~~ should be handled under the complaints policy.
- 4.7.2 The Business Board and the Combined Authority have adopted a confidential complaints procedure and whistleblowing procedure, which are both published on its website. Any complaints will be dealt with in accordance with its approved complaints process.
- 4.7.3 Where the Combined Authority cannot resolve the issue locally to the complainant's satisfaction, and the matter relates to the Cambridgeshire and Peterborough's Single Pot funding, the issue may be passed to the Ministry of Housing, Communities and Local Government [for Communities and Local Government](#) (MHCLG) or other relevant departments, such as the Department for Transport (DfT), as appropriate to the complaint in question. If the complainant is not satisfied with the response, they can raise it with the Local Government Ombudsman.

[The above complaints and whistleblowing procedures are set out in detail at:](#)

[CPCA Complaints Policy](#)

[CPCA Whistleblowing Policy](#)

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[CPCA Business Board Complaints Procedure](#)
[CPCA Business Board Whistleblowing Procedure](#)

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4.8 Diversity Statement

- 4.8.1 As detailed previously the Combined Authority is fully committed to diversity and equality. The Business Board has a published Diversity Statement which explains how it looks to ensure diverse representation [available on the Business Board website.](#)
[CPCA Business Board Diversity Statement](#)

4.9 Government Branding

- 4.9.1 The Combined Authority is committed to meeting Government branding guidelines for projects in its Local Assurance Framework. This includes the branding guidance issued to LEPs for the Local Growth Fund. The correct branding and wording is used on the Business Board and subsidiary websites. Guidance will be produced for signage, social media, press notices and other marketing materials for every Government funded project.
- 4.9.2 A summary of the Governance framework and checklist is set out in Appendix 3.

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**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

5. Robust Decision Making

1.

5.1 Principles

- This section details the processes and procedures that are in place to ensure we make robust investment decisions with funds devolved to the Combined Authority. These are in addition to those identified within the Accountability, Openness and Transparency sections above. The processes and procedures will:

1.1.1.

- Achieve value for money in spending public funds through ensuring that all projects contribute to the objectives of the Combined Authority via adherence to the Green Book principles, specifically -
 - Unless fulfilling a statutory requirement, all business cases must demonstrate a strong fit with the Combined Authority's strategic objectives of the relevant Board. as set out in the Devolution Deal, Growth Ambition Statement, and evidenced in the CPIER.
 - For the Combined Authority this is as set out in the Devolution Deal, Growth Ambition Statement, and evidenced in the CPIER. Where there are relevant strategies approved by the Combined Authority the case must also demonstrate alignment to these. (e.g. Local Industrial Strategy, Local Transport Plan, Skills Strategy, Non-Statutory Spatial Framework).
 - For the Business Board the strategic objectives are those set out in the Local Industrial Strategy, and sector-based strategies, that the Business Board have endorsed.
 - All business cases must clearly set out the key objectives of the project, how these contribute to the achievement of the Combined Authority's relevant Board's strategic objectives, as well as how these will be delivered and measured. Where a project is part of a programme the case must also set out how it fits in to that programme.
- Achieve best value for money in spending public money funds through the following -
 - proposed investments will offer as a minimum 'high' value for money (VfM);
 - "high" VfM can be defined as a Benefit Cost Ratio (BCR) ensuring that is at least 2.0 for transport schemes (and accounting for significant non-monetised impacts and key uncertainties), schemes with lower VfM however can be considered under circumstances where there is evidenced:
 - strategic value all projects contribute to the objectives of national or regional significance by unlocking a strategic route network bottleneck within the region (for example a strategic road or rail network with significant constraints but unable a BCR due to lower flow increases against disproportionate cost due Combined Authority via adherence to historical enhancement under investment (both of which have regional or national growth significance which is challenging to model and are unable to be claimed in TAG terms; or the Green Book principles, specifically -
 - allowing greater through flow of strategic passenger or freight traffic, or where there is evidenced strategic value associated with achieving the Devolution Deal ambitions of GVA or housing growth (for example providing main line rail access to support the growth of left-behind areas); or

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~~*—— by unlocking this growth in addition to committed local plan growth, and where this evidence increases this to at least medium value VfM (BCR of at least 1.5 and accounting for significant non-monetised impacts and key uncertainties)~~

- ~~○—— for non-transport schemes, the appropriate public sector cost per job / Gross Value Added will be reviewed, and in all schemes the benefits will exceed the cost of intervention over the projected timeframe;~~
- ~~○—— in exceptional circumstances, where the strategic value directly contributes to the ambition of the Devolution Deal ambition as set out in para 6.2.5 of this document; and~~
- ~~○—— whereby sensitivity testing is undertaken in addition to Transport Analysis Guidance (TAG) standard procedures, schemes do not need to offer ‘high’ value for money as a minimum, if as described above there is evidence that the strategic value of significant regional or national importance of unlocking strategic passenger or freight movement through the region or there is evidenced strategic value associated with achieving the Devolution Deal ambitions of GVA or housing growth, by unlocking the growth in addition to~~



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committed local growth and where this evidence increases the BCR to 1.5 to 2.

- Unless fulfilling a statutory requirement, all business cases must demonstrate a strong fit with the Combined Authority's strategic objectives as set out in the Devolution Deal, Growth Ambition Statement, and evidenced in the CPIER.
- Where there are relevant strategies approved by the Combined Authority the case must also demonstrate alignment to these. (e.g. Local Industrial Strategy, Local Transport Plan, Skills Strategy, Non-Statutory Spatial Framework).
- All business cases must clearly set out the key objectives of the project, how these contribute to the achievement of the Combined Authority's strategic objectives, as well as how these will be delivered and measured. Where a project is part of a programme the case must also set out how it fits in to that programme.

- At the Outline Business Case and Full Business Case stages, Benefit Cost Ratios (BCRs) will be calculated for the options being considered, including the do-minimum option, and the options will be presented alongside any unmonetisable benefits so that decision makers can see the additional costs of these benefits, and make an informed decision as to whether the cost is worth paying.
- Ensure an appropriate separation between project development and project appraisal, with Independent Value for Money (VFM) Assessment and Business Case Assurance, for all Growth Deal funded schemes and Single Pot Transport projects with a project value greater than £5m by our contracted business case assurance contractor. Transport schemes below £5m will be assessed and signed off independently of the scheme promoter by the Chief Finance Officer with support from an experienced transport modeller, where schemes are below £5m at Full Business Case (FBC) and are of significant complexity or importance and not expected to achieve high VFM based on initial multi-criteria analysis an independent assessment may be requested by the Chief Finance Officer from our contracted independent assessment supplier prior to sign off as previously stated.
- Appraise projects in a way which is consistent with the Green Book 'five cases' model and proportionate to the funding ask in terms of processes required.
- Ensure that the money spent results in delivery of outputs and outcomes in a timely fashion, and in accordance with the conditions placed on each investment, and by actively managing the investment to respond to changing circumstances (for example, scheme slippage, scheme alteration, cost increases etc).
- Implement effective evaluation to demonstrate where programmes and projects have achieved their stated aims and using feedback appropriately to refine the priorities and the decision-making process.
- Ensure that the use of resources is subject to the usual local authority checks and balances as well as normal local government audit, accounting and scrutiny requirements.

5.2 Separation of Development and Appraisal Functions

5.2.1 Separation of Development and Appraisal Functions

- 5.2.1 The Combined Authority ensures all funding decisions are based on impartial advice. Project Initiation Documents and require approval by the CPCA S73 Officer and Chief Executive while Business Cases created by project managers require approval from Combined

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Authority Board ~~and Directors~~ before commencing to project delivery.

~~5.3~~

5.3 Expressions of Interest/Open Calls

~~5.3.1~~ In relation to the Local Growth Fund, expressions of interest are received for potential funding under the Growth Prospectus, which is published on the Combined Authority website. ~~5.3.1~~
~~In relation to the Local Growth Fund, expressions of interest are received for potential funding under the Growth Prospectus, which is published on the Combined Authority website. The first call has now closed and the potential projects are going through the Business Board and Combined Authority Board cycle. A new call for funding will be issued in 2019/20, following the publication of the Local Industrial Strategy. These Expression of Interests for funding calls will be appraised and evaluated by an internal panel with inputs from the appropriate policy lead, legal, procurement and financial officers' under the delegation. The initial appraisals from these for funding calls will be appraised by an internal panel, that evaluates expressions of interest, with inputs from the appropriate policy lead, legal, procurement and financial officers. When full applications are received, external appraisers will carry out detailed appraisals and, for projects over £500k, the project sponsor must present to an Entrepreneurs Assessment Panel and be scored which counts towards the overall assessment of projects upon which the Business Board considers projects for award of funding.~~

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5.4 Project Initiation Documents (PIDs)

- 5.4.1 ~~Project Initiation Documents~~PIDs are required for all new programmes and projects and are used to identify the expected expenditure, outputs, governance and outcomes of project delivery.
- 5.4.2 Once approved ~~during the weekly~~ by the relevant members of the Senior Management Team (Responsible Director ~~meetings~~, Section 73 Officer and Chief Executive Officer), the delivery of the project concept can proceed.
- ~~5.4.2~~ 5.4.3 A PID is used to identify the expected expenditure, project governance, timescales for delivery and proposed outcomes, and to enable more informed financial and output profiling in line with the Medium-Term Financial Plan. This is an internal project management document and will be prepared by the Project Manager ~~is required to develop~~.
- 5.4.4 The PID provides a first view of how, what and when the project will deliver against the Mayor's Growth Ambition Statement, the Local Industrial Strategy and the Business Plan. Detail such as the following will be included:
- The identified Project Manager.
 - Project description including objectives and overview.
 - Timescales (high level).
 - Project outputs and outcomes against the CPIER and the Mayor's growth ambition statement.
 - Cost of project (high level), and initial funding required.

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the Project Initiation Document into the business case.

5.5 Business Cases

5.5.1 All programmes and projects with approved allocations within the Business Plan and that have been approved through the Project Initiation Document process are required to complete a detailed Business Case.

5.4.5 Business case templates are a continuation of the It is also during the PID stage where it is recommended a RACI Chart is first developed. From this stage, the internal Project Initiation Documents, but require more detail evidenced on the Manager must establish project roles and responsibilities. This will enable a clear escalation process where risks, issues and changes are reported appropriately.

5.5 Business Cases

5.4.35.5.1 Business cases are designed to enable delivery and are important because projects will only deliver their intended outputs and benefits if they are properly scoped, planned and cost justified from the outset. These Business Cases will require detailed evidenced on the options, designs, delivery and outcomes of the project, along with strategic fit and value for money information, project risks and governance arrangements to enable informed decision making.

5.4.4 Business cases would normally use the Combined Authority's template; however, some categories of projects may have specific business case templates (such as Transport schemes using Transport Analysis Guidance (TAG): <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>). These should still comply with the Combined Authority requirements.

5.4.55.5.2 Some categories of projects may have specific Business Case requirements, but most Business Cases are procured externally. The Combined Authority has adopted HM Treasury's Five Case Model, and business cases need to be prepared according to the following elements:

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Five Cases	Detail
Strategic Case	The strategic case sets out the rationale for the proposal; it makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved.
Economic Case	The economic case is the essential core of the business case and should be prepared according to Treasury's Green Book guidance. This section of the business case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal.
Commercial Case	The commercial case is concerned with issues of commercial feasibility and sets out to answer the question "can the proposed solution be effectively delivered through a workable commercial deal or deals?" The first question, therefore, is what procurement does the proposal require, is it crucial to delivery and what is the procurement strategy?
Financial Case	The financial case is concerned with issues of affordability, and sources of budget funding. It covers the lifespan of the scheme and all attributable costs. The case needs to demonstrate that funding has been secured and that it falls within appropriate spending and settlement limits.



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Management Case	The management case is concerned with the deliverability of the proposal and is sometimes referred to as programme management or project management case. The management case must clearly set out management responsibilities, governance and reporting arrangements, if it does not then the business case is not yet complete. The Senior Responsible Owner should be identified.
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~~5.4.6~~5.4.3 Reputational due diligence assessment will also be carried out to enable the ~~combine-~~
~~authority~~Combined Authority to gain a comprehensive assessment of possible reputational risk
~~attached to business partner.~~

~~5.4.7~~ External business cases are submitted to the Combined Authority, who review the funding
source and provide an initial check as to which element of funding within the single pot would be
most appropriate. As part of the financial case, the source of funding will be determined (as part
of the review of business cases prior to submission to the Combined Authority or Business
Board) and the CPCA S73 Officer (or BB S73 Officer where funding is from within the funds the
Combined Authority holds as accountable body to the Business Board) will review the financial
case to ensure that, where funding is required from internal Combined Authority sources, it is
available and affordable within the Combined Authority's overall resources. The purpose of this
is to ensure that the funding requirements of the component elements of the Single Pot are
being met, and to enable the effects and outcomes of

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[5.4.4](#) the component elements of funding within the Single Pot to be tracked.

[5.4.85.4.5](#) Appraisals will be proportionate to either the estimated scale of budget and/or the level of innovation/risk associated with the programme and in line with established guidance, where appropriate, as set out by HM Government, including:

- HM Treasury Green Book.
- MHCLG Appraisal Guide.
- HM Treasury Magenta Book.

[5.4.95.4.6](#) Where a conflict of interest exists, full independent due diligence will be sought. Additionally, the Combined Authority will appoint an independent organisation, through appropriate procurement, to undertake external due diligence when required. The independent organisation works directly with the project applicant to undertake due diligence which then follows the decision-making process.

[5.4.105.4.7](#) In cases where the investment is to match central government funding, and that government department has undertaken due diligence, the Combined Authority would not need to undertake its own due diligence.

[5.4.115.4.8](#) The Combined Authority will include reputational checks on organisations (and their group structure including parent organisations), when considering making loans and grants.

[5.4.125.4.9](#) The [Combined Authority's](#) 10-point guide on Project Management ([Appendix 4](#)) provides detail on this decision-making process.

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5.6 Relationship with Project Managers – Development to Decision

5.6.1 Throughout the development of [Project Initiation Documents PIDs](#) and Business Cases through the appraisal process, the Combined Authority will keep in regular contact with external project managers.

5.6.2 An internally named project manager will be assigned to each programme/project where the Combined Authority are not the delivery body. The internal project manager will establish close working relationships [willwith](#) external contacts.

5.7 Ensuring Value for Money

5.7.1 As an investor of public funds, the Combined Authority has a responsibility to ensure that its decisions deliver best value for the [tax payer taxpayer](#), and therefore all investment opportunities and [business cases Business Cases](#) must include an assessment of [their](#) Value for Money. The Assurance Framework has been developed in line with HM Treasury Green and Magenta Book Guidelines, which require project managers to build in Value for Money processes throughout the approval stages. In addition, the Combined Authority requires all [business cases Business Cases](#) be developed in line with HM Treasury's Five Case [Model](#).

5.7.2 The delivery, and costs, of outputs must be quantified within all applications for funding. Where there are clear guidelines set out by Government for assessing Value for Money these will be taken into account; for example, for all Transport and Infrastructure schemes, the use of the

benefit cost ratio (BRC) indicator is implemented in line with DfT [TAG](#) guidance.

- 5.7.3 The Director responsible for project delivery should document they are satisfied with Value for Money requirements. [The Section 73 Chief Finance Officer is also required to sign off Value for Money Statements.](#)

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5.7.4 The key objective of the Assurance Framework is to support the Combined Authority to make judgements about the value for money of potential investments and to accept or reject investments accordingly. However, it is just one of a range of complementary strategic guidance documents developed by the Combined Authority to inform decision making. The following table sets out the framework of strategic documents which will be used to determine the SMART objectives a project must fulfil in order to be included in any longlisting exercise. The following table sets out the relevant assessments for all complementary strategic guidance:

5.7.15.7.4

Document Name	Function	Date Published
CPIER and the Mayor's growth ambition statement Growth Ambition Statement 2016-2026. The Industrial Strategy for Cambridgeshire and Peterborough	<ul style="list-style-type: none"> Key strategy document for the region. Sets high level targets (jobs and GVA) for the Combined Authority and develops the rationale for intervention across the region (six themes and seven priority sectors) 	November 2018
Local Industrial Strategy	<ul style="list-style-type: none"> With a particular focus on productivity the Local Industrial Strategy articulates how the region and its priority industries will contribute to the successful delivery of the UK Industrial Strategy and the key interventions necessary to enable productivity growth in Cambridgeshire and Peterborough. 	May 2019 (pending)
Skills Strategy	<ul style="list-style-type: none"> The devolution of some of the skills functions alongside the Adult Education Budget to the CPCA frames the impetus for the Skills Strategy. With a holistic approach being taken to increasing productivity and to growing the social and economic well-being of the local communities, the Skills Strategy and high-level delivery plan have been aligned to the Local Industrial Strategy and the Cambridgeshire and Peterborough Independent Economic Review (CPIER) and its recommendations. 	June 2019 (update planned for June 2021)
Housing Strategy	<ul style="list-style-type: none"> Sets out a new, ambitious and flexible approach to accelerating building rates and making homes more affordable in order to help tackle the severe shortage of housing of all types across Cambridgeshire and Peterborough. 	September 2018
Local Transport Plan	<ul style="list-style-type: none"> Sets out the vision, goals and objectives that define how transport will support the Combined Authority's Growth Ambition, and our approach to meeting these objectives. 	February 2020
Non-Statutory Spatial Framework	<ul style="list-style-type: none"> Sets out strategic planning principles to shape growth to make the economy more inclusive and sustainable, while strengthening communities and enhancing quality of life. 	Phase 1 2018. Phase 2 ongoing.

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The Business Plan	<ul style="list-style-type: none">Sets output targets both in terms of spend	January 2019 Updated annually
Monitoring and Evaluation Plan	<ul style="list-style-type: none">Provides for each theme a capital and revenue logic model including key market failures to be addressed, and a range of indicative activities, outputs, outcomes and impacts, tied back to the achievement of the key performance indicators specified in the SEP Local Industrial Strategy.	March 2019 (updated Up dated annually)

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5.8 Value for Money for Transport Schemes

5.8.1 For transport infrastructure schemes, the Cambridgeshire & Peterborough Combined Authority will ensure that modelling and appraisal is sufficiently robust and fit for purpose for the scheme under consideration, and that modelling, and appraisal meets the guidance set out in TAG.

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5.8.2 Furthermore, the Cambridgeshire & Peterborough Combined Authority will ensure value for money and transparency of transport scheme through the following:

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- Transport [Projects](#)[Project](#) Business case assessments [Strategic Outline Business Cases (SOBC), Outline Business Cases (OBC) and Full Business Cases (FBC)] will be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). We will also consider alternative planning assumptions, [which are in line with our devolution ambition in addition to committed local plan developments](#), as sensitivity tests in coming to a decision about whether to approve a scheme.

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- The appraisal and modelling will initially be scrutinised by our external Highways Authority delivery partner planning lead to ensure it has been developed in accordance with the TAG. Independent Value for Money (VFM) Assessment and Business Case Assurance, for all Growth Deal funded schemes and Single Pot Transport projects with a project value greater than £5m will be carried out by our contracted business case assurance contractor. Single Pot funded transport projects with a value below £5m will

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- be considered on a case-by-case basis and in cases of strategic impact or project complexity, an independent value for money statement will be undertaken on a proportionate and appropriate basis.
- Options development will utilise previous studies and reports as well as stakeholder engagement. This approach will enable a broad range of possible measures to be established for consideration when establishing the long list.
- The sifting from long list to short will be based on the criteria used in the Department for Transport Early Assessment Sifting Tool (EAST). At the sifting stage discarding of options will be based on whether those options meet the i) resolution of the issue; ii) achieve the strategic and local objectives iii) and is deliverable and technically sound. A scoring mechanism will be used, usually during a workshop environment, where options are appraised and assigned a negative or positive score. This facilitates an initial ranking of options and unfeasible options will be removed. Further engagement with stakeholders will then be undertaken to facilitate further sifting from the initial long list to a shorter list.
- The short-listed options will then be considered at a technical level and a recommendation provided within the Business Case and supporting papers presented to the Combined Authority Board who are empowered to make funding decisions.
- The Combined Authority will endeavour to always maximise value for money with public funds. This will not always be the same as selecting the shortlisted option with the highest BCR, as there may be unmonetisable benefits and risks that outweigh the lower ratio of monetisable benefits and costs, for example higher contract or delivery risks. The rationale on which a decision is made will be recorded through a combination of the papers presenting the options to the decision maker, and any minutes recording the discussion of the meeting at which the decision was made.
- The Combined Authority acknowledges that there may be cases when the best value way of delivering a project in order to achieve its strategic objectives may have a BCR which is not as strong as the BCR of alternatives which do not align as clearly with the Authority's strategic objectives set out in key policies including the Local Transport Plan. Despite this, it is then for the Combined Authority Board to make a judgement on whether the achievement of those strategic objectives is worth the cost to the Combined Authority.
- The Combined Authority will make proportionate and appropriate assessments of all business cases to ensure that any scheme below High VFM (BCR below 2, and accounting for significant non monetised and key uncertainties), has evidenced strategic value, either to the benefit of achieving advancement of the devolution ambition, economically or housing, or national or wider regional importance for unlocking strategic passenger or freight movement through the combined authority region. Business Cases to ensure that all schemes achieve value for money by demonstrating a strong strategic fit and measurable, achievable and relevant, objectives. The Combined Authority will endeavour to always maximise value for money with public funds. Where the rationale for this departs from a simple case of selecting the highest BCR of the shortlisted options the unmonetisable benefits, or unquantifiable

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uncertainties will be set out to justify this.

The Combined Authority acknowledges that there may be cases when the best value way of delivering a project in order to achieve its strategic objectives may have a BCR which is not as strong as the BCR of alternatives which do not align as clearly with the Authority's strategic objectives set out in key policies including the Local Transport Plan. Despite this, it is then for the Combined Authority Board to make a judgement on whether the achievement of those strategic objectives is worth the cost to the Combined Authority.

- The Combined Authority's Chief Finance Officer will assess and either approve or reject sign off all Value for Money statements undertaken whether in the form of a business case or an independent assessment. Decisions will be taken appropriate to scheme phase and greater scrutiny and emphasis on High VfM will be undertaken as schemes progress through the SOBC, OBC and FBC process, with greater scrutiny of FBC VfM.
- **Business case publication is notified up to 3 months in advance within the Forward Plan, published on the Combined Authority website and then published as part of submission for decision approval at the Business Board and subsequent Combined Authority Board, before a decision to approve funding is made so that external comment is possible. Opinions expressed by the public and stakeholders are made available to relevant members or boards of either Business or Combined Authority Boards when decisions are being taken. The Forward Plan is formally approved at each monthly meeting of the Combined Authority Board and Business Board.**

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5.9 Project Approval – Funding Agreement

5.9.15.8.2 For projects being delivered by an external organisation, funding agreements or formal legal contracts will need to be put in place before delivery commences. These agreements are important in setting out project monitoring and evaluation requirements, claims/invoice profile and setting out main tasks and responsibilities, including key conditions of the funding. This information is also recorded throughout the project lifecycle through a RACI chart. Agreements/contracts also set out the recovery and/or clawback arrangements in the event of non-compliance, mis-representation, underperformance, mismanagement and/or a failure to deliver an outcome. Any variations to these funding agreements/contracts must be signed off and approved by the Combined Authority.

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5.9.25.8.3 All Growth Fund schemes, and any other funds delegated to the Business Board, such as Getting Building Fund, will have a funding agreement that sets out the outputs that are required and the schedule of payments that are to be paid. These are examined at each point in the claim.

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5.9.35.8.4 Following approval of a Business Case it may be necessary to complete a range of statutory processes to ensure the project is ready to start continue to the next stage. For example, planning permission or a Compulsory Purchase Orders. Order. National and local S106 requirements will be followed when gaining planning permission. It may also be necessary to satisfy a number of conditions agreed as part of the Business Case appraisal. Due diligence of



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such processes/conditions will then be carried out as required prior to the Combined Authority issuing a formal legal contract.



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5.6. DELIVERY PHASE

5.16.1 Release of Funding, Cost Control and Contract Management

- 6.1.1 Once a formal funding agreement/contract is in place the programme/project enters the delivery phase.
- 6.1.2 The Combined Authority's Section 73 Officer must certify that funding can be released under the appropriate conditions.
- 6.1.3 Funding claims submitted to the Combined Authority are checked against the approved project baseline information, which is included within the original funding agreement/contract. Payments will be released quarterly in arrears unless otherwise agreed.
- 6.1.4 A mechanism for 'claw-back' provision is to be included within the funding agreements/contract to ensure funding is only to be spent only on the specified scheme and linked to delivery of outputs and outcomes. Payment milestones are agreed between the project manager and the Combined Authority based upon the complexity, cost and timescales of the scheme. This forms part of the programme management role of the Combined Authority.

6.2 Performance Reporting

~~6.2.1 Projects funded by the Combined Authority (regardless of size) will incorporate the Monitoring and Evaluation Framework and will have a basic monitoring plan in place as part of the business case. Further information on this can be found in the 10 point guide on Project Management. (Appendix 4)~~

~~6.2.2.1~~ A monthly highlight report cycle has been created and embedded across the organisation. Projects which fall under the ~~Business Board and~~ Combined Authority Board are required to have monthly reports completed, updating on budget spend and performance against key milestones and outputs/outcomes. There is also a monthly highlight report which monitors spend against Local Growth Funding and Getting Building Funding.

~~6.2.3.2.2~~ Highlight reports also contain risk registers for each project, where project managers track and monitor key risks (and assign a named individual of appropriate seniority against each).

~~6.2.4.2.3~~ Using information from these monthly highlight reports, a monthly dashboard report is created, pulling together the key information from all projects across the Combined Authority Directorates. This information is scrutinised on a monthly basis by shared with Members of the Directors and the PMO team Corporate Management Team once a month.

~~6.2.5~~ Once a quarter, an exception report is created and includes information on the amber and red rated projects. This report is shared with Combined Authority Board Members, along with a Quarterly Performance Update Report is taken to the Combined Authority Board meeting and provides detail on how the Combined Authority is performing against the following key metrics and targets:

- Doubling GVA over the next 25 years
- 72,000 homes to be built by 2032
- 2,500 affordable homes to be built
- Jobs growth

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• Apprenticeships

• 6.2.4 ~~Good jobs within 30 minute commute of home~~ the Devolution Deal:

- Prosperity (measured by Gross Value Added or GVA)
- Housing

Jobs

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- 6.2.5 The Performance Report also details the RAG status of key projects, taken from the monthly highlight reports process.
- 6.2.6 ~~Growth fund and~~ In addition to this performance report, an exception report is created from the amber and red rated projects and shared with Combined Authority Board Members.
- 6.2.7 Project Managers are also required to complete monthly finance reports for each of their projects, which provides a detailed overview of the year-to-date actual spend, budget and a full year forecast. This links with the highlight report process, to ensure an accurate picture of project delivery is captured. The finance reports enable effective forward planning of expenditure, with future year budgets included which are discussed between Project Managers and Finance Managers and fed into the Budget Monitoring Reports which are a standing item at the Combined Authority Board. This report also allows costs to be split between spend to date and future spend forecasts, allowing baselining of costs.
- 6.2.8 Strategic funds investment update reports that cover Local Growth fund and Getting Building Fund are also submitted to every meeting of the Business Board and will be published on the Business Board section of the website.
- 6.2.7 ~~Aligning with the quarterly updates to Combined Authority Board, 'Critical Friend' clinic sessions are arranged by the PMO team, where project managers and Directors are invited along to review the status and performance of projects.~~
- 6.2.9 All funding agreements/contracts with external bodies will include reporting guidelines as specified in the Monitoring and Evaluation Framework.

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6.3 Risk Management

- 6.3.1 The Combined Authority has developed a risk management approach ~~for~~ corporate, portfolio, programme and project level as set out in the Risk Management Strategy published on the Combined Authority website. Within our strategy, with it manages risk identification, mitigation, escalation and reporting templates guidance.
- 6.3.2 It is important that the level of risk taken on any project and programme is understood from an early stage alongside the associated cost implications. Project managers are required to include risk as part of funding requests.
- 6.3.3 The corporate risk register which incorporates the risks will be reviewed monthly by the ~~Combined Authority Director team~~ Corporate Management Team and will be considered by the Audit and Governance Committee quarterly. ~~We corporate risk register and a project register, and a~~ The Combined Authority's risk strategy includes a hierarchy of risk registers: Project, Programme, Portfolio and Corporate, risks can be escalated up through these levels where required.
- 6.3.4 Senior Officers of the Combined Authority (Chief Executive and CPCA S73 Officer) are responsible for the identification and management of risk. ~~The Combined Authority has an Assurance Manager, to support this activity.~~



- 6.3.5 At the project level, all projects are expected to outline, in detail, any identified risks during the business case development and due diligence processes. Once in delivery, ongoing risk registers are maintained and incorporated into the monthly highlight reports. Where applicable, external partners are also encouraged the Combined Authority's risk register template.

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6.4 Change requests and funding clawback

- 6.4.1 All early warnings and project change requests must be clearly documented, with evidence of approvals and notifications saved where applicable and recorded within the performance highlight reports.

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- ~~6.4.2 Project change request forms should be used when approval is higher than that of a Director and for changes which include the following:~~

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- 6.4.2 All project changes must receive written approval from the named Director responsible for the project, or the CPCA Project Board where one exists. The Director for Business and Skills has delegated authority to SROs, within this directorate. This is found within Appendix 1 of the Relationship between Risk and Change Control document.

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- 6.4.3 When a change request requires an increase in funds outside of the MTFP allocation, this change request will need to follow the appropriate Committee and or Board approval.

- 6.4.4 Approval will be required for:

- RAG rating change in the Highlight Report
- Changes of project scope
- ~~Changes to timescales (ie delay to completion date)~~
- ~~Amendments~~ Amendment to budget (within the MTFP allocation)
- ~~Variations to outputs delivered~~
- ~~Withdrawal of a project~~
- ~~Agreed mitigation/action arising from RAG~~

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- ~~6.4.3~~ 6.4.5 Directors are responsible for agreeing change requests within delegation and promoting change requests outside their delegation. Where there is a project board on which the Director sits, the Project Board may also agree change requests within its delegations.

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- 6.4.6 ~~Clawback~~ In relation to funding controlled by the Business Board, any change requests should be taken to the Business Board for recommendation to Combined Authority Board.

- 6.4.7 Business Board recommendation will be required for:

- Changes of project scope (from original awarded scope)
- Changes to timescales (beyond a month to milestones)
- Amendment to budget (outside of the original funding award)
- Variations to outputs delivered (as agreed in Grant Funding Agreement)
- Withdrawal of a project



6.4.8 Project change requests that do not constitute a material change can be approved by a Director or the Chief Officer to the Business Board.

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6.4.9 The tolerance thresholds that constitute a material change are defined in relation to spend targets, variance control and change control within individual projects and programmes. But generally, a 10% variance will be permitted in any one reporting period. More than 10% variance on spend and delivery targets will trigger a review by the Business Board. In respect of timeline of project milestones, a variation of up to one month is permissible if agreed by the Chief Officer to the Business Boards, in writing but beyond a month is considered a material change requiring Business Board recommendation for approval.

6.4.10 Funding clawback and recovery processes for under-performing projects need are is clearly addressed in the funding agreement/contract. Agreements

6.4.11 The Business Board is responsible for decisions around withholding, suspending and/or paying back of awarded funds. In some instances, as a result of project review and monitoring it will be determined that a project is not going to spend its Business Board funding allocation or there will be an issue with eligibility or relevance of spend against contract which requires a claw back of funds.

6.4.12 Funding agreements or contracts relating to financial awards granted through programmes offered by the Business Board, determine the circumstances under which funds might be withheld, suspended and/or clawed back. Project applicants agree to monitor the delivery of their projects, reporting back regularly, to ensure that the outputs and outcomes are being reviewed to make it clearer what the recovery action met and that the terms of the Agreement are complied with.

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will be.

6.4.13 The Business Board's role in recovering funding where there Board will undertake interim or post completion checks to confirm that the grant has been enoused as per the approved purposes and will investigate any projects in the event of non-compliance, misrepresentation or mis-representation, underperformance, mismanagement and/or a failure to deliver an output and/or outcome.

6.4.14 On request the applicant must provide the Business Board with such information, explanations and documents as may reasonably be required in order to facilitate monitoring and/or to establish the terms of their Agreement have been complied with.

6.4.15 No financial claim shall be paid unless and until the Business Board and/or the Combined Authority are satisfied that such payment is due under the terms of the project funding a Agreement. An applicant may be required to pay back all or part of the funding in the following circumstances:

- Cases involving breach of UK Subsidy law
- Failure to comply with the agreement or contract
- Cases involving fraud, prohibitive acts, illegal or unlawful activity or actions, dishonesty and/or negligence
- Misleading the Business Board/Combined Authority
- Undertaking activity which could affect reputation of the Business Board or Combined Authority
- Failure to make satisfactory progress, or failing to achieve an output and/or outcome
- Cases where the grant was used for purposes other than those intended (such as ineligible expenditure).

6.4.16 There may be instances where recovery or clawback is required against assets, The Business Board/Combined Authority may seek to recover funding against assets by legal process but in the first instance preferably through cooperation of the applicant/grant beneficiary on disposal assets to achieve repatriation of all or part of the original grant value. The Combined Authority reserves the right to pursue legal claims against grant applicants and grant beneficiaries under the terms of the grant agreement/contract and this includes any assets.

6.4.17 The Combined Authority in its capacity as the Accountable Body will:

- ensure that all decisions regarding public funds are made on merit having taken into account all the relevant information available at the time.
- compliance to EU state aid and UK subsidy rules in all cases where this may apply and to take legal advice where necessary, ensuring that all decisions are recorded and reported
- ensure that all funding agreements reflect the conditions that need to be placed on any grant and that these conditions are upheld

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- ensure that recovery and/or clawback is enforced where non-compliance, misrepresentation, underperformance or mismanagement or a failure to deliver has occurred and where this is appropriate but only when other options have been exhausted by the Business Board and Officers to enable delivery and the Board have agreed this cause of action, following detailed reports and legal advice
- to retain copies of all related documentation for Local Growth Funding and any other government funding delegated to the Business Board and to ensure that the Business Board is retaining the complete record
- ensure that this Assurance Framework and the National Assurance Framework as approved by Government is adhered to in relation to any Recovery or Clawback.
- maintain the official record of recovery and/or clawback proceedings and holding all related documents.
- review that the Business Board's decisions are lawful and that suitable legal advice has been obtained by the Business Board or Officers, also that the correct processes have been followed
- At its discretion undertake any of the clawback/recovery actions as outlined instead of the Business Board

6.5 Monitoring & Evaluation

6.5.1 The Combined Authority's Monitoring and Evaluation Framework sets out when and how programmes and projects are reported.

6.5.2 Project managers are responsible for identifying, at the initiation stage, what their project is to deliver. All projects must have a logic model created to detail this and more information can be found in the Monitoring & Evaluation Framework.

6.5.3 Evaluation plans are created when the project is nearing the construction/delivery phase and will be proportionate and in line with the latest government department guidance where relevant. For example, all transport schemes (over £5m) will follow Monitoring and Evaluation Guidance for Local Authority Major Schemes.

6.6.1. The Combined Authority will identify the projects that will be subject to a more detailed evaluation. The level of evaluation will depend on the following questions:

- A) Is the project funded through Investment funding (in the CPCAs' case the core agreement with central government to devolve £20m per year over 30 years) or Transforming Cities Funding. If so, it is subject to the agreed independent national evaluation framework.

6.4.5 B) Is the project funded through other streams and identified as being

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developed, 'key' in terms of the expected benefits to be achieved. If so, it is subject to a full independent evaluation commissioned by the CPCA.

C) Is the project identified as one where significant learning is available that would help to inform future policy making either locally or nationally. This will include projects that are innovative or considered 'pilots'.

- If so evaluation work in this case would be either be commissioned independently or carried out locally within the public sector.
 - D) Other projects not included above would be subject to minimal 'self-evaluation' based on submitted business cases. The funding partner may be responsible for this.
-

6.7. Measuring Success – Realising the Benefits

6.17.1 The Importance of Monitoring and Evaluation

7.1.1 The Combined Authority and the Business Board (LEP) is committed to implementing effective monitoring and evaluation so that it is able to:

- **Provide local accountability to the public** by demonstrating the impact of locally devolved funding and the associated benefits being achieved.
- **Comply with external scrutiny requirements** ~~ie i.e.~~ to satisfy conditions of the Devolution Deal. Specifically, the Monitoring and Evaluation Framework will be used to demonstrate local progress and delivery to senior government officials and Ministers who are ultimately accountable to parliament for devolved funds.
- **Understand the effectiveness of policies or investments** and to justify reinvestment or modify or seek alternative policy. The Monitoring and Evaluation Framework provides a feedback loop for the Authority and relevant stakeholders. This includes performance measurement on the impact of outcomes from specific funding programmes which the Combined Authority is the Accountable Body, for example Local Growth Funds.
- **Develop an evidence base for input into future business cases** and for developing future funding submissions. The Monitoring and Evaluation Framework will collect, collate and analyse data which can be utilised for future work and especially in relation to economic impact of particular interventions creating 'benchmarks'.

7.1.2 The Combined Authority Monitoring and Evaluation Framework was initially prepared in relation to the Combined Authority's ~~devolution deal~~ Devolution Deal monitoring and evaluation requirements. However, the approach set out in the Framework will be utilised for all sources of funding within the Cambridgeshire and Peterborough Business Plan, accepting that some government departments will have slightly different requirements which will be met. The Framework builds on the National Evaluation Framework for devolution funds, prepared by SQW and agreed with devolution areas and government.

7.1.3 The Business Board ~~will be asked to co-adopt~~ has also adopted this Monitoring and Evaluation framework, as the Governments published guidance requires the Business Board to reference their monitoring and evaluation arrangements as well. This includes for example specific plans using the framework to deliver monitoring and evaluation work for key Business Board programmes.

7.1.4 The overall responsibility for monitoring and evaluation (the Monitoring and Evaluation framework) and execution of the activity associated with it is held at director level at the Combined Authority, within the post of Strategy & Assurance Director. Delivery and Strategy. The Combined Authority has agreed a contract with Cambridgeshire County Council (part of the wider Cambridgeshire Insight partnership) to provide an appropriate level of officer support on Monitoring and Evaluation, including local knowledge, expertise and supporting capacity. For Local Growth Fund programme it was agreed to utilise an additional contractor to undertake the evaluation work on the Local Growth Fund evaluation plan phase one.

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- 7.1.5 The Combined Authority's approach uses the Magenta Book definition of monitoring and evaluation and makes use of the wider guidance within this document as complementary guidance to the HM Treasury Green Book.
- 7.1.6 The Combined Authority major projects will have logic models.
- 7.1.7 Lessons learnt from evaluations will be reported to the Business Board and Combined Authority Board as appropriate.

7.2 Programme and Project Monitoring

- 7.2.1 Funding agreement/contracts set out the programme or project spend and output profile together with the monitoring arrangements (financial, benefits and risk).
- 7.2.2 Monthly highlight reports are completed by project managers on all live projects ~~and provide updates on the performance of projects.~~ These reports are reviewed by ~~directors at their monthly Director meetings and quarterly, during the 'Critical Friend' clinic sessions~~ members of the Corporate Management Team.
- 7.2.3 Project finances are reported as a standing item to relevant Executive Committees, and the Combined Authority Board, as part of the overall budget monitoring report.
- ~~7.2.3~~ 7.2.4 Any changes or variances to the spend profiles or key milestones will need to be reported by the Project Manager and approved by the Combined Authority. On approval a variation letter to the Funding Agreement/contract will be issued.

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7.3 Project Evaluation

- ~~7.3.1 The business case clearly defines those outputs which may be captured through routine monitoring.~~
- ~~7.3.2 The Monitoring and Evaluation framework sets out when and how programmes and projects are reported.~~
- ~~7.3.3 Evaluation forms are a requirement of the project closure process, and project managers are responsible for identifying at the inception stage what their project is to deliver. Detailed evaluation requirements are also a requirement of the project closure form.~~
- ~~7.3.4.6.1. Evaluation plans will be proportionate and in line with the latest government department guidance where relevant. For example, all transport schemes (over £5m) will follow Monitoring and Evaluation Guidance for Local Authority Major Schemes.~~
- ~~7.3.5 All monitoring and evaluation arrangements (which will form part of the final business case) and interim and final monitoring and evolution reports, will be published on the CP Combined Authority website.~~
- ~~7.3.6 The Combined Authority will identify the projects that will be subject to a more detailed evaluation. The level of evaluation will depend on the following:~~
- ~~• Project funded through growth funding (in the Combined Authority's case the core agreement with central government to devolve £20m per year over 30 years). Therefore, subject to the agreed national evaluation framework, independent evaluation led by SQW Ltd.~~
 - ~~• Projects funded through other streams and identified as being 'major' in terms of the relative size of the funding and/or the expected benefits to be achieved. Therefore, subject to full independent evaluation commissioned by the Combined Authority (an example would be evaluating the effectiveness of projects commissioned under the £100m affordable housing fund).~~
 - ~~• Project identified locally as one where significant learning could be available that would help to inform future policy making either locally or nationally. This will include projects that are~~

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~~innovative or considered 'pilots' Evaluation work in this case would be either be commissioned independently or carried out locally by the Research Team for Cambridgeshire County Council.~~

~~7.3.7—Other projects not included above subject to proportionate 'self-evaluation' based on submitted~~

~~business cases.~~

7.47.3 Adult Education Budget Monitoring and Evaluation

~~7.4.17.3.1~~ The Adult Education Budget reporting will be included within the Combined Authority monitoring and evaluation submissions as required under the devolution agreement. The Combined Authority has already submitted our policies for adult education as part of the readiness conditions and they were published as part of the commissioning process. ~~They will continue to be updated and will be published more broadly during the academic year 2019/20.~~

~~7.4.27.3.2~~ The Combined Authority's Monitoring and Evaluation Framework (detailed above) will be used for the Adult Education Budget activity including the use of logic models. The first formal annual evaluation ~~will be~~ has been undertaken ~~after year 1 academic year 2019/20~~ delivery and completed ~~by December 2020 in January 2021~~. It ~~will meet~~ meets the national requirements as set out in the National Assurance Framework, together with locally determined requirements so that it can be used to inform and shape the criteria for future funding awards.

~~7.4.37.3.3~~ The Combined Authority has agreed with the Education & Skills Funding Agency a formalised approach for Audit, Assurance, Fraud and Investigations for ~~2019/20. This agreement provides support for both parties in ensuring AEB service provision post devolution~~ the first year of devolved delivery in 2020/21, known as Year 1. The Combined Authority will be responsible for auditing all training providers and colleges on the adult education budget funding stream in our region from April 2021, known as Year 2.

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7.8. Appendix 1 - Cambridgeshire and Peterborough Combined Authority and Business Board Joint Statement

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Advisory and challenge function:

The Business Board is a non-statutory body which is the Local Enterprise Partnership for this area. It is independent of the Cambridgeshire & Peterborough Combined Authority (CPCA) operating as a private-public sector partnership, focusing on the key business sectors to provide strategic leadership and drive growth in the Cambridgeshire and Peterborough and wider Local Enterprise area.

The Business Board comprises a blend of industry leading experts from the private sector, alongside representatives from the public sector and education communities. It is chaired by a private sector representative and brings together some of the brightest entrepreneurial minds in our area.

The Chair is a voting member of the Cambridgeshire and Peterborough Combined Authority Board ensuring that the business view is at the centre of regional decision making.

The role of the Business Board as stated within its terms of reference is:

Strategy:

- (a) In collaboration with the Cambridgeshire and Peterborough Combined Authority, develop and deliver an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area.
- (b) Set strategy and commission interventions to drive growth, jobs and private sector investment to deliver the strategy.

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Allocation of funds

- (c) Identify and develop investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy.
- (d) ensure that bids for public funding made available by government for LEPs support economic growth.
- (e) ensure any decisions which are made in contravention of the process will be invalid.

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Co-ordination

- (f) Use its Business convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors.

- (g) ensure Business Board and Combined Authority policy and decisions receive the input and views of key business leaders and take account of the views of the wider business community
- (h) engage with local businesses to understand the needs of different sectors and markets

Advocacy

- (i) Collaborate with a wide-range of local partners to act as an informed and independent voice for business across their area.
- (j) engage business, opinion formers and policy makers at a national and international level in promoting economic growth in the region.

(Business Board constitution)

By bringing together the Business Board and the Combined Authority we combine the best of private sector expertise and public sector knowledge, transparency and accountability.

Alignment of decision-making across a clear geography:

The Mayoral Cambridgeshire and Peterborough Combined Authority was formally established on 2 March 2017 (with [the first](#) Mayoral election held in May 2017) to further the sustainable and inclusive growth of the economy of Cambridgeshire and Peterborough. Its geographical boundary covers seven constituent local authorities in the Cambridgeshire and Peterborough area.

The Business Board was established on 1st April 2018, taking over from the former Greater Cambridge Greater Peterborough Local Enterprise Partnership, to drive forward economic growth across its local area. The Business Board is now responsible for all former Local Enterprise Partnership projects and programmes. The Business Board currently covers 15 local authorities;

As part of a full regional governance review, the Department for Business Enterprise and Industry are considering proposals to align the Business Board boundaries with the Cambridgeshire and Peterborough Combined Authority to ensure close working and delivery of economic growth projects across Cambridgeshire and Peterborough.

The integrated officer structure ensures that the relationship between the Combined Authority and Business Board is strong and effective. All governance policies and procedures are aligned ensuring transparency and open and accountable decision making.

Accountability:

The accountable body for all Local Enterprise Partnership funding is the Cambridgeshire and Peterborough Combined Authority. It provides the accountable body role for the both Business Board, the multi LEP Agri-Tech programme and the Greater South East Local Energy Hub and employs the

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officers that support them. The Combined Authority will ensure the effective use of public money and



have responsibility for the proper administration of funding received and its expenditure, and must also review and approve the financial framework.

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The Combined Authority Board approves funding decisions upon the recommendation of the Business Board except where delegations have been approved. The BB S73 Officer signs off all funding decisions taken by the Business Board prior to their presentation to the Business Board.

Efficiency and corporate identity:

The Combined Authority and Business Board operate under a single officer team. In order to ensure the independence of each Board, the senior management team has separate duties assigned to officers within that team. The senior management team is headed up by the joint Chief Executives.

The Combined Authority Board and Business Board are supported by a Chief Officer who is the Director for Business & Skills, and further supported by key statutory officers within the single team and through a dedicated S154S73 Officer (BB S73 Officer) and Monitoring Officer to provide an independent secretariat to each Board.

In addition to the above, the Boards also benefit from specialist support within the wider structure. This includes experienced Directors, Programmes Managers, Assurance Manager and others to ensure that the organisation is run in a proactive, impact driven and fully compliant manner.

The Combined Authority and the Business Board have their own branding and identity recognising that some work of the Business Board is separate from and extends beyond the Combined Authority.

Overview and Scrutiny:

The role of the Cambridgeshire and Peterborough Combined Authority's Overview and Scrutiny Committee is primarily to scrutinise the work and decisions made by the Cambridgeshire and Peterborough Combined Authority. In so far as the business of the Business Board, the Overview and Scrutiny Committee may review or scrutinise any Combined Authority decision in its role as accountable body for the Business Board. The Combined Authority's Scrutiny Officer shall ensure this includes appropriate scrutiny of the Business Board decision making and achievements. To further strengthen internal scrutiny, an appointed member of Overview & Scrutiny Committee will shadow the work of the Business Board and this member will occupy the position of Overview & Scrutiny Lead Member. Any Business Board member may be asked to attend, or otherwise contribute to a meeting of the Combined Authority's Overview and Scrutiny Committee.

The Cambridgeshire and Peterborough Combined Authority's Audit and Governance Committee shall also oversee the audit and governance arrangements of the Business Board. To further strengthen internal scrutiny, an appointed member of Overview & Scrutiny will shadow work of the Business Board, this member will occupy the position of Lead Member.

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8.9. Appendix 2 – Summary of Scheme of Delegation for Business

Board funding

The schemes of delegations are set out in the Business Board and Combined Authority Constitutions and summarised below:



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Function	Approved by	Recommendation by	Supported by
Strategy			
CPIER and the Mayor's growth ambition statement and associated thematic strategies	Combined Authority Board		Chief Executive, Monitoring Officer and CPCA S73 Officer
Business Plan and the Medium-Term Financial Plan	Combined Authority Board	Overseen by Audit and Governance Committee	Chief Executive, Monitoring Officer and CPCA S73 Officer
Business Board to lead on development and deliver an evidence-based Local Industrial Strategy	Combined Authority Board	Business Board	Chief Executive, Director of Business and Skills, Monitoring Officer and BB S73 Officer
Digital Sector Strategy	Combined Authority Board	Business Board	Chief Executive, Directors, Monitoring Officer and CPCA S73 Officer and BB S73 Officer
OxCam Arc	Combined Authority Board	Business Board	Director of Business and Skills Monitoring Officer, CPCA S73 Officer and BB S73 Officer
Influencing the development of the other Combined Authority's strategies and policies	Combined Authority Board	Business Board	Chief Executive, Monitoring Officer and CPCA S73 Officer and BB S73 Officer
Allocation of LEP funding			
Budget approval	Combined Authority Board		Chief Executive, Monitoring Officer and CPCA S73 Officer
Sign off all funding decisions relating to funding allocated to the Business Board and sub-committee expenditure	BB S73 Officer		

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Business Board funded project approvals	Combined Authority Board as accountable body	Business Board review the Business Case for Business Board funded projects and make recommendations to the Combined Authority Board	BB S73 Officer signs off all Business Board expenditure proposals
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Function	Approved by	Recommendations to the Combined Authority Board Recommendation by	Supported by
Allocation of Small Grants between £2,000 and £20,000	Director of Business & Skill		Delegation subject to Section 73 BB S73 Officer approval and report all approvals to the next schedule meeting of the Business Board. Decision recorded through the Officer Decision Notice process
Wisbech Access Strategy at key gateway stages to deliver the agreed Wisbech Access Strategy Package works	Head of Transport in consultation with the Chair of the Transport Committee Section 73 CPCA S73 Officer		Decision recorded through the Officer Decision Notice process
Eastern Agri-Tech Programme (Multi-LEP Programme) to make decisions about applications for grant funding on behalf of both the CA/BB and NALEP (New Anglia Local Enterprise Partnership).	Eastern Agri-Tech Programme Board		Agri-Tech Project Officer, Director of Business and Skills, Monitoring Officer and BB S73 Officer
Energy Hub funding (Multi-LEP Programme) (a) to assume the Rural Community Energy Fund management role (b) oversight of the Rural Community Energy Fund (RCEF) Funding Panel	Greater South East Energy Hub		Regional Energy Hub Manager, Director of Business and Skills, Monitoring Officer and CPCA S73 Officer

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Makes decisions on Energy Hub grant applications.	Community Energy Fund (RCEF) Funding		Regional Energy Hub Manager, Director of Business and Skills,
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Function	Approved by	Recommendati on Recommendation by	Supported by
	Panel		Monitoring Officer and CPCA S73 Officer
Strategic oversight and governance of the Enterprise Zones	Business Board		Director of Business and Skills, Monitoring Officer and BB S73 Officer
Programme delivery of Enterprise Zone projects	Enterprise Zone Alconbury Weald Programme Board and Cambridge Compass Enterprise Zone Project Boards BB S73 Officer Chief Executive	Director of Business and Skills	Individual Enterprise Zone Project Boards for each site, set-up at officer level and responsible for delivering the programmes and projects associated with the regeneration and development of each Enterprise Zone site.
Governance			
Accountable Body Business Board and the Greater South East Local Energy Hub	Combined Authority Board BB S73 Officer	Director of Business and Skills	
Assurance Framework	Joint approval by Combined Authority Board and Business Board	Monitoring Officer and CPCA S73 Officer	Director of Business and Skills responsible for the delivery of Business Board functions within the assurance framework
Submission of Growth Deal and Getting Building Fund monitoring report reports to Government	Combined Authority Board Chief Executive BB S73 Officer	Business Board where Board meeting timetable allows	Director of Business and Skills S73 Officer
Annual Delivery Plan	Business Board		Director of Business and Skills responsible for the delivery of annual delivery plan within agreed budgets

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Business Board Constitution and delegations to other bodies or Officers	Combined Authority Board	Business Board	Director of Business and Skills. Monitoring Officer and BB S73 Officer
Membership of the Business Board –	Board's appointments		Director of Business and Skills



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Function	Approved by	Recommendati on Recommendation by	Supported by
Private Sector members	panel		
Diversity Statement	Business Board		Director of Business and Skills
Contract Standing orders and financial regulations Regulations	Combined Authority Board		Monitoring Officer and CPCA S73 Officer
Urgent Decisions	Business Board urgency procedure and reported to next Meeting of Business Board		Director of Business and Skills Monitoring Officer and BB S73 Officer
Risk Management for Business Board Projects	Business Board		Director of Business and Skills Senior Information Risk Officer (SIRO) - The Monitoring Officer is the SIRO for Information Governance
Final accounts	CPCA S73 Officer and Audit and Governance Committee		
Annual Governance Statement	Mayor, the Business Board Chair and the Chief Executive	Audit and Governance Committee	
Growth Company	Combined Authority Board	Business Board	Director of Business and Skills Monitoring Officer and S73 Officer

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9.10. Appendix 3 – Governance Framework and Publication Checklist

	Chapter	Link to scheme Key Documents	Documents that must be published under National Framework
1	Assurance framework		
		National Assurance Framework National Assurance Framework	✓
		Cambridgeshire and Peterborough Assurance Framework	✓
2	Strategic Documents		
		Cambridgeshire and Peterborough Devolution Deal Peterborough Devolution Deal	✓
		Cambridgeshire and Peterborough Independent Economic Review	✓
		Local Industrial Strategy Local Industrial Strategy	✓
2.1		Mayor's growth ambition Mayor's growth ambition statement	✓
2.2		Cambridgeshire and Peterborough Business Plan 2019-2020	✓
2.3		Combined Authority Medium-Term Financial Plan 2019-2023 Term Financial Plan 2019-2023	✓
3	Accountability and Transparent Decision making		
3.2	Combined Authority	Constitution of the Mayoral Combined Authority	✓
		Combined Authority Members Combined Authority Members	✓

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3.3	Business Board	<u>Constitution of the Business Board</u>	✓
		<u>Business Board Members</u>	✓
		Cambridgeshire and Peterborough Combined Authority and Business Board Joint Statement (See Appendix 1)	✓
		<u>Eastern Agri-Tech Growth</u>	✓

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		Initiative & Agri-Tech Programme Initiative & Agri-Tech Programme Board	
		Eastern Agri-Tech Growth Initiative Guidance Notes and Initiative Guidance Notes and Pre-Qualification Questionnaire	✓
		Enterprise Zones Alconbury Weald Enterprise Zones Alconbury Weald and CambridgeCambridge Compass Enterprise Zones	✓
		Greater South East Energy Hub & Energy Hub Board Greater South East Energy Hub & Energy Hub Board	✓
		RCEF guidance notes and Expression of Interest form (to be published)	✓
3.4		Officer Decision Notices Officer Decision Notices	
3.6	Statutory Committees		
	Overview & Scrutiny Committee	Terms of reference (Constitution) Terms of reference (Constitution)	
	Audit & Governance Committee	Terms of reference (Constitution) Terms of reference (Constitution)	
		Audit Reports 2019 - Business Board - Internal Audit annual internal Audit letter Business Board - Internal Audit annual internal Audit letter	✓
3.7	Data Protection	Data Protection Policy Data Protection Policy	✓
4	Accountability and Transparency – Supporting Policies and Procedures		
		Combined Authority Agendas and Combined Authority Agendas and minutes	✓
		Business Board Agendas and Business Board Agendas and minutes	✓
		Annual report and delivery plan Annual report and delivery plan	✓

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4.2	Financial information	Annual accounts, external audit letter and annual governance statement 2017/18 Annual accounts, external audit letter and annual governance statement 2017/18	✓
		Quarterly return to BEIS on Growth Fund projects, spend and performance Quarterly return to BEIS on Growth Fund projects, spend and performance	✓
		Funding programme with description of the scheme, promoter and funding award Funding programme with description of the scheme, promoter and funding award	✓
4.3	Remuneration and Expenses	Interim Business Board Expenses Interim Business Board Expenses Scheme	✓
		Allowances and Expenses paid 2018/19 Allowances and Expenses paid 2018/19	✓
		Salaries of senior officers earning more than £50,000 (published annually); together with the numbers of staff who earn over	

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		£50,000, in bands	
4.4	Freedom of Information	CACP Freedom of Information <u>CACP Freedom of Information Policy</u> , publication scheme and published FOI requests and responses	✓
4.5	Conflicts of Interest	Code of Conduct for Business <u>Board Members</u> Code of Conduct for staff <u>Code of Conduct for staff</u>	✓
		Declarations of Interest forms	✓
		Register of interest for Chief <u>Register of interest for Chief</u> Executives	✓
4.6	Gifts and Hospitality	The register of gifts and <u>The register of gifts and</u> hospitality, declared by Business Board	✓
4.7	Complaints and Whistleblowing	CACP Complaints Policy <u>CACP Complaints Policy</u>	✓
		CACP Whistleblowing Policy <u>CACP Whistleblowing Policy</u>	✓
		CA Business Board Complaints <u>CA Business Board Complaints</u> Policy	✓
		CA Business Board <u>Whistleblowing</u> Policy <u>CA Business Board</u> Whistleblowing Policy	✓
		CA Business Board Confidential reporting of Board complaints <u>Confidential reporting of</u> <u>complaints</u>	✓
		Making a complaint <u>Making a</u> complaint	✓
		Fraud and Corruption Policy <u>Fraud</u> and Corruption Policy	
4.8	Diversity Statement	CA Business Board Diversity <u>CA Business Board Diversity</u> Statement	✓
4.9	Government Branding	Guidance for signage, social media, press notices and other marketing materials for every Government funded project (to be published)	
5	Robust Decision making		

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5.3	Expressions of Interest/Open Calls	Local Growth Fund, expressions of interest under the Growth Prospectus	✓
5.5	Business Cases	10-point guide on Project Management – See Appendix 3	✓
5.7	Ensuring Value for Money	<u>Monitoring and Evaluation Framework</u>	
6	Delivery Phase		
		Growth fund and investment update reports	✓
		Risk Management	

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10. Appendix 4 – 10 Point Guide to Project Management

Ten-point guide to CPCA project management

Overview and user guidance

A 10-point guidance document has now been produced by the PMO, to help answer the most important questions on the successful delivery on our projects.

In the points below, we can have attempted to capture the key issues and questions you may have. For any further questions, please speak to the PMO Programme Manager.

This document will be updated quarterly. Please therefore ensure you check back to this guidance regularly.

Version 1.1

Version control

Version	Date	Description of change
1.0	25.03.19	Document finalised and circulated
1.1	20.05.19	Link to project initiation document, 'approving a project' and approval flow chart updated



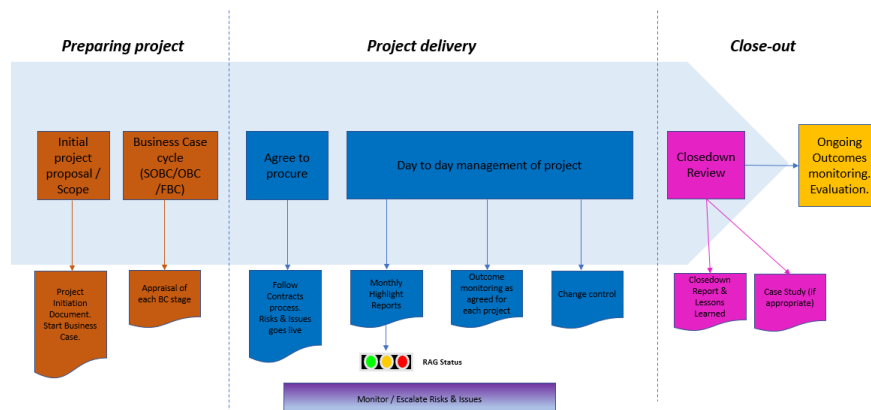
1) What is a project and how do I initiate one?

The Combined Authority defines a project as the following:-

- A unique venture established for a fixed term, with defined start and end dates (transient) and set outcomes/outputs;
- Capital expenditure to deliver a specific outcome;
- Feasibility studies (revenue or capitalised);
- Revenue funded service activities identified by Directors as requiring entry in the Project Management process (due to importance or scale);
- Projects need to have Board or delegated approval, and provision in the Medium Term Financial Plan (MTFP).

Projects can be managed together as Programmes (for example Agri-tech Grant Fund) and will also include legacy programmes / activities from The Business Board. Projects, however, will not include day to day corporate activity (for example, setting the creation of HR policies).

GPCA Project Management Process:





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Preparing a project:

The first step for establishing a project is for the Project Initiation Document (PID) to be completed by the named project/programme Manager. The purpose of this document is for directors to confirm whether the project should go onto the business case stage or not.

PIDs are an internal management document designed to capture key information on budget, timetables and objectives of the project:

[Click here for Project Initiation document – PID](#)

It is also during the PID stage where the project gantt chart should be created. This is the basis for monitoring key project milestones and critical dependencies within a delivery timescale. It is expected that Project Managers will monitor and update Gantt charts throughout the full project life cycle.

[Click here for Gantt chart template](#)

Project managers need to inform the Programme Management Office (PMO) if they have been asked to create a PID, so the project idea/concept can be recorded on the Single Project Register (SPR). The SPR is a live document managed by the PMO and created to record all CPCA projects and project ideas.

Once created by the named project manager, the PID requires approval from the Combined Authority Directors, usually through the weekly director meetings. It is important that approvals of PIDs through these meetings are minuted, and that outcomes of the agreement or modifications that may be required are communicated to the project manager.

It is the responsibility of the accountable Director to present the project idea/concept and provide an overview of the strategic case, so please ensure your PIDs are shared and approved by the named Director in adequate time.

To get your PID added into the weekly Director meetings, please speak to a member of the PMO. PMO will track the approvals of new projects and will be on hand to offer any support with writing reports.

To note: PIDs are only the initial stage of approval and the project concept should be developed into a business case before final sign-off. The PID is an internal management document and should not go to Board/CEO for approval.

Project managers will be expected to liaise with Finance for assistance in identifying a suitable a budget line before the PID goes in front of CPCA Directors for approval.

Business Case approval:

Once the PID has been approved by Directors, the project concept should then be developed into a Business Case. This is the required route in getting funding approved for the project concept:



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[Click here for CPCA Business Case](#)

Business cases need to include key information on project delivery, project plans and monitoring & evaluation. The Combined Authority has adopted HM Treasury's Five Case Model, and business cases need to be prepared according to the following elements:

Five Cases	Detail
Strategic Case	The strategic case sets out the rationale for the proposal, it makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved.
Economic Case	The economic case is the essential core of the business case and should be prepared according to Treasury's Green Book guidance. This section of the business case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal.
Commercial Case	The commercial case is concerned with issues of commercial feasibility and sets out to answer the question "can the proposed solution be effectively delivered through a workable commercial deal or deals?" The first question, therefore, is what procurement does the proposal require, is it crucial to delivery and what is the procurement strategy?
Financial Case	The financial case is concerned with issues of affordability, and sources of budget funding. It covers the lifespan of the scheme and all attributable costs. The case needs to demonstrate that funding has been secured and that it falls within appropriate spending and settlement limits.
Management Case	The management case is concerned with the deliverability of the proposal and is sometimes referred to as programme management or project management case. The management case must clearly set out management responsibilities, governance and reporting arrangements, if it does not then the business case is not yet complete. The Senior Responsible Owner should be identified.

The CPCA Business Case template deliberately uses the PID template and poses additional questions which require more detail. This is to enable project managers to revise the information from the PID.

At this stage, business cases should also be linked to a budget line within the MTFP and this includes securing the Chief Finance Officer's (CFO) agreement to the proposed budget for the project. Again, please speak to a member of the Finance team for more clarity on this.

Please ensure that Assurance Framework requirements are built into business cases, such as the Value for Money statement. The CPCA Local Assurance Framework is currently under review, so please seek advice from the Compliance Manager for more information in the interim.

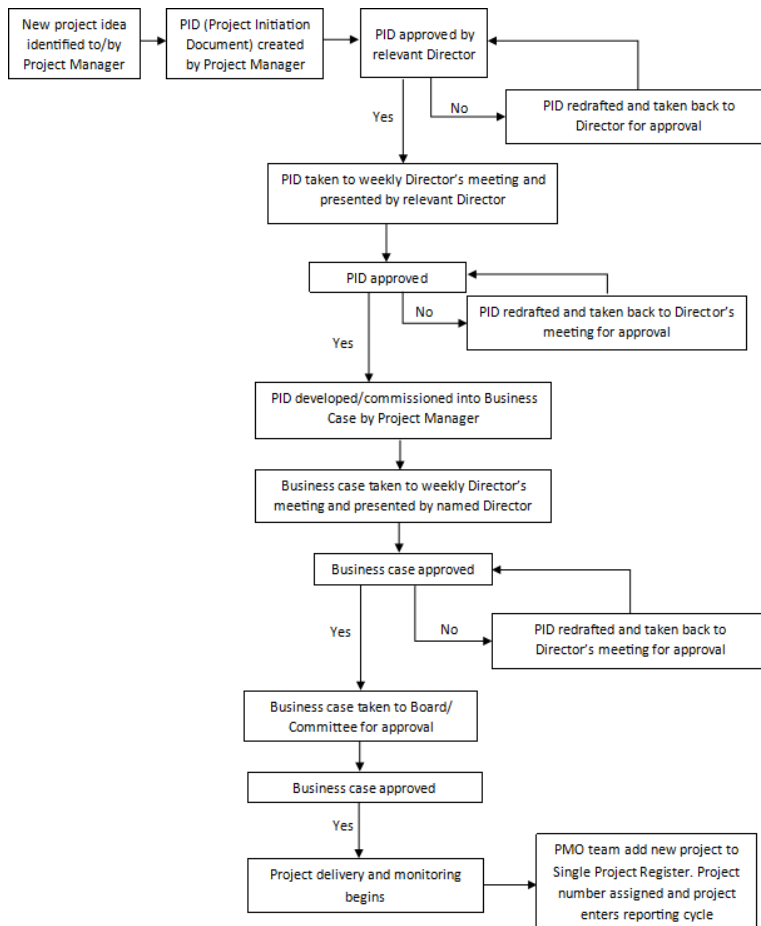
Approving the business case:

After project manager have created the business case, this will need to go to the relevant director for sign off and then to the weekly Director meetings for approval. Again, please speak to the PMO for getting your Business Case added to a Directors' meeting agenda.

This business case may then require Board (and in some cases, Committee) approval for final sign-off so please see section 2) for more information.



Full approval flow-chart



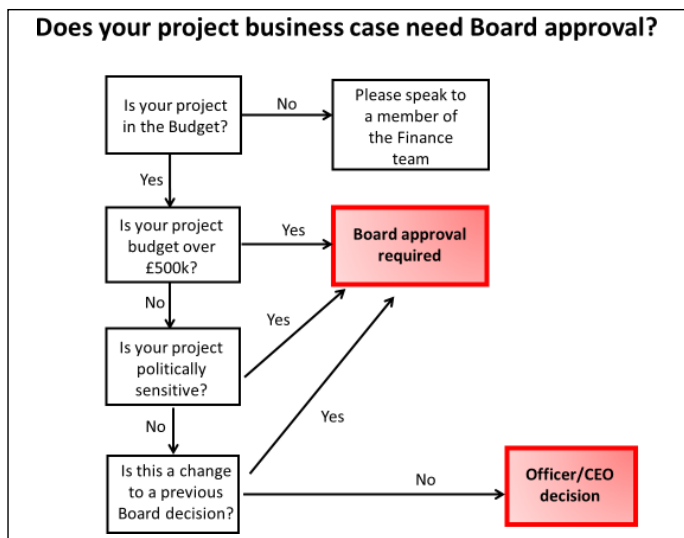


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2) Does approval of my project need to go to Board?

Once directors have signed off the Business Case at their weekly meetings, it will then require final approval to commence to project delivery. This may be via the monthly Committee and Board cycle or through the Combined Authority Chief Executive. The Scheme of Delegations will set out who can agree different budget amounts, which will affect how your project can be approved. For example, all projects with a budget line over £500,000 (above CEO/CPCA Officer delegation) require Board approval. Finance can also help advise on the scheme of delegations.

The following flow-chart will help identify what level of approval is required for your project, but please speak to PMO and Finance for assistance before making a final decision:



The Combined Authority Board does not manage changes, milestones or risks to a project, as these responsibilities lie with the Senior Responsible Officer, project board (where there is one) and Project Manager (see section 6) for more information). The Board is responsible for approving new business cases outside of CEO Delegation or where required and setting budgets. Further information can be found in section 3) below.

Approval via an ODN:

For new business cases which can be approved by Combined Authority Director or the Chief Executive Officer, an Officer Decision Notice (ODN) must be completed and saved down in the relevant folder on SharePoint. Please refer to the ODN Guidance folder for more information, and speak to Susan Hall to ensure this approval is recorded in the ODN register.

A project is established:

Once the business case and budget have been fully approved, the concept becomes a project. From this point monitoring and project management commences and monthly reporting is required through highlight reports, with updates provided on performance and spend. The PMO will also assign your project an individual project number.

If a project is being delivered by an external organisation a Service Level Agreement, grant agreement or contract for works will need to be put in place before delivery commences. This is all part of establishing a project framework and will set out key information including the claims/invoices draw-down profile, project closure requirements, clawback clauses and other conditions of the funding. Project managers will be expected to liaise with Finance and the Legal Team, to create and submit the agreement/contract at the start of the project. This must be completed in adequate time before the first claims are submitted, as no claims can be paid without the agreement/contract signed off by the external party, and Combined Authority.

Please ensure the final signed version of the agreement/contract is saved in an adequate place on SharePoint.

3) What is my role in managing my project?

All live projects must have an agreed CPCA 'client side' Project Manager and Director. For projects being delivered by another organisation, there will also be an external project manager, but the CPCA project manager will be ultimately responsible for creating the initial PID and ensuring appropriate monitoring takes place and updates are provided to the Combined Authority.

Project/Programme Manager is responsible for developing the PID and for ensuring the overall outputs and/or outcomes are delivered within timescales and budget. As part of this process, Project/programme managers will manage the day-to-day running of the project; identify and report any changes; identify risks; ensure the project is compliant with the CPCA's processes and guidance; and manage the closedown. Project/programme managers are also required to produce highlight reports.



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Project managers are identified in respect of individual projects, whereas programme managers are responsible for overseeing programmes with multiple projects. The programme manager may be responsible for all projects within the programme or there may be other named project managers. Where monitoring is required at programme level, the programme manager will be required to provide a monthly highlight report for the programme, obtaining updates from individual project managers if necessary.

The **Project Management Office (PMO)** is responsible for the single project register; creating the key documentation and setting up processes.

The **Senior Responsible Officer (SRO)** will usually be the relevant CPCA Director. The SRO is accountable for overall project direction; proposing the PID and business case to all directors for approval; reviewing risks; agreeing change requests within delegation; promoting change requests not delegated to Director level; ensuring processes are embedded across all directorates and informing the PMO team of any gaps or necessary improvements.

A project may also be run with a **Project Board** as part of its governance structure. The SRO should be a member of the Project Board. In this instance, the project board takes decisions about RAG ratings and change requests, within delegation.

CPCA Director Team is responsible for the strategic fit and interdependencies; agreeing new projects to go to CPCA Board in line with MTFP; the corporate overview of Red and Amber rated projects and proposing major change requests to CPCA Board.

CPCA Board sets strategic direction; is responsible for setting the MTFP; approving and signing off new project business cases where applicable; reviewing the corporate dashboard; approving major changes and reviewing red and amber rated projects on a quarterly basis. CPCA Board is not responsible for change control or risk management.

4) What documents are needed and where are these saved?

The PMO has created a standard filing structure within SharePoint so there is consistency across all directorates. This needs to be embedded across the organisation by the PMO and directorates working together, but project managers are ultimately responsible for ensuring these folders are correctly populated in readiness for any audits or monitoring requirements.

[Click here for the SharePoint filing structure](#)

Project folders are to be set up on SharePoint, under the 'Portfolio Workstreams' folders. It is the responsibility of project managers to set up clear standardised folders under the individual directorate folders, and this needs to be clear and transparent and easy to locate documentation for audit purposes.



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Assurance Exercise:

A review of all existing projects is also to be undertaken and is essential in ensuring existing and completed projects have clear documentation of approvals and expected outcomes.

The PMO has created a checklist of key documentation which will help with this exercise. It is mandatory that project managers revisit their existing projects and ensure all documents are saved down to the appropriate file. The PMO will provide support to this exercise as necessary.

[Click here for the Project Assurance Checklist](#)

5) How do I define the RAG rating for my project?

Please refer to the **CPCA RAG Definitions** guidance.

The standardised RAG definitions above will assist project managers with allocating a RAG status to their projects. This will be incorporated into all project highlight reports and the corporate risk register.

Any changes to a project RAG status must be signed off by the SRO or Project Board and must be clearly explained in the project highlight reports.

6) Change Control

All project changes must be clearly documented, with evidence of approvals and notifications saved where applicable and recorded within the highlight reports and gantt charts.

Where approved by director, a copy of the email chain should be saved down on SharePoint. For changes requiring approval higher than a director, the change request form should be completed:

[Click here for the Project Change Request](#)

Project Change Requests forms will be included for changes such as:

- Changes to timescales (i.e. delay to completion date)
- Amendments to budget
- Variations to outputs delivered
- Withdrawal of project
- Agreed mitigation/action arising from RAG monitoring.

Directors are responsible for agreeing change requests within delegation and promoting change requests outside their delegation. Where there is a project board on which the director sits, the Project Board also agree change requests within delegations.

Clawback and recovery processes for projects need to be addressed in the funding agreement/contract.

7) Project budget and procurement

In its business plan and MTFP, the Combined Authority Board will have set the broad budget streams for activity it wants to pursue.

If your project is not within the current MTFP, please speak to Finance.

All projects should have specific milestones or stages set out within the business case relating to the release of budget. Project managers will be expected to liaise with the Finance team during completion and submission of the PID and project business case.

Once your project business case has received final approval (through CPCA Board or Chief Executive), you will need to inform a member of Finance. This is in order to be allocated a cost-centre code, which must be attributed to further costs associated with your project.

The project budget should be monitored and updated regularly throughout the project — this is the responsibility of project managers, who should also be mindful of the CPCA's accounting periods, annual budget setting processes and end of year requirements.

For externally delivered works, it is important that claims are submitted on time, according to the claims/invoices profile within the grant agreement/contract for works.

For further information, please seek help from a member of the Finance team.

Contracting/procuring:

The Combined Authority constitution sets out our procurement processes and the following flow-chart shows the different stages. Before project managers commit to spending any money, you will need ensure you have procured properly. Please speak to the Procurement lead for CPCA, for more information.

[Click here for the Contracts/procurement flow chart](#)

Claims:

In some cases, an external partner will be managing a project on behalf of the Combined Authority and will therefore need to submit claims or invoices for repayments. The process for submitting claims and invoices needs to be set out in the contract/agreement, with an agreed draw down schedule attached as an annex. Project managers will be the first point of contact for external organisations delivering activities on behalf of the Authority, so will need to review claims for accuracy, ensuring claimed amounts are in line with agreed schedules and supporting evidence is provided to support the amount claimed. Project managers will also need to confirm that activity has taken place with their projects in line with agreed business cases.

It is the responsibility of project managers to ensure payments are up to date and that external parties are submitting their claims in line with the agreed draw down schedule.



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A specific process for submitting claims is being created by Finance, which will give project managers and external partners the information required for submitting claims and invoices for payment (i.e. what level of evidence is required and whether this has been specified in the contract, so external parties are aware of what is expected). Please speak to a member of the Finance Team for more information, and for a copy of the relevant claim form.

8) How do I monitor and record progress on my project?

The monthly highlight report cycle has already been introduced into the CPCA Project Management process and this is to be continued. Highlight reports for all live projects are due on the final working day of each month and an updated template is sent out by the PMO when required.

[Click here for the latest highlight report template](#)

For externally delivered projects, monitoring forms should be sent out to external parties and will enable both parties to track outputs and monitoring information. Expectations of how often these forms are to be submitted must be built into the funding agreement/contracts that are established before delivery commences.

[Click here for the CPCA monitoring form](#)

Work is also progressing on the CPCA's Monitoring and Evaluation Framework, embedding all the work that directorates have been involved with. This will help ensure outcomes are properly defined and quantified, and that progress towards them is monitored, which will be incorporated into the monthly highlight reports by the PMO. More information will be provided on monitoring and evaluation in due course.

9) How are projects evaluated?

It is important that where possible, projects are adequately evaluated to enable the Combined Authority to demonstrate value for money. Monitoring & evaluation plans need to be built in from the start of a project concept and agreed as part of the business case. It can sometimes be appropriate that a project does not require evaluation (for example, a study).

The Combined Authority's Monitoring & Evaluation Framework sets out our approach and projects must comply with it:

[Click here for the Monitoring and Evaluation Framework](#)

There are three main stages where evaluation processes are required:

- 1) At the beginning of the project, when the PID is created. Project managers should clearly define what outputs and outcomes will be achieved and approximately by when. This is to clearly identify the evaluable outcomes the project is aiming to achieve at the outset.



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2) During the development of business cases to establish a baseline, even if it is a 'do nothing' scenario. This will enable project managers to monitor progress and identify if the project is still on track to deliver the outputs and outcomes stipulated in the PID.

3) Post completion. This will be to ensure the success of the project can be monitored and outputs and outcomes reported. It may be necessary to put processes in place which will evaluate major projects at more than one stage:

- immediately post completion to report on completed outputs
- at a later stage (potentially 3-5 years) to evaluate longer term outcomes and impacts.

Monitoring and evaluation is a charge on the project budget unless, under the Monitoring and Evaluation Framework, alternative arrangements have been agreed (for example the nationally-mandated evaluation of gainshare-funded projects). The cost should be proportionate to the scale of the project.

In addition, an evaluation form has also been created to record how successful the project was, and any immediate lessons learnt at the time of closure:

[Click here for the CPCA evaluation form](#)

10) How do I close-down my project after completion?

Project managers are responsible for identifying when their project has reached practical completion and if all outputs have been achieved, in accordance with the original agreement. If the project has officially completed, but there are still claims to be submitted or processed, project managers should continue with the project closedown process set out below. This will remove the project from the Project Management System, but it will remain on the financial system until all claims are paid.

Within a reasonable time after the project has ended, project managers will also be expected to demonstrate the following closure process, to demonstrate that:

- All funding has been spent appropriately in line with the projected financial profile
- There are no outstanding risks or actions
- Performance against all relevant outputs and milestones has been documented.

Closure process:

- All paperwork including certificates (if applicable), the final contract claim and the evaluation information, should be stored in a central repository on SharePoint, in accordance to the

project assurance checklist (see section 4) for more information).
Without the appropriate paperwork, the project cannot be formally closed down.

- Project closure forms are recommended and best practice. This shouldn't be an onerous process but should provide an overview of how the project delivered and will allow comparisons with the original business case.
- Evidence in the form of site visits and photographs to be saved on SharePoint, for future communication requirements and evidence of what the project has delivered i.e. Audit.
- Project managers will be expected to arrange and participate in a closure meeting with consultants/3rd parties, to ensure any loose ends are tied up and the lessons learned have been captured. Evidence of this to be saved accordingly.
- Future monitoring and evaluation process to be arranged. A forward schedule of future evaluations will be monitored and the PMO will provide updates to Directors on a regular basis.
- Project managers will be required to submit a final highlight report, to formally mark the project as complete and show progress at 100% (current RAG status).

Previous Status	Green	Current Status (& direction of travel)	Complete
Overview and short narrative on project status			
% Time complete	100%	Final Completion Date	Dec-18

- Confirmation of the following must be saved down onto SharePoint:

- Director approval of project completion (once the above stages have been completed);

• Project Manager confirmation to Finance that all invoices/claims are paid, and the position against overall budget.

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Role Description for Overview and Scrutiny Lead Member for the Business Board

Background

The Business Board is the Local Enterprise Partnership (LEP) for the Cambridgeshire and Peterborough region whose accountable body is the Cambridgeshire and Peterborough Combined Authority.

Key Roles of the Business Board:

- ❖ The Business Board is the custodian and plays a vital leadership role in the development of the Local Industrial Strategy.
- ❖ It allocates local growth funds to improve economic opportunity in the area and will monitor the delivery of funded projects.
- ❖ The Business Board develops initiatives to address the local skills challenges and will play a key role in developing the University of Peterborough
- ❖ The Business Board supports applications for the Industrial Strategy Challenge Fund programme

With significant areas of the local economy being considered by the Business Board the Overview and Scrutiny Committee (O&S) has a role in scrutinising the work of the Business Board. In order to do so, an appointed member of Overview & Scrutiny will lead in respect of the work of the Business Board, this member will occupy the position of Lead Member.

Role Title

Lead Member for Business Board

Role Purpose

To scrutinise the work of the Business Board, adopting an independent mindset

Role Description

- Reviewing the Forward Plan, agendas, minutes and reports of the Business Board
- Attending meetings of the Business Board as an observer
- Attending interview panels for Senior Business Board appointments, including Private Sectors Members and Senior Officers
- Attending the Dragons Den (EAP) sessions as an observer
- Reviewing and scrutinising decisions recommended by the Business Board, to the Combined Authority Board
Liaising with the Chair of the Business Board and officers, to obtain a better understanding of projects
- Reporting findings back to the O&S Committee and Business Board.

Access to Exempt and Confidential Documents

The Lead Member will not be entitled to copies of:

- (a) of any such document or part of a document as contains exempt or confidential information unless that information is relevant to
 - (i) an action or decision that that member is reviewing or scrutinising; or
 - (ii) any review contained in any programme of work of such a committee or sub-committee of such a committee; or
- (b) of a document or part of a document containing advice provided by a political adviser

The Lead Member will not be permitted to observe meetings of the Business Board where confidential reports and/or documents are being discussed.



Budget Monitor Report March 2021

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Lead Member:	Mayor James Palmer
From:	Jon Alsop Chief Finance Officer
Key decision:	Yes
Forward Plan reference:	KD 2021/016
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none">a) Note the financial position of the Combined Authority for the year to date.b) Approve the provisional carry forwards as set out in the paper.c) Note the Chief Finance Officer's acceptance of four grants, and approval of associated spend for the two revenue grants.
Voting arrangements:	A simple majority of all Members

1. Purpose

- 1.1 This report provides an update of the 2020/21 budget position and capital programme as at 31st January 2021 and asks the Board to provisionally approve the carry forward of budgets based on the forecast outturn position.
- 1.2 It also reports on two grant funded budgets approved by the Chief Finance Officer on behalf of the Combined Authority via officer decision notice and provides a summary of the conclusion of the audit of the 2019-20 Financial Accounts which were given an unqualified opinion by the external auditors.

2. Background

- 2.1 At its June meeting the Combined Authority Board approved a revised 2020-21 budget. This report presents the actual expenditure position as at the 31st January 2021 and the current forecast outturn (year-end) position against that budget.
- 2.2 As this is the final budget monitoring report the Board will receive before the end of the 2020-21 financial year, this paper seeks approval to carry forward revenue budgets that have not been fully spent in this year into the 2021-22 financial year. Where this is being sought a rationale is provided as to why the budget is required in this area in the forthcoming year, as opposed to being taken as a corporate 'saving' to be available to reallocate to other Combined Authority priorities.
- 2.3 Chapter 4 paragraph 1.4 of the Combined Authority's Constitution lists the 'approval of carry forward of any underspent balances between financial years' as a function reserved to the Board.
- 2.4 The Board is recommended to approve the carry forward of forecast underspend in a number of 2020/21 capital budget lines to be added to the approved budget in 2021/22. These balances represent underspends due to 'slippage' i.e. where a project's spend has been delayed from the current financial year into the next one. This is a common occurrence in a capital programme and material changes to the overall delivery timescales of a project are reported to Committees and Boards individually outside this slippage process.

3. Revenue Budget Position

- 3.1 A summary of the financial position of the Authority, showing 'Revenue' income and expenditure for the ten-month period to 31st January 2021, is set out in the table below. A more detailed breakdown of income and expenditure for the year to date is shown at **Appendix 1**.

	November Budget £'000	Adjustments £'000	Revised Budget £'000	Actuals £'000	Forecast Outturn £'000	FO Variance £'000	Requested Carry Forward £'000	Requested STA Carry Forward £'000
2020-21 Revenue								
Grant Income	-37,584	-1,209	-38,793	-35,839	-39,431	-638	-	-
Mayor's Office	467	-	467	350	435	-31	5	-
CA Gross Staffing Costs	5,202	-	5,202	4,612	5,581	-31	-	-
Other Employee Costs	418	-	418	70	135	-283	108	-
Externally Commissioned Support Services	359	-	359	222	333	-27	5	-
Corporate Overheads	628	-	628	465	616	-13	5	-
Governance Costs	164	-	164	78	164	-	-	-
Other Corporate Budgets	-686	-	-686	-501	-397	289	-	-
Recharges to Ringfence Funded Projects	-1,940	-	-1,940	-1,716	-2,281	-340	-	-
Corporate Services Expenditure	4,146	-	4,146	3,231	4,151	5	118	-
Business and Skills	23,162	350	23,512	13,427	19,436	-4,076	2,819	-
Delivery and Strategy	25,580	859	26,439	19,481	23,654	-2,785	2,613	145
Housing	780	-	780	153	675	-104	114	2,800
Workstream Expenditure	49,522	1,209	50,731	33,062	43,765	-6,966	5,546	2,945
Total Expenditure	54,135	1,209	55,343	36,642	48,351	-6,992	5,669	2,945

- 3.2 The Forecast Outturn as set out in the table above shows a 'favourable' variance of forecast revenue expenditure against approved budgets of £7.0m. The majority of these apparent 'underspends' are due to timing differences on multi-year projects and do not represent a real 'saving' as the projects are still underway. The following materially underspent budgets are requesting carry forwards into 2021-22 (a full list of all budgets, along with requested carry forwards are included in **Appendix 1**):
- The AEB programme has in-year underspends across all its workstreams, totalling £1.4m, due to COVID's impact on the uptake of courses in 2020-21. The unspent balances will be transferred to the AEB earmarked reserve.
 - Health and Care Sector Work Academy has been similarly affected by COVID this year and so spend has been lower than planned – this project is funded by a ringfenced grant which cannot be spent on other items. A project change request is being submitted to the Department for Work and Pensions to reflect this project's position.
 - The Bus Review Implementation has been significantly delayed due to COVID's impact on the passenger transport industry patronage affecting the ability to make medium and long-term transformation.
 - The CAM innovation company budget has come in under-budget in 2020-21. The project is reported on in more detail under its own agenda item at this meeting but is seeking to carry forward the underspend to meet costs in 2021-22.
 - Garden Villages is forecasting to spend the majority of its approved budget, but £2.8m of revenue is still 'subject to approval' which is requested to be carried into 2021-22, alongside the small underspend on the approved budget, to fund the next stage in the garden villages programme – as a subject to approval budget, if the carry forward is approved, spend against this could not occur until a business plan is approved by the Combined Authority Board at a future meeting.
- 3.3 Corporate Services is showing a net 'overspend' of £5k against a £4.1m operational budget. However, if the impact of Treasury Management investments underachieving and a contribution to the change management reserve are removed, then there is a favourable forecast variance of £170k predominantly due to savings on the Accommodation, Travel and Conferences, Seminars & Training budgets partially offset by overspends on COVID costs, Audit and ICT support.
- 3.4 The current Forecast Outturn shows an expected revenue expenditure for the year of £48.4m against 'grant income' of £39.4m. The difference of £8.3m is made up of drawdowns from funds received in previous years including both our general funds and specific grants, which include the Rural Communities Energy Fund (£2.8m), the Health and Care Sector Work Academy grant (£0.4m), the Energy Hub grant (£0.8m), LGF topslice reserve (£0.7m) and LEP capacity funding (£0.2m).
- 3.5 The Chief Finance Officer accepted two revenue grants on the Combined Authority's behalf, totalling £350k from the Department for Business, Energy and Industrial Strategy (BEIS) to provide small (£1-5k) revenue grants under the headings of "Kickstarting the Visitor Economy" and "SME Restart and Recovery". The amounts, and qualification criteria, for these schemes are set by Government and all grants must be awarded by the 31st March 2021. This decision is recorded in ODN210-2020 and the income and expenditure have been reflected in the budget as reported here.

- 3.6 The Active Travel fund grant and expenditure has previously been reported entirely within the capital programme however it was awarded as a mixture of revenue (£859k) and capital (£1,508k) grants and this split has now been reflected in the budget reported here.
- 3.7 The reported outturn has been set on the assumption that the Accountable Body responsibility for the Energy Hub, and associated funding, will be transferred to Peterborough City Council at the end of the financial year. This decision is being revisited in another agenda item at this Board meeting – should the decision be for the Combined Authority to continue as the Energy Hub's Accountable Body then the outturn report in June will be updated to reflect this.

4. Capital Programme

- 4.1 A summary of the in-year capital programme and capital grant income for the period to 31st January 2021 is shown below. Detail of the capital programme can be seen across **Appendices 2 and 3**. N.B. STA stands for Subject to Approval and YTD is year to date.

Capital Programme Summary	Revised 20-21 Budget	YTD actuals	20-21 Forecast Outturn	Forecast Variance		Requested Slippage	Requested STA Slippage
	£'000	£'000	£'000	£'000	%	£'000	£'000
Corporate Services	-	-	-	-		-	150
Business and Skills	80,569	42,235	59,149	-21,420	-26.6%	17,730	8,100
Delivery and Strategy	77,616	53,995	62,253	-15,363	-19.8%	13,168	13,064
Housing	49,115	14,405	26,421	-22,693	-46.2%	22,693	-
Totals	207,300	110,635	147,823	-59,476	-28.7%	53,592	21,314

Capital Funding Summary	Revised 20-21 Budget	YTD actuals	20-21 Forecast Outturn	Forecast Variance		% Received to date
	£'000	£'000	£'000	£'000	%	
£100m Housing Fund	-45,000	-	-	45,000	-100.0%	0.0%
£70m Cambridge City Housing Fund	-15,000	-	-	15,000	-100.0%	0.0%
Active Transport Grant	-2,084	-1,508	-1,508	576	-27.6%	100.0%
Pothole and Challenge Funding	-12,554	-12,554	-12,554	-	0.0%	100.0%
Capital Gainshare	-12,000	-12,000	-12,000	-	0.0%	100.0%
Highways Maintenance Capital Grant	-22,554	-22,554	-22,554	-	0.0%	100.0%
Local Growth Funding	-35,738	-35,738	-35,738	-	0.0%	100.0%
Getting Building Fund	-7,300	-7,300	-7,300	-	0.0%	100.0%
Transforming Cities Funding	-22,000	-22,000	-22,000	-	0.0%	100.0%
Green Home Grants	-79,600	-250	-79,600	-	0.0%	0.3%
Totals	-253,829	-113,904	-193,254	60,576	-23.9%	

- 4.2 The Chief Finance Officer accepted, on the Combined Authority's behalf as Accountable Body for the Energy Hub, two capital grants from BEIS totalling £79.6m for the Green Homes Grant programme. The second of the two grants were received in March and, should the

Combined Authority resolve to continue as the Energy Hub's Accountable Body, then the expenditure will be reflected in the 2021-22 budget.

- 4.3 As reported to the Housing and Communities Committee on the 15th March 2021, the CPCA has received proposals from MHCLG regarding the £100m, and £70m, housing programmes and those proposals are being presented at this meeting for the Board's consideration. Currently the detailed financial impacts on the £100m affordable housing programme have not been confirmed, as such the current report shows an expectation that funding will be received in 2021-22 but this will be updated once the implications are understood.
- 4.4 As mentioned in paragraph 3.6, the Active Travel Grant has been split across revenue and capital lines. In addition, the Combined Authority received £576k less in Active Travel Grants than was originally expected which, due to having paid the Highways Authorities delivering the projects based on our indicative allocation, has resulted in an overpayment which will be rectified within the financial year.
- 4.5 The majority of variances against in-year capital budgets are due to 'slippage', where the project has not spent according to the original programme, however there are 7 projects where the in-year variance is not a question of timing delays:
1. COVID response grants – a minority of approved grant applicants have indicated that they will not be drawing down their awarded grant funds.
 2. The Endurance Estates LGF project withdrew resulting in a £2.4m 'underspend'. This funding has been reallocated to new projects now included in the capital programme.
 3. Illumina Accelerator has not taken on as many companies into its accelerator programme as anticipated and thus £400k of growth funds will be returned to the recycled funds pot to be allocated to new projects.
 4. The original St Neots Masterplan project has been withdrawn resulting in an underspend, this funding has been ringfenced by the Board for a replacement project in the area, subject to the project coming forward and receiving Board approval.
 5. The A141 Capacity Enhancements project was taken in-house, releasing its capital budget of £0.8m.
 6. Ely Area Capacity Enhancements is forecasting to deliver a saving of £0.9m with the balance of £0.2m slipped.
 7. The 2020-21 Highways Maintenance Capital grant expenditure line was not reduced in line with the final funding allocation so appears under-spent; however, the expenditure matches the reduced grant income line so there is no net effect on the Authority's budget.
- 4.6 The forecast slippage against approved budgets stands at £53.6m (25.9%) in addition to undrawn down 'subject to approval' budgets totalling £21.3m, giving a total requested carry forward of £74.9m against the capital budget of £228.6m (36.1%).
- 4.7 The directorate with the highest level of slippage is Housing, which is forecasting to spend only 53.8% of its budget. This is materially due to the disruption to construction programmes from the Covid pandemic slowing the progress of already commenced schemes and delaying the start of some new schemes resulting in later than anticipated payment requests, including no anticipated drawdown for Mere Fen at Northstowe. In some cases delivery partners have also been slow to request money to which they are entitled, payment applications are being encouraged to come forward from development partners as soon as they are entitled to do

so.

5. Conclusion of the audit of the 2019-20 accounts

- 5.1 At the November 2020 meeting, the Audit and Governance Committee received and approved the final Statement of Accounts and the Annual Governance Statement for 2019/20 and received and noted the External Auditors Report. The auditors, EY, subsequently issued an unqualified audit opinion on the Statement of Accounts.
- 5.2 The final version of the Financial Statements was then published on the Combined Authority's website on 27 November 2020, ahead of the revised deadline for publication of 30th November.
- 5.3 EY then presented their Annual Audit Letter to the Audit and Governance Committee in January 2021. The purpose of the annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from EY's work which EY consider should be brought to the attention of the Combined Authority.
- 5.4 The letter includes the conclusions that:
 - a) "The financial statements give a true and fair view of the financial position of CPCA as at 31 March 2020 and of its expenditure and income for the year then ended."
 - b) "Other information published with the financial statements was consistent with the Annual Accounts."
 - c) "The CPCA has put in place proper arrangements to secure value for money in its use of resources."

Significant Implications

6. Financial Implications

- 6.1 There are no financial implications beyond those identified elsewhere in the paper.

7. Legal Implications

- 7.1 The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.

8. Other Significant Implications

- 8.1 There are no other significant implications

9. Appendices

- 9.1 Appendix 1 – Detailed breakdown of the revenue position for the year to 31st January 2021
- 9.2 Appendix 2 – Capital Expenditure to 31st January 2021

9.3 Appendix 3 – Capital Programme

9.4 Accessible copies of the report and appendices are available on request from Democratic.Services@cambridgeshirepeterborough-ca.gov.uk

10. Background Papers

10.1 [Combined Authority Board June 2020](#)

10.2 [Housing and Communities Committee March 2021](#)

10.3 [Audit and Governance Committee 29 January 2021](#)

Appendix 1 - Detailed breakdown of the revenue position for the period to 31st January 2021

	Budget			YTD	Whole Year		
	Jan Budget £'000	Adjustments £'000	Revised Budget £'000	Actuals £'000	Forecast Outturn £'000	FO Variance £'000	Requested Carry Forward £'000
Grant Income							
Revenue Gainshare	-8,000.0		-8,000.0	-8,000.0	-8,000.0	-	-
Mayoral Capacity Fund	-1,000.0		-1,000.0	-1,000.0	-1,000.0	-	-
Skills Advisory Panel Grant	-75.0		-75.0	-75.0	-75.0	-	-
Enterprise Zone receipts	-605.3		-605.3	-	-605.3	-	-
Careers Enterprise Company Funding	-124.9		-124.9	-112.8	-124.9	-	-
Adult Education Budget	-12,084.1		-12,084.1	-12,772.2	-12,762.2	-678.2	-
Growth Hub Grants	-672.1		-672.1	-414.3	-672.1	-	-
LEP Core Funding	-500.0		-500.0	-500.0	-500.0	-	-
Transport Levy	-12,347.6		-12,347.6	-10,289.7	-12,347.6	-	-
COVID-19 bus services support grant	-439.5		-439.5	-	-439.5	-	-
Better Deal 4 Buses grant	-383.9		-383.9	-383.9	-383.9	-	-
Additional Home to School Transport Grants	-1,055.5		-1,055.5	-1,432.8	-1,055.5	-	-
Active Travel Fund Revenue	-	-858.8	-858.8	-858.8	-858.8	-	-
Apprenticeship Levy Fund Pooling	-86.2		-86.2	-	-86.2	-	-
Peer to Peer Network Funding	-210.0		-210.0	-	-170.0	40.00	-
Visitor Economy and R&R Grant income	-	-349.9	-349.9	-	-349.9	-	-
Total Grant Income	-37,583.9	-1,208.7	-38,792.6	-35,839.5	-39,430.8	-638.2	-
Mayor's Office							
Mayor's Allowance	85.0		85.0	72.3	85.0	-	-
Mayor's Conference Attendance	10.0		10.0	-	-	-10.0	5.0
Mayor's Office Expenses	40.0		40.0	23.6	26.0	-14.0	-
Mayor's Office Accommodation	77.4		77.4	56.2	70.0	-7.0	-
Mayor's Office Staff	254.4		254.4	197.5	254.4	-	-
Total Mayor's Office	466.8	-	466.8	349.6	435.4	-31.4	5.0

	Budget			YTD	Whole Year		
	Jan Budget £'000	Adjustments £'000	Revised Budget £'000	Actuals £'000	Forecast Outturn £'000	FO Variance £'000	Requested Carry Forward £'000
Corporate Services							
Combined Authority Gross Staffing Costs							
Business and Skills	1,749.8		1,749.8	1,479.5	1,791.3	41.5	-
Chief Executive	288.1		288.1	231.7	291.1	3.0	-
Corporate Services	1,517.7		1,517.7	1,463.9	1,777.8	260.1	-
Delivery and Strategy	1,240.7		1,240.7	1,022.9	1,212.0	-29	-
Housing	405.6		405.6	413.8	509.2	103.6	-
Total CA Gross Staffing Costs	5,201.9	-	5,201.9	4,611.8	5,581.3	379.4	-
Other Employee Costs							
Travel	100.00		100.0	5.0	10.0	-90.0	-
Apprenticeship Levy	19.85		19.9	4.3	8.0	-11.9	-
Conferences, Seminars & Training	90.00		90.0	8.4	17.0	-73.0	-
Change Management Reserve	208.30		208.3	52.6	100.0	-108.3	108.3
Total Other Employee Costs	418.15	-	418.2	70.4	135.0	-283.2	108.3
Externally Commissioned Support Services							
External Legal Counsel	100.00		100.0	42.5	50.0	-50.0	-
Finance Service	61.37		61.4	35.1	61.4	-	-
Democratic Services	90.00		90.0	70.4	95.0	5.00	-
Payroll	8.00		8.0	2.0	3.0	-5.0	-
HR	25.00		25.0	7.0	14.5	-10.5	5.0
Procurement	25.00		25.0	4.2	25.0	-	-
ICT external support	50.00		50.0	61.1	84.0	34.00	-
Total Externally Commissioned Support Services	359.37	-	359.4	222.4	332.9	-26.5	5.0

	Budget			YTD	Whole Year		
	Jan Budget £'000	Adjustments £'000	Revised Budget £'000	Actuals £'000	Forecast Outturn £'000	FO Variance £'000	Requested Carry Forward £'000
Corporate Overheads							
Accommodation Costs	340.0		340.0	246.9	274.0	-66.0	-
Software Licences, Mobile Phones cost	20.0		20.0	16.1	20.0	-	-
Communications	40.0		40.0	29.5	40.0	-	-
Website Development	38.4		38.4	6.8	30.4	-8.0	5.0
Recruitment Costs	40.0		40.0	24.4	45.0	5.0	-
Insurance	30.0		30.0	32.2	32.3	2.3	-
Audit Costs	85.0		85.0	63.8	125.0	40.0	-
Office running costs	25.0		25.0	14.7	17.9	-7.1	-
Corporate Subscriptions	10.0		10.0	30.8	31.0	21.0	-
Total Corporate Overheads	628.4	-	628.4	465.3	615.6	-12.9	5.0
Governance Costs							
Committee/Business Board Allowances	144.0		144.0	77.8	144.0	-	-
Miscellaneous	20.0		20.0	-	20.0	-	-
Total Governance Costs	164.0	-	164.0	77.8	164.0	-	-
Other Corporate Budgets							
COVID Pressures	120.0		120.0	171.8	175.0	55.0	-
Capacity Funding	125.0		125.0	7.0	125.0	-	-
Contribution to the A14 Upgrade	89.0		89.0	-	89.0	-	-
Interest Receivable on Investments	-1,020.0		-1,020.0	-679.4	-786.0	234.0	-
Total Other Corporate Budgets	-686.0	-	-686.0	-500.6	-397.0	289.0	-
Recharges to Ringfence Funded Projects							
Directly Grant Funded Staff	-1,691.2		-1,691.2	-1,518.4	-2,017.0	-325.8	-
Directly Grant Funded Overheads	-248.9		-248.9	-197.8	-263.6	-14.7	-
Total Recharges to Ringfence Funded Projects	-1,940.1	-	-1,940.1	-1,716.3	-2,280.6	-340.5	-
Total Corporate Services Expenditure	4,145.7	-	4,145.7	3,230.8	4,151.2	5.4	118.3

	Budget			YTD	Whole Year		
	Jan		Revised		Forecast	FO	Requested
Business and Skills	Budget	Adjustments	Budget	Actuals	Outturn	Variance	Carry Forward
AEB Devolution Programme	11,646.3		11,646.3	9,530.7	10,839.3	-807.0	-
AEB Innovation Fund - Revenue	336.7		336.7	-	150.0	-186.7	-
AEB Programme Costs	433.9		433.9	279.6	376.9	-57.0	-
AEB National Retraining Scheme	65.1		65.1	25.1	25.1	-40.0	-
AEB High Value Courses	148.5		148.5	-	-	-148.5	-
AEB Sector Based Work Academies	146.8		146.8	-	-	-146.8	-
Apprenticeship Levy Fund Pooling	76.2		76.2	42.9	76.2	0.0	-
Marketing and Promotion of Services	95.0		95.0	46.5	28.4	-66.6	66.6
Careers and Enterprise Company (CEC)	86.2		86.2	67.6	91.1	4.9	-
Energy Hub	822.6		822.6	402.6	822.6	-	-
EU Exit Funding	267.6		267.6	169.9	267.6	-	-
Growth Hub	517.0		517.0	321.3	517.0	0.0	-
Rural Community Energy Fund (RCEF)	2,765.7		2,765.7	364.7	2,765.7	-	-
HAT Work Readiness Programme	52.8		52.8	54.8	54.8	2.0	-
Health and Care Sector Work Academy	3,235.6		3,235.6	283.6	483.6	-2,752.0	2,752.0
Integrated Insight & Evaluation Programme	189.0		189.0	135.7	189.0	-	-
LEP Capacity Funding	188.0		188.0	129.4	186.1	-1.9	-
LIS Implementation	176.3		176.3	109.3	173.5	-2.8	-
Local Growth Fund Costs	400.0		400.0	624.7	687.2	287.2	-
Market Town Implementation of Strategies	222.9		222.9	216.6	222.9	-	-
Peer Networks Programme	210.0		210.0	-	170.0	-40.0	-
Skills Advisory Panel (SAP) (DfE)	114.0		114.0	50.5	110.5	-3.5	-
Skills Brokerage	107.0		107.0	114.0	113.7	6.7	-
Skills Strategy Implementation	120.5		120.5	32.1	125.4	4.8	-
St Neots Masterplan	254.1		254.1	89.0	139.0	-115.2	-
Trade and Investment Programme	100.0		100.0	35.0	87.5	-12.5	-
EZ Funded Growth Company Contribution	230.0		230.0	-	230.0	-	-
University of Peterborough	4.2		4.2	4.2	4.2	-0.0	-
University of Peterborough - Legal Costs	150.0		150.0	148.8	148.8	-1.2	-
Visitor Economy and R&R Grants	-	349.9	349.9	148.8	349.9	-	-
Total Business and Skills	23,162.1	349.9	23,512.0	13,427.5	19,435.8	-4,076.2	2,818.6

	Budget			YTD	Whole Year		
	Jan		Revised		Forecast	FO	Requested
Delivery and Strategy	Budget	Adjustments	Budget	Actuals	Outturn	Variance	Carry Forward
A10 Dualling SOBC	297.1		297.1	185.1	185.1	-112.0	-
A141 Huntingdon SOBC	350.0		350.0	54.0	105.0	-245.0	245.0
Active Travel Fund Revenue	-	858.8	858.8	858.8	858.8	-	-
Additional Home to School Transport Grants	1,055.5		1,055.5	1,055.5	1,055.5	-	-
Bus Review Implementation	1,844.0		1,844.0	151.0	171.0	-1,673.0	1,673.0
Bus Service Subsidisation	245.0		245.0	174.8	174.8	-70.2	70.2
CAM Metro OBC	1,356.4		1,356.4	1,331.0	1,356.0	-0.4	-
CAM Innovation Company	6,915.2		6,915.2	4,640.0	6,458.7	-456.5	456.5
Climate Change	125.0		125.0	38.6	75.0	-50.0	50.0
COVID Bus Service Support Grant	439.5		439.5	439.5	439.5	-	-
Land Commission	40.0		40.0	-	-	-40.0	40.0
Monitoring and Evaluation Framework	168.7		168.7	57.0	135.7	-33.0	33.0
Non-Statutory Spatial Framework (Phase 2)	71.4		71.4	39.0	50.4	-21.0	165.9 *
Public Service Reform	75.0		75.0	38.3	38.3	-36.7	-
Schemes and Studies	100.0		100.0	38.0	100.0	-	-
Sustainable Travel	150.0		150.0	91.0	150.0	-	-
Transport Levy	12,347.6		12,347.6	10,290.0	12,347.6	-	-
Total Delivery and Strategy	25,580.4	858.8	26,439.2	19,481.5	23,653.9	-2,785.3	2,758.3
Housing							
CLT and £100k Homes	83.4		83.4	93.0	93.0	9.6	-
Garden Villages	696.2		696.2	60.0	582.2	-114.0	2,800.0*
Total Housing	779.6	-	779.6	153.0	675.2	-104.4	2,800.0
Total Workstream Expenditure	49,522.1	1,208.7	50,730.8	33,062.0	43,764.9	-6,965.9	8,491.0
Total Revenue Expenditure	54,134.6	1,208.7	55,343.3	36,642.4	48,351.5	-6,991.8	8,614.3

* - these two budget lines include subject to approval budget in their requested carry forward hence the requested carry forward exceeds the revised budget column, which only includes the approved budget.

Appendix 2 –Capital Expenditure to 31st January 2021

Business and Skills	20-21 approved budget	20-21 actuals	20-21 variance to budget	20-21 Forecast Spend	Forecast Slippage	Forecast Over/Under-spend	Requested STA Slippage
AEB Innovation Fund	324	-	324	150	174	-	-
Aerotron Relocation	847	847	-	847	-	-	-
Ascendal New Technology Accelerator (Equity)	965	965	-	965	-	-	-
Cambridge Biomedical MO Building	3,000	-	3,000	1,507	1,493	-	-
Cambridge City Centre	710	710	-	710	-	-	-
CRC Construction and Digital Refurbishment	2,500	609	1,891	1,250	1,250	-	-
COVID and Capital Growth Grant Scheme	5,994	4,547	1,447	5,494	-	-500	-
COVID micro-grants scheme	500	496	4	496	-	-4	-
Eastern Agritech Initiative	1,696	601	1,095	1,596	100	-	-
Endurance Estates	2,400	-	2,400	-	-	-2,400	-
Hauxton House Redevelopment	216	216	-	216	-	-	-
Haverhill Epicentre	1,163	1,163	-	1,163	-	-	-
Illumina Accelerator	1,000	200	800	600	-	-400	-
March Adult Education	400	2	398	218	182	-	-
Market Town Master Plan Implementation	500	-	500	-	500	-	5,000
Metalcraft (Advanced Manufacturing)	3,160	130	3,030	436	2,724	-	-
NIAB - Agri-Tech Start Up Incubator	2,442	2,197	245	2,260	182	-	-
NIAB - Hasse Fen	600	209	391	492	108	-	-
Peterborough City Centre	800	800	-	800	-	-	-
Photocentric	1,875	-	1,875	1,500	375	-	-
Smart Manufacturing Association	715	-	715	715	-	-	-
South Fen Business Park	997	997	-	997	-	-	-
St Neots Masterplan Capital (B&S)	386	-	386	-	-	-386	3,100
Start Codon (Equity)	3,342	640	2,702	1,000	2,342	-	-
The Growth Service Company	5,407	-	5,407	5,407	-	-	-
TTP Incubator	2,300	2,058	242	2,300	-	-	-
TWI - Innovation Ecosystem	1,230	99	1,131	1,230	-	-	-
University of Peterborough - Business Case/Phase 1	12,300	12,300	-	12,300	-	-	-
University of Peterborough - LGF investment	12,500	12,500	-	12,500	-	-	-
University of Peterborough Phase 2	7,300	-	7,300	-	7,300	-	-

West Cambs Innovation Park	3,000	-	3,000	2,000	1,000	-	-
Total Business and Skills	80,569	42,235	38,334	59,149	17,730	-3,690	8,100

	20-21 approved budget £'000	20-21 actuals £'000	20-21 variance to budget £'000	20-21 Forecast Spend £'000	Forecast Slippage £'000	Forecast Over/Under-spend £'000	Requested STA Slippage £'000
<u>Delivery and Strategy</u>							
A10 Dualling	500	-	500	-	500	-	-
A1260 Nene Parkway Junction 15	654	36	618	203	451	-	-
A1260 Nene Parkway Junction 32/3	517	67	450	90	427	-	4,030
A141 capacity enhancements	978	142	836	150	-	-828	-
A16 Norwood Dualling	61	59	2	61	-	-	-
A47 Dualling	40	53	-13	52	-	12	-
A505 Corridor	422	264	158	322	100	-	-
A605 Oundle Rd Widening - Alwalton-Lynch Wood	793	781	12	781	-	-12	-
A605 Stanground - Whittlesea	1,110	1,069	41	1,068	42	-	-
Active Travel Grant payments to Highways Authorities	2,084	2,084	-	2,084	-	-	-
CAM Innovation Company Set up	1,995	-	1,995	1,995	-	-	-
Cambridge South Station	385	-	385	385	-	-	-
Coldhams Lane roundabout improvements	409	143	266	150	259	-	700
Digital Connectivity Infrastructure Programme	1,940	415	1,525	680	500	-760	-
Ely Area Capacity Enhancements	2,163	995	1,169	1,085	222	-856	-
Fengate Access Study - Eastern Industries Access - Phase 1	614	84	530	183	431	-	730
Fengate Access Study - Eastern Industries Access - Phase 2	147	139	8	150	8	12	120
Highways Maintenance (with PCC and CCC)	23,080	22,554	526	22,554	-	-526	-
King's Dyke	8,620	6,970	1,650	8,486	134	-	2,100
Lancaster Way	2,633	1,709	925	2,088	545	-	1,168
March Junction Improvements	2,637	311	2,326	750	1,887	-	2,298
Pothole and Challenge Funds	12,554	12,554	-	12,554	-	-	-
Regeneration of Fenland Railway Stations	1,708	391	1,316	600	1,108	-	-
Soham Station	5,737	2,178	3,559	4,612	1,125	-	-
Wisbech Access Strategy	5,494	667	4,828	1,184	4,311	-	930
Wisbech Rail	341	332	10	334	7	-	988

Total Delivery and Strategy	77,616	53,556	23,621	62,253	13,168	-2,194	13,064
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	20-21 approved budget £'000	20-21 actuals £'000	20-21 variance to budget £'000	20-21 Forecast Spend £'000	Forecast Slippage £'000	Forecast Over/Under- spend £'000	Requested STA Slippage £'000
<u>Housing</u>							
Cambridge City Housing Programme	20,564	4,188	16,376	7,302	13,262	-	-
Affordable Housing Grant Programme	23,346	4,667	18,679	13,914	9,432	-	-
Housing Investment Fund - contracted	5,205	5,550	-345	5,205	-	-	-
Total Housing	49,115	14,405	34,710	26,421	22,693	-	-

	20-21 approved budget £'000	20-21 actuals £'000	20-21 variance to budget £'000	20-21 Forecast Spend £'000	Forecast Slippage £'000	Forecast Over/Under- spend £'000	Requested STA Slippage £'000
<u>Corporate Services</u>							
Investment in Finance System	-	-	-	-	-	-	150
Total Corporate Services	-	-	-	-	-	-	150

Total Capital Programme	207,300	110,641	96,664	147,823	53,592	-5,884	21,314
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Appendix 3: Capital Programme

	Approved to Spend Budgets				Total approved spend £'000	Subject to Approval budget				Total project budgets £'000
	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000		2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	
<u>Business and Skills</u>										
AEB Innovation Fund	324	-	-	-	324	-	-	-	-	324
Aerotron Relocation	847	-	-	-	847	-	-	-	-	847
Ascendal New Technology Accelerator (Equity)	965	-	-	-	965	-	-	-	-	965
Cambridge Biomedical MO Building	3,000	-	-	-	3,000	-	-	-	-	3,000
Cambridge City Centre	710	-	-	-	710	-	-	-	-	710
CRC Construction and Digital Refurbishment	2,500	-	-	-	2,500	-	-	-	-	2,500
COVID and Capital Growth Grant Scheme	5,994	-	-	-	5,994	-	-	-	-	5,994
COVID micro-grants scheme	500	-	-	-	500	-	-	-	-	500
Eastern Agritech Initiative	1,696	-	-	-	1,696	-	-	-	-	1,696
Endurance Estates	2,400	-	-	-	2,400	-	-	-	-	2,400
Hauxton House Redevelopment	216	-	-	-	216	-	-	-	-	216
Haverhill Epicentre	1,163	-	-	-	1,163	-	-	-	-	1,163
Illumina Accelerator	1,000	1,000	1,000	-	3,000	-	-	-	-	3,000
March Adult Education	400	-	-	-	400	-	-	-	-	400
Market Town Master Plan Implementation	500	-	-	-	500	5,000	4,500	-	-	10,000
Metalcraft (Advanced Manufacturing)	3,160	-	-	-	3,160	-	-	-	-	3,160
NIAB - Agri-Tech Start Up Incubator	2,442	-	-	-	2,442	-	-	-	-	2,442
NIAB - Hasse Fen	600	-	-	-	600	-	-	-	-	600
Peterborough City Centre	800	-	-	-	800	-	-	-	-	800
Photocentric	1,875	-	-	-	1,875	-	-	-	-	1,875
Smart Manufacturing Association	715	-	-	-	715	-	-	-	-	715
South Fen Business Park	997	-	-	-	997	-	-	-	-	997
St Neots Masterplan Capital (B&S)	386	-	-	-	386	3,100	-	-	-	3,486
Start Codon (Equity)	3,342	-	-	-	3,342	-	-	-	-	3,342
The Growth Service Company	5,407	3,000	3,000	3,000	11,407	-	-	-	-	14,407
TTP Incubator	2,300	-	-	-	2,300	-	-	-	-	2,300
TWI - Innovation Ecosystem	1,230	-	-	-	1,230	-	-	-	-	1,230
University of Peterborough – Phase 1	24,800	-	-	-	12,300	-	-	-	-	12,300
University of Peterborough Phase 2	7,300	6,996	-	-	14,296	-	-	-	-	14,296

West Cambs Innovation Park	3,000	-	-	-	3,000	-	-	-	-	3,000
Total Business and Skills	80,569	10,996	4,000	3,000	98,565	8,100	4,500	-	-	111,165
	Approved to Spend Budgets				Total approved to spend	Subject to Approval budget				Total project budgets
<u>Delivery and Strategy</u>	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	£'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	£'000
A10 Dualling	500	1,500	-	-	2,000	-	-	-	-	2,000
A1260 Nene Parkway Junction 15	654	-	-	-	654	-	5,000	-	-	5,654
A1260 Nene Parkway Junction 32/3	517	-	-	-	517	4,030	1,000	1,500	-	7,047
A141 capacity enhancements	978	-	-	-	978	-	-	650	1,300	2,928
A16 Norwood Dualling	61	630	-	-	691	-	420	12,000	-	13,111
A47 Dualling	40	-	-	-	40	-	-	-	-	40
A505 Corridor	422	-	-	-	422	-	-	-	-	422
A605 Oundle Rd Widening - Alwalton-Lynch Wood	793	-	-	-	793	-	-	-	-	793
A605 Stanground - Whittlesea	1,110	-	-	-	1,110	-	-	-	-	1,110
Active Travel Grant payments to Highways Authorities	2,084	-	-	-	2,084	-	-	-	-	2,084
CAM Delivery to OBC	-	-	-	-	-	-	5,000	6,500	6,500	18,000
CAM Innovation Company Set up	1,995	-	-	-	1,995	-	2,000	-	-	3,995
Cambridge South Station	385	-	-	-	385	-	-	-	-	385
Coldhams Lane roundabout improvements	409	-	-	-	409	700	1,500	-	-	2,609
Digital Connectivity Infrastructure Programme	1,940	-	-	-	1,940	-	1,868	1,500	1,500	6,808
Ely Area Capacity Enhancements	2,163	-	-	-	2,163	-	-	-	-	2,163
Fengate Access Study - Phase 1	614	-	-	-	614	730	600	4,200	-	6,144
Fengate Access Study - Phase 2	147	-	-	-	147	120	700	1,280	-	2,247
Highways Maintenance (with PCC and CCC)	23,080	23,080	23,080	23,080	69,240	-	-	-	-	92,320
King's Dyke	8,620	9,087	-	-	17,707	2,100	-	-	-	19,807
Lancaster Way	2,633	-	-	-	2,633	1,168	-	-	-	3,802
March Junction Improvements	2,637	-	-	-	2,637	2,298	1,500	-	-	6,435
Pothole and Challenge Funds	12,554	-	-	-	12,554	-	-	-	-	12,554
Regeneration of Fenland Railway Stations	1,708	1,200	-	-	2,908	-	674	-	-	3,582
Soham Station	5,737	8,000	4,000	-	17,737	-	-	-	-	17,737
Snailwell Loop	-	-	-	-	-	-	500	-	-	500
St Ives (SOBC, OBC & FBC)	-	-	-	-	-	-	500	1,000	1,400	2,900
Transport Modelling	-	-	-	-	-	-	750	-	-	750

Wisbech Access Strategy	5,494	-	-	-	5,494	930	3,000	-	-	9,424
Wisbech Rail	341	-	-	-	341	988	2,000	3,000	5,000	11,329
Total Delivery and Strategy	77,616	43,497	27,080	23,080	171,273	13,064	27,012	31,630	15,700	258,678

	Approved to Spend Budgets				Total approved to spend £'000	Subject to Approval budget				Total project budgets £'000
	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000		2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	
<u>Housing</u>										
Cambridge City Housing Programme	20,564	3,240	4,096	-	27,900	-	-	-	-	27,900
Affordable Housing Grant Programme	23,346	12,000	22,000	3,055	57,346	-	-	-	-	60,401
Housing Investment Fund - contracted	5,205	5,728	593	-	11,526	-	17,786	25,421	-	54,733
Total Housing	49,115	20,968	26,689	3,055	99,827	-	17,786	25,421	-	143,034

	Approved to Spend Budgets				Total approved to spend £'000	Subject to Approval budget				Total project budgets £'000
	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000		2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	
<u>Corporate Services</u>										
Investment in Finance System	-	-	-	-	-	150	-	-	-	150
ICT Capital costs	-	44	38	38	120	-	-	-	-	-
Total Corporate Services	-	44	38	38	120	150	-	-	-	270

Total Capital Programme	207,300	75,505	57,807	29,173	369,784	21,314	49,298	57,051	15,700	513,147
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Financial Strategies 2021-22

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public Report:	Yes
Lead Member:	Mayor James Palmer
From:	Jon Alsop, Chief Finance Officer
Key Decision:	No
Forward Plan ref:	n/a
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <p>a) Approve the following Financial Strategies:</p> <ul style="list-style-type: none">i. The Capital Strategy 2021-22ii. The Investment Strategy 2021-22iii. The Treasury Management Strategy 2021-22 <p>b) Approve the Minimum Revenue Provision Statement for 2021-22</p>
Voting arrangements:	A simple majority of all Members

1. Purpose

- 1.1 The purpose of the report is for the Combined Authority Board to review and approve the proposed Financial Strategies for 2021/22.

2. Background

- 2.1 Under the Combined Authority's Constitution the Combined Authority Board is responsible for the adoption of, and any amendments to, the Financial Strategies.
- 2.2 According to its Terms of Reference, the Audit and Governance Committee shall "ensure there is effective scrutiny of the treasury management strategy and policies in accordance with CIPFA's Code of Practice".
- 2.3 The Audit and Governance Committee have reviewed the draft strategies for 2021-22 at their January and March meetings and their views are reflected in the proposed documents.

3. 2021-22 Financial Strategies

- 3.1. The following strategies have been updated for 2021/22 and are attached as Appendix 1.

(a) Capital Strategy: To provide a high-level overview for elected members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

(b) Treasury Management Strategy: Being the management of the Authority's cash flows, borrowing and investments and the associated risks.

(c) Investment Strategy: To meet the requirements of statutory guidance in which the Authority would support local public services by lending to or buying shares in other organisations, or to earn investment income.

(d) Minimum Revenue Provision (MRP) Statement: An MHCLG requirement to approve an MRP Statement each year to ensure that capital expenditure is financed over a reasonable period

- 3.2. The Board is asked to review the suite of strategies for adoption from the 1st April 2021.

4. Changes from the 2020-21 Strategies

- 4.1. Across all the strategies various limits on investments and forecast funding levels have been updated to reflect the capital programme approved by the Board in its January Meeting in terms of forecast equity, loan levels and new projects such as the University of Peterborough Phase 2. There have been no significant changes to the MRP policy and the Authority's MRP is still forecast to be zero.

The Capital Strategy

- 4.2. Beyond the routine changes addressed in 4.1 the Capital Strategy has been amended to recognise that CPCA based public sector borrowing is a possible source of financing for the CAM programme. This has not been recognised in the figures and limits within the strategies as the timing and quantum of any borrowing is as-yet unknown; however, it is likely that the scale of this borrowing would be far beyond the Combined Authority's current borrowing cap and thus the financial strategies would have to be fundamentally revised to reflect this.

The Investment Strategy

- 4.3. The Investment Strategy covers the investments the Authority makes for service purposes, such as housing loans. One significant change has been made to this strategy, which also impacts on the Treasury Management Strategy, which is the change in the funding source for the proposed housing 'top-up' fund.
- 4.4. In the 2020-21 strategies it was envisioned that this top-up fund could be funded by utilising cash balances held by the Authority ahead of their need to pay for the rest of the capital programme, such as taking advantage of the delay between the Authority's receipt of funding from Government and its use of the funds to deliver projects.
- 4.5. As time has progressed, the Authority has continued to ramp up its ambitious delivery programme which has led to a reduction in the expected cash balances held over the next 3-4 years to the point at which loans offered based on these balances would need to be repaid in timescales significantly shorter than are likely to be of use to housing developers.
- 4.6. This possibility was foreseen and both the current, and proposed, strategies allow for the Combined Authority to borrow to fund a housing top-up fund. As state aid regulations, rather than any cost of borrowing, dictate our minimum lending rates there is unlikely to be any change to the rates the Authority can offer to developers, only more flexibility in repayment periods.

The Treasury Management Strategy

- 4.7. There are two changes to the Treasury Management Strategy beyond the annual update of figures:
1. The counterparty limits (Table 2) has been reformatted to simplify it for clarity, there are no underlying changes to the actual counterparty limits beyond the change to the total Money Market Fund limit approved by the Combined Authority Board in January.
 2. The interest rate risk indicator has been increased from £1m to £1.5m.
- 4.8. The interest rate risk indicator is a measure of the amount the Authority could lose, or gain, by a 1% overnight change in interest rate. As such it is very dependent on liquid funds. Due to the level of expenditure planned over the next 6 months the level of liquid funds the Authority requires is expected to increase putting it at risk of breaching the £1m limit in normal operation.

- 4.9. The level of this indicator is an absolute upper limit, which is unlikely ever to occur for two reasons: First, it assumes no spend as funds mature i.e. it's the loss that would occur if all our maturing funds were re-invested rather than spent. Second the downside risk would require the bank of England base rate to drop to -0.9% which is significantly worse than the current central forecast which has it holding steady at 0.1% for the next 3 years.

Significant Implications

5. Financial Implications

- 5.1. None other than those highlighted in the main body of the report.

6. Legal Implications

- 6.1. Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

7. Other Significant Implications

- 7.1. None

8. Appendices

- 8.1. Appendix 1a – Capital Strategy 2021/22
- 8.2. Appendix 1b - Treasury Management Strategy 2021/22
- 8.3. Appendix 1c - Investment Strategy 2021/22
- 8.4. Appendix 1d - MRP Statement
- 8.5. Appendix 2a - Capital Strategy 2021/22 (with tracked changes)
- 8.6. Appendix 2b - Treasury Management Strategy 2021/22 (with tracked changes)
- 8.7. Appendix 2c - Investment Strategy 2021/22 (with tracked changes)
- 8.8. Appendix 2d - MRP Statement 2021/22 9with tracked changes)

9. Background Papers

- 9.1. [Cambridgeshire and Peterborough Combined Authority Treasury Management Strategy 2020-21](#)
- 9.2. [Cambridgeshire and Peterborough Combined Authority Capital Strategy 2020-21](#)

Cambridgeshire and Peterborough Combined Authority

Capital Strategy Report 2021/22

Introduction

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

Capital Expenditure and Financing

Capital expenditure is where an Authority spends money on assets, such as property, shares in companies or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

In 2021/22, the Authority is planning capital expenditure of £132.37m as summarised below.

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget
Capital investments	86.39	182.31	132.37	114.86
TOTAL	86.39	182.31	132.37	114.86

The budget figures for 2021/22 and 2022/23 are taken from the Approved Capital Expenditure Programme as set out and described in the Medium Term Financial Plan approved by the Board in January 2021.

Governance:

The Combined Authority's Assurance Framework sets out:

- (a) How the seven principles of public life shape the culture within the Combined Authority in undertaking its roles and responsibilities in relation to the use and administration of the Cambridgeshire and Peterborough Investment, incorporating the Single Pot funding. This culture is developed and underpinned by processes, practices and procedures.
- (b) Alongside the Combined Authority's constitution, sets out the respective roles and responsibilities of the Combined Authority, the Business Board (the Local Enterprise Partnership) and statutory officers.
- (c) The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money.

(d) How potential investments to be funded through the Cambridgeshire and Peterborough Medium Term Financial Plan, incorporating the Single Pot, will be appraised, prioritised, approved, signed off and delivered.

(e) The processes for oversight of projects, programmes and portfolios and how the progress and impacts of these investments will be monitored and evaluated.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget
Grant Funding	86.01	175.57	104.86	84.84
Usable Capital Receipts	0.38	6.74	27.51	30.02
Debt	0	0	0	0
TOTAL	86.39	182.31	132.37	114.86

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.

The Combined Authority currently does not have any debt but is considering debt funding schemes within the Housing directorate, and significant work is being done to establish what the financing requirements will be for the Cambridge Autonomous Metro and whether Combined Authority borrowing may have a role in this. A provision is included in the budget and MTFP from 2022/23 to service approximately £40m of debt costs (based on 25-year maturity rates from PWLB as at 20th January 2021) which would cover any charges incurred from borrowing for the potential Housing directorate debt funded programme. n

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The Authority currently has no debt and therefore no CFR.

The Authority expects that its capital financing requirement will be nil on 31st March 2021 and in line with the MHCLG Guidance expects to charge no MRP in 2021/22.

For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Authority will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

Where loans are made from grant funds, there will be no Capital Finance Requirement and therefore no MRP. Where loans are debt funded, where creditworthiness of the borrower decreases or the asset value drops below the loan value, MRP will be charged on the shortfall.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts.

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent.

As at 31 December 2020, the Authority had no borrowing and £187.5m treasury investments at an average rate of 0.31%

Borrowing strategy: The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above).

Table 3: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget
Debt (incl. PFI & leases)	0	0	0	0
Capital Financing Requirement	0	0	0	0

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Authority expects to comply with this in the medium term.

Liability benchmark: To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark is calculated showing the lowest risk level of borrowing. Given that there are no current plans to borrow, this benchmark is currently set at the existing debt cap, but will be kept under review.

Table 4: Borrowing and the Liability Benchmark in £ millions

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget
Outstanding borrowing	0	0	0	0
Liability benchmark	0	0	84.61	84.61

Affordable borrowing limit: The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 5: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit - total external debt	84.61	84.61	84.61
Operational boundary - total external debt	74.61	74.61	74.61

Treasury investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Risk management: The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by the Board. Regular reports on treasury management activity are presented to the Audit and Governance Committee who are responsible for ensuring effective scrutiny of the treasury management strategy and policies in accordance with CIPFA's Code of Practice.

Investments for Service Purposes

The Authority makes investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth and the Authority's subsidiaries that provide services. In light of the public service objective, the Authority is willing to take more risk than with treasury investments, however it still plans for service loans to at least break even after all costs.

Governance: Decisions on service investments are made by the relevant service manager in consultation with the Head of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases and will therefore also be approved as part of the capital programme.

Commercial Activities

The Combined Authority currently does not invest in commercial property for financial gain

Liabilities

The Authority is committed to making future payments to cover its pension fund deficit (valued at £1.55m). There are currently no commitments to make future payments in relation to debt or other major liabilities. There is currently no requirement to cover risks of other provisions, financial guarantees or major contingent liabilities.

Governance: Decisions on incurring new discretionary liabilities are taken by Directors in consultation with the Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by the Finance team and reported to the Audit and Governance committee. New liabilities/loans are reported to the Board for approval/notification as appropriate.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from general government grants.

Table 6: Prudential Indicator: Proportion of financing costs to net revenue stream

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget
Financing costs (£m)	0	0	0	£0.73m
Proportion of net revenue stream	0%	0%	0%	4.1%

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend into the future. The Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable as demonstrated in the Medium-Term Financial Plan.

Knowledge and Skills

The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance is a qualified accountant with 25 years post qualification experience. The Authority pays for staff to study towards relevant professional qualifications and for all qualified staff to keep up to date with relevant 'continuing professional development'.

Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

Cambridgeshire and Peterborough Combined Authority

Treasury Management Strategy Statement 2021/22

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

Economic background: The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

Table 1 Arlingclose Interest Rate Forecast – January 2021

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market r.													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
50yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Local Context

On 31st December 2020 the Authority held £nil borrowing and £187.5m of treasury investments.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.

The Authority is currently debt free and its capital expenditure plans do not currently imply any need to borrow over the forecast period. Investments are forecast to fall from current levels (end of Dec 2020) of £188m to £23m (end Mar 2025) as capital funding is used to finance capital expenditure as set out in the Capital programme and the Medium-Term Financial Plan.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years.

The Authority expects that its capital financing requirement will be nil on 31st March 2021 and in line with the MHCLG Guidance it expects to charge no MRP in 2021/22. The Combined Authority has no current requirement to borrow over the lifetime of the Medium Term Financial Plan and so the forecast CFR until 2025 is £nil.

Borrowing Strategy

The Authority is not currently in receipt of any loans. The balance sheet forecast shows that the Authority does not expect to need to borrow in 2021/22. However, the Authority may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £84.61 million.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: The Authority's borrowing strategy will address the key issue of affordability without compromising the longer-term stability of any future debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The government has reversed the 1% increase in PWLB rates introduced in October 2019. As a result of this, the Authority expects to borrow any long-term loans from the PWLB, but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Combined Authority's Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two

reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to the Board.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this in the future and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £161m and £236million, and levels are expected to be subject to the drawdown of funds to support the delivery of the Combined Authority's priorities and objectives as set out in the Business Plan and the Medium-Term Financial Plan.

Objectives: The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority will continue to diversify into more secure and/or higher yielding asset classes during 2021/22. Due to current liquidity requirements, an increasing proportion of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, and money market funds.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£25m	Unlimited
Secured investments *	25 years	£25m	Unlimited
Banks (unsecured) *	13 months	£15m	Unlimited
Building societies (unsecured) *	13 months	£15m	£25m
Registered providers (unsecured) *	5 years	£15m	£50m
Money market funds *	n/a	£25m	Unlimited
Strategic pooled funds	n/a	£25m	£100m
Real estate investment trusts	n/a	£25m	£50m
Other investments *	5 years	£15m	£25m

This table must be read in conjunction with the notes below

Minimum Credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than **[A-]**. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times..

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £25m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”)) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: In order to minimise the risk of a single default against available reserves, the maximum that will be lent to any one organisation (other than the UK Government) will be £25m. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £25m in operational bank accounts would be taken account of against the relevant investment limits when making treasury management investments, but the limits in this strategy do not apply to service investments.

Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any group of pooled funds under the same management	£50m per manager
Negotiable instruments held in a broker’s nominee account	£50m per broker
Foreign countries	£25m per country

Liquidity management: The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium-term financial plan and cash flow forecast.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	6 (A)

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£50m

Interest rate exposures: This indicator is set to control the Authority's exposure to interest rate risk:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1.5m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£1.5m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year (excluding loans): The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£160m	£50m	£50m

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable

deposits). The general power of competence in Section 113A of the Local Democracy, Economic Development and Construction Act 2009 removes much of the uncertainty over combined authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2021/22 is £0.23 million, based on the expected investment portfolio. There is no budget for debt interest paid in 2021/22 as no borrowing is expected.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then consideration will be given to transferring a portion of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Portfolio Holder for Investment and Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller

Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A - Existing Investment & Debt Portfolio Position

	31 De 2020 Actual Portfolio £m	Average Rate %
External borrowing:		
Public Works Loan Board	0	
Local authorities	0	
LOBO loans from banks	0	
Other loans	0	
Total external borrowing	0	
Total gross external debt	0	
Treasury investments:		
Banks & building societies (unsecured)	0.1	0.01
Government (incl. local authorities)	147.4	0.39
Money Market Funds	40.0	0.02
Total treasury investments	187.5	0.31
Net debt	(187.5)	

Cambridgeshire and Peterborough Combined Authority

Investment Strategy Report 2021/22

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services, skills or economic growth by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from grants) before it pays for its expenditure in cash (e.g. through payroll, invoices and grants). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £161m and £236m during the 2021/22 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2021/22 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council lends money to its subsidiaries and local businesses to support local public services, to support the provision of affordable housing and to stimulate local economic growth and skills development.

Revolving Housing Fund

In September 2018, the Combined Authority Board approved the creation of a £40m revolving fund from the £100m fund receivable from central government to bring forward 2,000 affordable homes by March 2022.

The £40m fund will gradually grow over time through financial investment, including the provision of loans to re-invest into more housing schemes.

Key objectives and principles in the service investments within the Housing Strategy include the following:

- To accelerate housing delivery to support Economic Growth.
- To create Prosperous Places where people want to live.
- To expand housing choices and opportunity through promotion of steps to promote home ownership using alternative tenure structures, potential starter homes and more shared ownership schemes.
- Promoting all Housing (not just affordable) that is in addition to the existing development pipeline and encourage accelerated delivery within adopted local plans.
- Be creative, in using a range of financial delivery mechanisms that have not traditionally been a method through which public sector organisations have supported and delivered housing. This aims to create a revolving fund that will outlast the £170m programme that will help to meet the longer term target of an additional 100,000 homes by 2037.
- An ambition to deliver 40,000 affordable homes within the same time period, to help address the affordability of housing, particularly for key workers, first time buyers and those in low and medium paid employment who cannot easily access the home ownership market without family or other third party support. This will support more sustainable communities.
- To support the spread of Community Land Trusts (CLT's) which support their local communities.
- Ensuring that housing supports the most vulnerable by offering increased choice and affordability for those requiring specialist care.
- Supporting infrastructure to enable new housing schemes through a co-ordinated approach, particularly regarding transport by making strong links across strategies and projects within the Combined Authority.
- Encouraging best use of all property assets, bringing homes that are currently excluded from the market back into market use and supporting the creation of new homes from existing built assets not currently in residential use.
- To consider using the combined authorities borrowing powers to help to accelerate schemes using financial mechanisms, where it aligns to the overall Combined Authority Investment strategy.

Housing 'Top Up' Fund

The Combined Authority can borrow to deliver capital programmes if this borrowing is in line with the prudential framework. While the Combined Authority has not borrowed to date, there is an opportunity to borrow to on-loan to housing developers which would enable a larger number of projects to be advanced simultaneously than the £40m revolving housing fund alone would allow.

Recycled Growth Fund Loans

The CPCA offers capital loans to local companies, and other Local Authorities, on the advice of the Business Board, where the projects are considered to achieve value for money and fit with the strategic direction set out in the Local Industrial Strategy. As the majority of Growth Funds were awarded prior to March 2021 the extent of new loans that will be available in 2021-22 is likely to be quite small.

Security of Service Loans

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2020 actual			2021/22
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0.000	0.000	0.000	20.000
Local businesses	39.662	0.643	39.019	90.000
TOTAL	39.662	0.643	39.019	110.000

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority would assess the risk of loss before entering into and whilst holding service loans. All future loans would be subject to the following risk assessment and mitigating actions:

- 1) An appropriate level of due diligence, to include the use of external advisors where appropriate.
- 2) An appropriate loan period and timing of repayments
- 3) The calculation of an interest rate that would represent 'value for money', be of 'no detriment' to the Combined Authority, and to minimise the risk of State Aid challenge
- 4) Approval being subject to a business case, due diligence, and loan agreement to the satisfaction of the Chief Executive, Monitoring Officer and Chief Finance Officer.
- 5) The business case would be reviewed to include focus on:
 - a. Impact of existing loans and charges on assets
 - b. Accuracy and reasonableness of Cashflow and profit forecasts
 - c. Ambition of future sales targets and income to repay loan
 - d. Provisions/allowances for contingency, inflation
 - e. Review of credit worthiness of business and collateralisation of loan
- 6) For housing development loans, first legal charge over land and assets
- 7) Regular review and valuation of the assets
- 8) Drawdown subject to a gateway process
- 9) Consideration of options of parent company guarantees
- 10) Consideration of obligations of S106 agreements

All loans are subject to approval by the Combined Authority Board.

Service Investments: Shares

Contribution: The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth.

The CPCA has approved a number of service equity investments as part of both the CAM programme and the Business and Skills agenda, all but one of these investments had been made by the end of March 2021, with only the Getting Building Fund investment into the second phase of the University of Peterborough outstanding.

University of Peterborough Phase 1

Equity investment into a Joint Venture along with Peterborough City Council and Anglia Ruskin University with a total CPCA investment of £23.5m.

University of Peterborough Phase 2

This project was put forward to Government in response to a call for projects in 2020-21, and £14.6m of grant was awarded to the CPCA (the Getting Building Fund). The majority of this funding is being invested into a Joint Venture with Photocentric to deliver a Research and Development centre on the University of Peterborough Campus.

The Business Growth Service

Approved by CPCA and involves equity investment of up to £7.7m of CPCA and LGF funding to deliver support to local businesses and improve the skills offering in the Combined Authority area.

Other Growth Fund equity investments

There are a number of smaller equity investments made within the Growth Fund programme, these total £5.7m currently awarded with a further pipeline of up to £1.0m.

CAM Special Purpose Vehicle

In 2020-21 the Combined Authority Board approved the creation of a special purpose vehicle company as the preferred option for carrying forward the CAM project. In light of this £2.0m of CPCA funds have been invested to set up the company, with an expected further £2.0m in 2021-22.

Capital Growth Scheme Investments

The Business Growth Service is tasked with the delivery of a £11m fund for a combination of grants and small scale equity investments into SMEs. This programme is to provide working capital to fund growth projects which unlock growth in jobs or scale a company to secure more income generation and jobs at a level where private sector equity finance is lacking due to its focus on high-tech, Intellectual Property (IP) based start-ups and much higher growth rates, which typically favour much higher value equity investments of at least £250k up to £2m and higher.

It is expected that the Business Growth Service will hold these investments, so they are not included in the limits in this strategy, however they are mentioned as the Business Growth Service is wholly owned by the CPCA.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Category of company	31.3.2020 actual			2021/22
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	0.000	0.000	0.000	60.000
Local businesses	0.341	0.208	0.133	10.000
TOTAL	0.341	0.132	0.209	70.000

Risk assessment: The Authority would assess the risk of loss before entering into, and whilst holding, share agreements. The approach followed would be to consider:

- 1) an assessment of the market that the Authority would be competing in, the nature and level of competition, how market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements;
- 2) whether to use external advisors;
- 3) risk assessment based on credit ratings and the use of credit rating agencies;
- 4) the monitoring of risk in accordance with the Combined Authority's risk management policy.

Liquidity: Investments will be subject to the drawdown requirements of the Capital programme as set out in the Medium-Term Financial Plan and as monitored in the monthly cashflow forecast.

Non-specified Investments: Shares (defined as equity and equity like instruments) are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

The Authority currently does not invest in property with the intention of making a profit that will be spent on local public services and has no immediate plans to do so. In the event that commercial property investments would be held in future, the Authority would consider the following:

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Risk assessment: The Authority would assess the risk of loss before entering into and whilst holding property investments. The approach followed would be to consider:

- 1) A full due diligence exercise covering an assessment of: the property business plan, including sensitivity and scenario analysis; the credit quality of incumbent tenants (if any); the local property market, including demand, availability and voids in current similar commercial stock; the area's economic outlook and potential; how market/customer needs will evolve over time; barriers to entry and exit and any ongoing investment requirements;
- 2) Where in-house expertise does not cover the relevant investment opportunity, we will use external advisors for all/part of the due diligence and any other specialist areas;

- 3) External advice will be monitored by relevant officers, including adherence to deadlines, regular advisory meetings and adherence to project objectives;
- 4) The risk assessment will include credit ratings as part of the overall in-depth credit assessment of tenants. The creditworthiness of tenants will be monitored on a regular basis, using external expertise where necessary to give a credit view and an early warning of possible issues. As landlord, the Authority will maintain open dialogue with tenants, including discussion of financial stress;
- 5) The Authority will monitor the performance of the property asset against business plans throughout the life of the asset, assessing its performance and contribution of continued investment against the probable returns from sale.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. Each potential investment would be considered to ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and were the Authority to enter into any, a process in line with that taken for service loans, as set out above, would be followed, including a calculation of a loss allowance where appropriate.

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down.

Table 3: Total investment exposure in £millions

Total investment exposure	31.03.2020 Actual	31.03.2021 Forecast	31.03.2022 Forecast
Treasury management investments	159.921	90.000	50.000
Service investments: Loans	39.019	50.000	50.000
Service investments: Shares	0.133	40.000	60.000
TOTAL INVESTMENTS	199.073	180.000	160.000
Commitments to lend	6.902	00.000	0.000
TOTAL EXPOSURE	205.975	180.000	160.000

How investments are funded:

To date, all investments are funded by the Authority's useable reserves and income received in advance of expenditure. There are no immediate plans to borrow.

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 4: Investment rate of return

Investments net rate of return	2019/20 Actual	2020/21 Forecast	2021/22 Forecast
Treasury management investments	0.811%	0.412%	0.184%
Service investments - Loans	2.578%	2.949%	3.034%
ALL INVESTMENTS	0.943%	0.784%	0.888%

Cambridgeshire and Peterborough Combined Authority

Minimum Revenue Provision Statement 2021/22

Annual Minimum Revenue Provision Statement 2021/22

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Revenue Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

- The Authority expects that its capital financing requirement will be nil on 31st March 2021 and in line with the MHCLG Guidance it expects to charge no MRP in 2021/22.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Authority will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred in the loan is fully funded over the life of the assets.
- Where loans are made from grant funds, there will be no Capital Finance Requirement and therefore no MRP.
- The table below summarises the MRP Policy.

Capital Expenditure Incurred	MRP Policy
Expenditure funded by unsupported borrowing	Asset Life, annuity method - MRP will be based on the prevailing PWLB interest rate for a loan with a term equivalent to the estimated life of the project.
Finance Leases	Charged in relation to asset life on the annuity method
Secured Loans to third parties repaid in bullet form.	No MRP will be charged as reliance can be placed on the capital receipt that will be generated when the loan is repaid or, in the event of a default, the realisation of the security. If realisation of the security does not equate to the original loaned amount, the Authority will recognise the associated impairment and will charge MRP on the outstanding balance.

Cambridgeshire and Peterborough Combined Authority

Capital Strategy Report ~~2020/21~~2021/22

Introduction

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

Capital Expenditure and Financing

Capital expenditure is where an Authority spends money on assets, such as property, [shares in companies](#) or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

In ~~2020/21~~2021/22, the Authority is planning capital expenditure of £~~173.53m~~132.37m as summarised below.

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2018/19 <u>2019/20</u> actual	2019/20 <u>2020/21</u> forecast	2020/21 <u>2021/22</u> budget	2021/22 <u>2022/23</u> budget
Capital investments	60.82 <u>86.39</u>	92.35 <u>182.31</u>	173.53 <u>132.37</u>	81.12 <u>114.86</u>
TOTAL	60.82 <u>86.39</u>	92.35 <u>182.31</u>	173.53 <u>132.37</u>	81.12 <u>114.86</u>

The budget figures for ~~2020/21~~ and 2021/22 and 2022/23 are taken from the Approved Capital Expenditure Programme as set out and described in the Medium Term Financial Plan ~~which was~~ approved by the Board in January ~~2020~~2021.

Governance:

The Combined Authority's Assurance Framework sets out:

(a) How the seven principles of public life shape the culture within the Combined Authority in undertaking its roles and responsibilities in relation to the use and administration of the Cambridgeshire and Peterborough Investment, incorporating the Single Pot funding. This culture is developed and underpinned by processes, practices and procedures.

(b) ~~The~~Alongside the Combined Authority's constitution, sets out the respective roles and responsibilities of the Combined Authority, the Business Board (the Local Enterprise Partnership) and ~~the Section 73 Officer, in decision-making and ways of working is set out in the terms of reference of the Business Board and forms part of the Combined Authority and the Local Enterprise Partnership constitutions~~statutory officers.

(c) The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money.

(d) How potential investments to be funded through the Cambridgeshire and Peterborough Medium Term Financial Plan, incorporating the Single Pot, will be appraised, prioritised, approved, signed off and delivered.

(e) The processes for oversight of projects, programmes and portfolios and how the progress and impacts of these investments will be monitored and evaluated.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	<u>2018/19</u> <u>2019/20</u> actual	<u>2019/20</u> <u>2020/21</u> forecast	<u>2020/21</u> <u>2021/22</u> budget	<u>2021/22</u> <u>2022/23</u> budget
<u>Gainshare Capital/TCF Grant Funding</u>	<u>5.1</u> <u>586.01</u>	<u>7.6</u> <u>7175.57</u>	<u>55.3</u> <u>9104.86</u>	<u>32.9</u> <u>284.84</u>
<u>Housing Usable Capital Receipts</u>	<u>13.8</u> <u>90.38</u>	<u>50.3</u> <u>06.74</u>	<u>44.6</u> <u>127.51</u>	<u>23.4</u> <u>730.02</u>
<u>Highways Maintenance Grant</u>	<u>23.08</u>	<u>23.54</u>	<u>23.08</u>	<u>23.08</u>
<u>Local Growth Fund</u>	<u>15.67</u>	<u>6.08</u>	<u>50.45</u>	<u>1.65</u>
<u>Other (2019/20 – NPIF)</u>	<u>3.03</u>	<u>4.76</u>	<u>0</u>	<u>0</u>
Debt	0	0	0	0
TOTAL	<u>60.8</u><u>286.39</u>	<u>92.3</u><u>5182.31</u>	<u>173.5</u><u>3132.37</u>	<u>81.1</u><u>2114.86</u>

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.

The Combined Authority currently does not have any debt ~~and has no immediate plans to obtain~~ but is considering debt. ~~There is however funding schemes within the Housing directorate, and significant work is being done to establish what the financing requirements will be for the Cambridge Autonomous Metro and whether Combined Authority borrowing may have a role in this. A provision is included in the draft budget and MTFP from 2022/23 to service approximately £40m of debt up to the current agreed costs (based on 25-year maturity rates from PWLB as at 20th January 2021) which would cover any charges incurred from borrowing for the potential Housing directorate debt cap-funded programme. n~~

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The Authority currently has no debt and therefore no CFR.

The Authority expects that its capital financing requirement will be nil on 31st March ~~2020~~2021 and in line with the MHCLG Guidance expects to charge no MRP in ~~2020/21~~2021/22.

For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Authority will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

Where loans are made from grant funds, there will be no Capital Finance Requirement and therefore no MRP. Where loans are ~~made from the Treasury top up fund~~debt funded, where creditworthiness of the borrower decreases or the asset value drops below the loan value, MRP will be charged on the shortfall.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts.

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent.

As at ~~29 February~~31 December 2020, the Authority had no borrowing and £~~170.2m~~187.5m treasury investments at an average rate of ~~0.84~~31%

Borrowing strategy: The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around ~~0.75~~10%) and long-term fixed rate loans where the future cost is known but higher (currently ~~2.01.5~~ to ~~3.02.5~~%).

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above).

Table 43: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3. 2019 2020 actual	31.3. 2020 2021 forecast	31.3. 2021 2022 budget	31.3. 2022 2023 budget
Debt (incl. PFI & leases)	0	0	0	0
Capital Financing Requirement	0	0	0	0

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Authority expects to comply with this in the medium term.

Liability benchmark: To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark is calculated showing the lowest risk level of borrowing. Given that there are

no current plans to borrow, this benchmark is currently set at the existing debt cap, but will be kept under review.

Table 54: Borrowing and the Liability Benchmark in £ millions

	31.3. 2019 2020 actual	31.3. 2020 2021 forecast	31.3. 2021 2022 budget	31.3. 2022 2023 budget
Outstanding borrowing	0	0	0	0
Liability benchmark	0	0	84. 81 61	84.61

Affordable borrowing limit: The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 65: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	<u>2019/2020/21</u> limit	<u>2020/21/22</u> limit	<u>2021/22/23</u> limit
Authorised limit - total external debt	84.61	84.61	84.61
Operational boundary - total external debt	74.61	74.61	74.61

Treasury investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Risk management: The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by the Board. Regular reports on treasury management activity are presented to the Audit and Governance Committee who are responsible for ensuring effective scrutiny of the treasury management strategy and policies in accordance with CIPFA's Code of Practice.

Investments for Service Purposes

The Authority makes investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth and the Authority's subsidiaries that provide services. In light of the public service objective, the Authority is willing to take more risk than with treasury investments, however it still plans for ~~such investments~~service loans to at least break even after all costs.

Governance: Decisions on service investments are made by the relevant service manager in consultation with the Head of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases and will therefore also be approved as part of the capital programme.

Commercial Activities

The Combined Authority currently does not invest in commercial property for financial gain.

Liabilities

The Authority is committed to making future payments to cover its pension fund deficit (valued at £1.55m). There are currently no commitments to make future payments in relation to debt, ~~future payments to cover pension fund deficits~~ or other major liabilities. There is currently no requirement to cover risks of other provisions, financial guarantees or major contingent liabilities.

Governance: Decisions on incurring new discretionary liabilities are taken by Directors in consultation with the Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by the Finance team and reported to the Audit and Governance committee. New liabilities/loans are reported to the Board for approval/notification as appropriate.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from general government grants.

Table 76: Prudential Indicator: Proportion of financing costs to net revenue stream

	<u>2018/19</u> <u>31.3.202</u> <u>0</u> actual	<u>2019/20</u> <u>31.3.202</u> <u>1</u> forecast	<u>2020/21</u> <u>31.3.202</u> <u>2</u> budget	<u>2021/22</u> <u>31.3.202</u> <u>3</u> budget
Financing costs (£m)	0	0	£2.56m	£2.56m
Proportion of net revenue stream	0%	0%	15.40%	17.64.1%

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend into the future. The Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable as demonstrated in the Medium-Term Financial Plan.

Knowledge and Skills

The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance is a qualified accountant with 25 years post qualification experience. The Authority pays for staff to study towards relevant professional qualifications and for all qualified staff to keep up to date with relevant 'continuing professional development'.

Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers ~~and Peterborough City Council to provide a Capital and Treasury support service via a service level agreement~~. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

Cambridgeshire and Peterborough Combined Authority

Treasury Management Strategy Statement ~~2020/21~~2021/22

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

External Context

Economic background: The ~~UK's progress negotiating its exit impact on the UK from the European Union, together with its future coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements, with the European Union (EU), will continue to be a remain major influence~~influences on the Authority's treasury management strategy for ~~2020/21. More immediately, the effect of the coronavirus epidemic has depressed~~2021/22.

~~The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic activity in some countries~~outlook outlined in the November MPR.

~~UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly China, and is likely to have damaging repercussions for the when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.~~

~~GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in~~

construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

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Since first appearing in China in December 2019, the coronavirus has now spread to around 40 countries and caused sharp falls in financial markets as part of a flight to quality into sovereign debt and other perceived 'safe' assets. The longer term impact of the virus on global growth remains uncertain at the moment but as the number of cases and affected countries grows, the impact increases in severity, particularly given the importance of China in global trade. The Federal Reserve cut the Fed Funds policy rate by 0.50% to 1.0—1.25%, in order to restore investor confidence and cushion the impact of the virus on activity. Other central banks have followed suit, but this has not stopped a severe reaction in financial markets as investors project a sharp slowdown in global growth.

The UK economy flatlined in Q4 2019 as the political uncertainties surrounding the General Election and Brexit weighed on business and household sentiment. UK GDP growth was flat in the fourth quarter of 2019, according to the initial estimate from the Office for National Statistics, down from an upwardly revised 0.5% in Q3. A recovery in various economic indicators in Q1 2020 suggested the resumption of confidence following the Election result, but expectations of a reduction in Bank Rate are high due to the impact of coronavirus.

Credit outlook: Credit Default Swap spreads have remained broadly flat since the start of 2020 and trading in a slightly tighter range compared to the last calendar quarter of 2019. Spreads have risen due to the onset of coronavirus, but remain low historically.

There were only a few credit updates over the period. Standard & Poor's revised the outlook on Clydesdale Bank to positive (and affirmed the long-term and short-term ratings) to reflect its view that as part of the Virgin Money group it has made good progress increasing its capital buffer and bail-in eligible liabilities. Moody's upgraded the long-term ratings of Barclays Bank Plc (non-ringfenced) to A1 and changed the outlook to stable, reflecting an improved operating performance and profitability prospects of the parent, Barclays Plc, which itself was updated to Baa2.

Interest rate outlook: The global economic outlook has rapidly deteriorated with the escalation and spread of coronavirus (COVID-19) to all regions and concerns over its scale and longevity. The economic shock is affecting both supply and demand sides of economies through disruption to trade; containment efforts by governments, corporates and individuals and the damage to sentiment could halve global growth from 2.9% to 1.5% in 2020 (OECD), with a worse case scenario of a sharper contraction and global recession.

Central banks have already responded in the US, Canada and Australia with interest rate cuts. Outgoing Bank of England Governor has commented the Bank's response will be "powerful and timely" and, in an emergency meeting on the 11th March 2020, the MPC cut the base rate by 0.5% reducing it to 0.25%.

The government will outline its public spending intentions in the March Budget and undertake substantial fiscal loosening in 2020/21. The Chancellor is now also expected to announce a package of measures to ease COVID-19's pressure on the health service, consumers and businesses. Nevertheless, activity will also hinge on COVID-19's global economic damage and outcome.

Chinese activity remains impaired despite a slowdown in cases. As one of the main drivers of global economic growth and its integral position in many global supply chains, a persistent downturn in its economy is having a global spill-over and wide-ranging ramifications. The UK economy is likely to face issues with supply, due to the global impact on supply chains, and demand, as individuals travel less frequently for both work and leisure. Economic growth will therefore be weak for H1 2020. Prior to the virus, the more stable political environment had prompted a partial return in business and household confidence, and a bounce in economic activity and inflation. Whether this can be maintained or at least returned to during this year depends on the extent and duration of the virus impact.

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Average
Official Bank Rate														
Upside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.23
Arlingclose Central Case	0.50	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.44
Downside risk	0.50	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.44
3-month money market rate														
Upside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.50	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.44
Downside risk	0.50	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.44
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.65	0.40	0.45	0.60	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.65
Downside risk	0.30	0.30	0.40	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.57
5yr gilt yield														
Upside risk	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.38
Arlingclose Central Case	0.30	0.20	0.25	0.35	0.60	0.60	0.60	0.65	0.65	0.70	0.70	0.70	0.70	0.54
Downside risk	0.35	0.35	0.40	0.55	0.60	0.60	0.60	0.65	0.65	0.70	0.70	0.70	0.70	0.58
10yr gilt yield														
Upside risk	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.40	0.45	0.60	0.65	0.70	0.70	0.75	0.75	0.80	0.80	0.85	0.85	0.68
Downside risk	0.50	0.50	0.60	0.70	0.65	0.70	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.65
20yr gilt yield														
Upside risk	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.70	0.75	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.05	0.88
Downside risk	0.50	0.50	0.60	0.70	0.65	0.70	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.65
50yr gilt yield														
Upside risk	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.70	0.75	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.05	0.88
Downside risk	0.50	0.50	0.60	0.70	0.65	0.70	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.65

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

Table 1 Arlingclose Interest Rate Forecast – January 2021

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
50yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Local Context

On ~~29th February~~ 31st December 2020 the Authority held Enil borrowing and ~~£170.2m~~ £187.5m of treasury investments.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.

The Authority is currently debt free and its capital expenditure plans do not currently imply any need to borrow over the forecast period. Investments are forecast to fall from current levels (end of ~~Feb~~ Dec 2020) of ~~£170m~~ £188m to ~~£22m~~ £23m (end Mar ~~2024~~ 2025) as capital funding is used to finance capital expenditure as set out in the Capital programme and the Medium-Term Financial Plan.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years.

The Authority expects that its capital financing requirement will be nil on 31st March ~~2020~~ 2021 and in line with the MHCLG Guidance it expects to charge no MRP in ~~2020/21~~ 2021/22. The Combined Authority has no current requirement to borrow over the lifetime of the Medium Term Financial Plan and so the forecast CFR until ~~2024~~ 2025 is Enil.

Borrowing Strategy

The Authority is not currently ~~does not hold in receipt of~~ any loans. The balance sheet forecast shows that the Authority does not expect to need to borrow in ~~2020/21~~ 2021/22. However, the Authority may

borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £84.61 million.

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Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: The Authority's borrowing strategy will address the key issue of affordability without compromising the longer-term stability of any future debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2020/21-2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The government ~~increased has reversed the 1% increase in~~ PWLB rates ~~by 4%~~ introduced in October 2019 ~~making it now. As a relatively expensive option. The result of this, the~~ Authority ~~will now look expects~~ to borrow any ~~long-term loans from the PWLB, but will consider~~ long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board ~~(PWLB) and any successor body)~~
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Combined Authority's Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative

- sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It ~~plans to issue~~^{issues} bonds on the capital markets and ~~lend~~^{lends} the proceeds to local authorities. This ~~will be~~^{is} a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to the Board.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this in the future and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between ~~£460m~~^{£161m} and ~~£260million~~^{£236million}, and levels are expected to be subject to the drawdown of funds to support the delivery of the Combined Authority's priorities and objectives as set out in the Business Plan and the Medium-Term Financial Plan.

Objectives: The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: ~~If The COVID-19 pandemic has increased the UK enters into a recession in 2020/21, there is a small chance~~^{risk} that the Bank of England ~~could~~^{will} set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. ~~This situation already exists in many other European countries. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments.~~ In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority will continue ~~to~~^{to} diversify into more secure and/or higher yielding asset classes during ~~2020/21. A small~~^{2021/22. Due to current liquidity requirements, an increasing} proportion of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, and money market funds.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 32 below, subject to the cash limits (per counterparty) and the time limits shown.

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Table 3: Approved Treasury investment counterparties and limits

Credit rating	Sector	Banks unsecured limit	Banks secured limit	Government Sector limit	Corporates	Registered Providers
The UK Government		50 years n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA Local authorities & other government entities		25 years	£25m 20 years	£25m Unlimited 50 years	£15m 20 years	£15m 20 years
AA+ Secured investments *		£15m 25 years	£25m 40 years	£25m 25 years Unlimited	£15m 40 years	£15m 40 years
AA Banks (unsecured) *		13 months	£25m 5 years	£15m 5 years	£15m 40 years	£15m Unlimited
AA Building societies (unsecured) *		13 months	£15m 3 years	£25m 4 years	£25m 10 years	£15m 4 years
AA+ Registered provider (unsecured) *		£15m 2 years	£25m 5 years	£15m 3 years	£15m 5 years	£15m 5 years
AA Money market funds *		£15m n/a	£25m 2 years	£25m 5 years Unlimited	£15m 2 years	£15m 5 years
AA Strategic pooled funds		£15m 6 months	£25m 13 months	£25m 5 years 100m	£15m 13 months	£15m 5 years
None Real estate investment trusts		£1m 6 months	n/a	£25m 25 years	£10m 5 years	£15m 5 years
Pooled funds and real estate investment trusts		5 years	£15m	£25m	per fund or trust	

This table must be read in conjunction with the notes below

Minimum Credit rating: ~~Investment limits are set by reference to Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating from a selection of external rating agencies is no lower than [A-].~~ Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: ~~For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.~~

Government: ~~Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.~~

Secured investments: ~~Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.~~

Banks and building societies (unsecured): ~~Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.~~

Banks secured: ~~Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.~~

Government: ~~Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.~~

Corporates: ~~Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £10m per company as part of a diversified pool in order to spread the risk widely.~~

Registered providers: (unsecured): ~~Loans to, and bonds issued by, or guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern~~

Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds ~~Shares that offer same-day or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares~~ short notice liquidity and property. These funds ~~very low or no price volatility by investing in short-term money markets. They~~ have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a ~~fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods,~~ small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

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Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. ~~Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.~~

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £25m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as ~~"rating watch-negative" or "credit watch-negative")~~ so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with

that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2014/2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment limits: In order to minimise the risk of a single default against available reserves, the maximum that will be lent to any one organisation (other than the UK Government) will be £25m. A group of bank entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £25m in operational bank accounts would be taken account of against the relevant investment limits when making treasury management investments, but the limits in this strategy do not apply to service investments.

Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£25m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£25m per group
Any group of pooled funds under the same management	£50m per manager
Negotiable instruments held in a broker's nominee account	£50m per broker
Foreign countries	£25m per country
Registered providers and registered social landlords	£50m in total
Unsecured investments with building societies	£25m in total
Loans to unrated corporates	£40m in total

Money-market funds	£100m in total
Real-estate investment trusts	£50m in total

‘Top-Up’ Fund

The Investment Strategy sets out provision for the Combined Authority to make ‘service investments’ from the £40m ‘revolving’ Housing Fund and the Local Growth Fund. Whilst the revolving £40m fund derives from the £100m grant funding for affordable housing, the ‘top up’ fund is ‘treasury’ cash, being earmarked for other projects within the Medium Term Financial Plan (MTFP), but available for investment until such time as they are required to be drawn down to fund delivery. The availability of these balances is identified within the Authority’s cashflow forecast. The criteria for the use of these balances will be consistent with the fundamental treasury management concepts of ‘Security’ first, then ‘Liquidity’ and then ‘Return’.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk and ensure that total exposure to service loans remains proportionate to the cash balances available, upper limits on outstanding loans made from the ‘top up’ fund are limited to £40m in total and £10m to any individual borrower.

Risk assessment: The Authority would assess the risk of loss before entering into and whilst holding service loans. Loans are subject to the following risk assessment and mitigating actions:

- 1) An appropriate level of due diligence, to include the use of external advisors where appropriate.
- 2) An appropriate loan period and timing of repayments and within balances available as determined by the Combined Authority’s Cashflow forecast.
- 3) The calculation of an interest rate that would represent ‘value for money’ be of ‘no detriment’ to the Combined Authority and to minimise the risk of State Aid challenge.
- 4) Approval being subject to a business case, due diligence and loan agreement to the satisfaction of the Chief Executive, Monitoring Officer and Chief Finance Officer.
- 5) The business case would be reviewed to include focus on:
 - a. Impact of existing loans and charges on assets
 - b. Accuracy and reasonableness of Cashflow and profit forecasts
 - c. Ambition of future sales targets and income to repay loan
 - d. Provisions/allowances for contingency, inflation
 - e. Review of credit worthiness of business and collateralisation of loan
- 6) First legal charge over land and assets
- 7) Regular review and valuation of the assets
- 8) Drawdown subject to a gateway process
- 9) Consideration of options of parent company guarantees
- 10) Consideration of obligations of S106 agreements

All loans are subject to approval by the Combined Authority Board.

Liquidity management: The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium-term financial plan and cash flow forecast.

Treasury Management Indicators

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The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	6 (A)

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Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet ~~unexpected~~ payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£50m

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Interest rate exposures: This indicator is set to control the Authority's exposure to interest rate risk:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£ 4m 1.5m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£ 4m 1.5m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year (excluding loans): The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2020/21 2021/22	2022/23 2024/22	2023/24 2022/23
Limit on principal invested beyond year end	£160m	£50m	£50m

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable

deposits). The general power of competence in Section 4113A of the ~~Localism~~Local Democracy, Economic Development and Construction Act 20142009, removes much of the uncertainty over ~~local~~combined authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

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The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. ~~The current value of any amount due from a derivative counterparty, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document~~ will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2020/212021/22 is £1.020.23 million, based on the expected investment portfolio. ~~The~~There is no budget for debt interest paid in 2020/21 is £2.56 million, based on the maximum debt cap available to the authority calculated at the current PWLB 25-year2021/22 as no borrowing rate is expected.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then consideration will be given to transferring a portion of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Portfolio Holder for Investment and Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater

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Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

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Appendix BA - Existing Investment & Debt Portfolio Position

	29 Feb 31 Dec 2020 Actual Portfolio £m	Average Rate %
External borrowing:		
Public Works Loan Board	0	
Local authorities	0	
LOBO loans from banks	0	
Other loans	0	
Total external borrowing	0	
Total gross external debt	0	
Treasury investments:		
Banks & building societies (unsecured)	6.2	0.5501
Government (incl. local authorities)	454.01	0.8639
Money Market Funds	40147.4	0.7202
	40.0	
Total treasury investments	470.2187.5	0.8431
Net debt	(470.2187.5)	

Cambridgeshire and Peterborough Combined Authority

Investment Strategy Report ~~2020/21~~2021/22

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services, skills or economic growth by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from grants) before it pays for its expenditure in cash (e.g. through payroll, invoices and grants). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between ~~£450m~~161m and ~~£300m~~236m during the ~~2020/21~~2021/22 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for ~~2020/21~~2021/22 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council lends money to its subsidiaries and local businesses to support local public services, to support the provision of affordable housing and to stimulate local economic growth and skills development.

Revolving Housing Fund

In September 2018, the Combined Authority Board approved the creation of a £40m revolving fund from the £100m fund receivable from central government to bring forward 2,000 affordable homes by March 2022.

The £40m fund will gradually grow over time through financial investment, including the provision of loans to re-invest into more housing schemes.

Key objectives and principles in the service investments within the Housing Strategy include the following:

- To accelerate housing delivery to support Economic Growth.
- To create Prosperous Places where people want to live.
- To expand housing choices and opportunity through promotion of steps to promote home ownership using alternative tenure structures, potential starter homes and more shared ownership schemes.
- Promoting all Housing (not just affordable) that is in addition to the existing development pipeline and encourage accelerated delivery within adopted local plans.
- Be creative, in using a range of financial delivery mechanisms that have not traditionally been a method through which public sector organisations have supported and delivered housing. This aims to create a revolving fund that will outlast the £170m programme that will help to meet the longer term target of an additional 100,000 homes by 2037.
- An ambition to deliver 40,000 affordable homes within the same time period, to help address the affordability of housing, particularly for key workers, first time buyers and those in low and medium paid employment who cannot easily access the home ownership market without family or other third party support. This will support more sustainable communities.
- To support the spread of Community Land Trusts (CLT's) which support their local communities.
- Ensuring that housing supports the most vulnerable by offering increased choice and affordability for those requiring specialist care.
- Supporting infrastructure to enable new housing schemes through a co-ordinated approach, particularly regarding transport by making strong links across strategies and projects within the Combined Authority.
- Encouraging best use of all property assets, bringing homes that are currently excluded from the market back into market use and supporting the creation of new homes from existing built assets not currently in residential use.
- To consider using the combined authorities borrowing powers to help to accelerate schemes using financial mechanisms, where it aligns to the overall Combined Authority Investment strategy.

Local Housing 'Top Up' Fund

The Combined Authority can borrow to deliver capital programmes if this borrowing is in line with the prudential framework. While the Combined Authority has not borrowed to date, there is an opportunity to borrow to on-loan to housing developers which would enable a larger number of projects to be advanced simultaneously than the £40m revolving housing fund alone would allow.

Recycled Growth Fund Loans

The CPCA offers capital loans to local companies, and other Local Authorities, on the advice of the Business Board, where the projects are considered to achieve value for money and fit with the strategic direction set out in the Local Industrial Strategy. In 2020-24 as the value majority of Growth Funds were awarded prior to March 2021 the extent of new loans made that will be available via this programme in 2021-22 is estimated likely to stand at £6.6m be quite small.

Security of Service Loans

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

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Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2019/2020 actual			2020/21/2021/22
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0.000	0.000	0.000	20.000
Local businesses	7,22739.662	0.000643	7,22739.019	90.000
TOTAL	7,22739.662	0.000643	7,22739.019	110.000

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Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority would assess the risk of loss before entering into and whilst holding service loans. ~~The Combined Authority approved its first loan in May 2018 and used this agreement as a 'proof of concept'~~. All future loans would be subject to the following risk assessment and mitigating actions:

- 1) An appropriate level of due diligence, to include the use of external advisors where appropriate.
- 2) An appropriate loan period and timing of repayments
- 3) The calculation of an interest rate that would represent 'value for money', be of 'no detriment' to the Combined Authority, and to minimise the risk of State Aid challenge
- 4) Approval being subject to a business case, due diligence, and loan agreement to the satisfaction of the Chief Executive, Monitoring Officer and Chief Finance Officer.
- 5) The business case would be reviewed to include focus on:
 - a. Impact of existing loans and charges on assets
 - b. Accuracy and reasonableness of Cashflow and profit forecasts
 - c. Ambition of future sales targets and income to repay loan
 - d. Provisions/allowances for contingency, inflation
 - e. Review of credit worthiness of business and collateralisation of loan
- 6) ~~First~~For housing development loans, first legal charge over land and assets
- 7) Regular review and valuation of the assets
- 8) Drawdown subject to a gateway process
- 9) Consideration of options of parent company guarantees
- 10) Consideration of obligations of S106 agreements

All loans are subject to approval by the Combined Authority Board.

'Top-Up' Fund

~~The Treasury Management Strategy sets out provision for the Combined Authority to make 'service investments' from Treasury balances. Whilst the revolving £40m fund derives from the £100m grant funding for affordable housing, the 'top-up' fund is 'treasury' cash, being earmarked for other projects within the Medium Term Financial Plan (MTFP), but available for investment until such time as they are required to be drawn down to fund delivery. The availability of these balances is identified within the Authority's cashflow forecast. The criteria for the use of these balances will be consistent with the fundamental treasury management concepts of 'Security' first, then 'Liquidity' and then 'Return'.~~

Service Investments: Shares

Contribution: The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth. ~~Currently the CPCA owns shares in its wholly owned subsidiaries (Angle Holdings Ltd and Angle Developments East Ltd) and in the Med-tech accelerator which provides loans to SMEs in the bio-medical field to develop novel services and products, promoting GVA growth and job creation in the area.~~

The CPCA has approved a number of ~~further~~ service equity investments as part of ~~its both the CAM programme and the~~ Business and Skills agenda, ~~the shareholding agreements for all but one of~~ these investments had ~~not been finalised at~~ made by the end of March 2020 ~~however they are expected within the 2020-21 financial year and thus are accounted for in our indicators as set out below:~~ 2021, with only the Getting Building Fund investment into the second phase of the University of Peterborough outstanding.

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University of Peterborough Phase 1

Equity investment into a ~~Joint Venture~~ along with Peterborough City Council ~~and Anglia Ruskin University with a~~ total ~~CPCA investment~~ of £23.5m.

~~The Growth Service~~University of Peterborough Phase 2

~~This project was put forward to Government in response to a call for projects in 2020-21, and £14.6m of grant was awarded to the CPCA (the Getting Building Fund). The majority of this funding is being invested into a Joint Venture with Photocentric to deliver a Research and Development centre on the University of Peterborough Campus.~~

The Business Growth Service

Approved by CPCA and involves equity investment of up to £7.7m of CPCA and LGF funding ~~to deliver support to local businesses and improve the skills offering in the Combined Authority area.~~

Other ~~LGF~~Growth Fund equity investments

There are a number of smaller equity investments made within the ~~Local~~Growth Fund programme, these total £5.7m currently awarded with a further pipeline of up to ~~£5.5m~~£1.0m.

CAM Special Purpose Vehicle

~~Capital Growth Scheme Investments~~

~~In November 2019, 2020-21~~ the Combined Authority Board approved the creation of a special purpose vehicle company as the preferred option for carrying forward the CAM project. In light of this £2.0m of CPCA funds have been invested to set up the company, with an expected further £2.0m in 2021-22.

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Capital Growth Scheme Investments

~~£12m partially revolving~~The Business Growth Service is tasked with the delivery of a £11m fund ~~of which £5.46m is earmarked for a combination of grants and~~ small scale equity investments into SMEs ~~or larger companies who require investment at the higher level from £150k to £250k. These. This programme is to~~ provide working capital to fund growth projects which unlock growth in jobs or scale a company to secure more income generation and jobs at a level where private sector equity finance is lacking due to its focus on high-tech, Intellectual Property (IP) based start-ups and much higher growth rates, which typically favour much higher value equity investments of at least £250k up to £2m and higher.

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~~For this scheme, It is expected that~~ the following phases of administration apply:

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- ~~1. Establish evaluation panel—create a panel of representatives who~~Business Growth Service will ~~appraise the applications and ensure therehold these investments, so they are sufficient funds available and that projectsnot included in the limits in this strategy, however they are prioritised according to outcomes and need~~
- ~~2. Receiving Applications—administrative support to receive and check applications.~~
- ~~3. Reviewing Applications—administrative support to check applications are complete and all associated documentation supporting mentioned as~~ the application is included

4. ~~Financial due diligence check — carry out checks that the funds will be utilised correctly, the business~~Business Growth Service ~~is viable, the project is as described in the application, there is no potential for reputational damage and the project will deliver the outcomes as set out~~
5. ~~State aid check — that there has been independent legal advice sought~~wholly owned ~~by the applicant and the grant administrator has checked this~~CPCA.
6. ~~Financial processes for payments and repayments — establish the routines for financially managing the share holding and repayment requirements~~
7. ~~Legal agreements/contracts — develop shareholding agreements — ensure legal advice is in place to agree contracts with applicants~~
8. ~~Audit arrangements — establish mechanism for financial audit of accounts~~

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

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Table 2: Shares held for service purposes in £ millions

Category of company	31.3.20192020 actual			2020/212021/22
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	0.000	0.000	0.000	4060.000
Local businesses	0.341	0.432208	0.209133	710.000
TOTAL	0.341	0.132	0.209	4770.000

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Risk assessment: The Authority would assess the risk of loss before entering into, and whilst holding shares, share agreements. The approach followed would be to consider:

- 1) an assessment of the market that the Authority would be competing in, the nature and level of competition, how market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements;
- 2) whether to use external advisors;
- 3) risk assessment based on credit ratings and the use of credit rating agencies;
- 4) the monitoring of risk in accordance with the Combined Authority's risk management policy.

Liquidity: Investments will be subject to the drawdown requirements of the Capital programme as set out in the Medium-Term Financial Plan and as monitored in the monthly cashflow forecast.

Non-specified Investments: Shares (defined as equity and equity like instruments) are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

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Commercial Investments: Property

The Authority currently does not invest in property with the intention of making a profit that will be spent on local public services and has no immediate plans to do so. In the event that commercial property investments would be held in future, the Authority would consider the following:

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Risk assessment: The Authority would assess the risk of loss before entering into and whilst holding property investments. The approach followed would be to consider:

- 1) A full due diligence exercise covering an assessment of: the property business plan, including sensitivity and scenario analysis; the credit quality of incumbent tenants (if any); the local property market, including demand, availability and voids in current similar commercial stock; the area's economic outlook and potential; how market/customer needs will evolve over time; barriers to entry and exit and any ongoing investment requirements;
- 2) Where in-house expertise does not cover the relevant investment opportunity, we will use external advisors for all/part of the due diligence and any other specialist areas;

- 3) External advice will be monitored by relevant officers, including adherence to deadlines, regular advisory meetings and adherence to project objectives;
- 4) The risk assessment will include credit ratings as part of the overall in-depth credit assessment of tenants. The creditworthiness of tenants will be monitored on a regular basis, using external expertise where necessary to give a credit view and an early warning of possible issues. As landlord, the Authority will maintain open dialogue with tenants, including discussion of financial stress;
- 5) The Authority will monitor the performance of the property asset against business plans throughout the life of the asset, assessing its performance and contribution of continued investment against the probable returns from sale.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. Each potential investment would be considered to ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and were the Authority to enter into any, a process in line with that taken for service loans, as set out above, would be followed, including a calculation of a loss allowance where appropriate.

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down.

Table 3: Total investment exposure in £millions

Total investment exposure	31.03.20192020 Actual	31.03.20202021 Forecast	31.03.20212022 Forecast
Treasury management investments	166.800159.921	15090.000	50.000
Service investments: Loans	7.22739.019	50.000	44050.000
Service investments: Shares	0.209133	440.000	4760.000
TOTAL INVESTMENTS	174.236199.073	161180.000	207160.000
Commitments to lend	30.9006.902	1000.000	100.000
TOTAL EXPOSURE	205.136975	201180.000	217160.000

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How investments are funded:

To date, all investments are funded by the Authority's useable reserves and income received in advance of expenditure. There are no immediate plans to borrow.

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 4: Investment rate of return

Investments net rate of return	2018/19 2019/20 Actual	2019/20 2020/21 Forecast	2020/21 2021/22 Forecast
Treasury management investments	0. 79 811%	0. 824 112%	0. 600 184%
Service investments - Loans	0.000 2.578%	3.290 2.949%	4.000 3.034%
ALL INVESTMENTS	0. 790 943%	1.200 0.784%	1.200 0.888%

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Cambridgeshire and Peterborough Combined Authority

Minimum Revenue Provision Statement ~~2020/21~~2021/22

Annual Minimum Revenue Provision Statement ~~2020/21~~2021/22

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Revenue Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

- The Authority expects that its capital financing requirement will be nil on 31st March ~~2020~~2021 and in line with the MHCLG Guidance it expects to charge no MRP in ~~2020/21~~2021/22.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Authority will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred in the loan is fully funded over the life of the assets.
- Where loans are made from grant funds, there will be no Capital Finance Requirement and therefore no MRP.
- ~~Where loans are made from the Treasury top up fund, where creditworthiness of the borrower decreases or the asset value drops below the loan value, MRP will be charged on the shortfall.~~
- The table below summarises the MRP Policy.

Capital Expenditure Incurred	MRP Policy
Expenditure funded by unsupported borrowing	Asset Life, annuity method - MRP will be based on the prevailing PWLB interest rate for a loan with a term equivalent to the estimated life of the project.
Finance Leases	Charged in relation to asset life on the annuity method
Secured Loans to third parties repaid in bullet form.	No MRP will be charged as reliance can be placed on the capital receipt that will be generated when the loan is repaid or, in the event of a default, the realisation of the security. If realisation of the security does not equate to the original loaned amount, the Authority will recognise the associated impairment and will charge MRP on the outstanding balance.

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Agenda Item No. 2.3

Combined Authority Mayoral Elections 2021

To:	Cambridgeshire and Peterborough Combined Authority Board
Date:	24 March 2021
Public Report:	Yes
Lead Member:	Mayor James Palmer
From:	John Hill, Chief Executive and Combined Authority Returning Officer
Key Decision:	No
Forward Plan ref:	n/a
Recommendations:	The Combined Authority is recommended to note the cost estimates for the 2021 Mayoral Elections
Voting Arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 To advise the Board of the estimated costs of administering the 2021 Combined Authority Mayoral elections.

2. Background

- 2.1 The CPCA Board appointed John Hill, Chief Executive, as Combined Authority Returning Officer for the 2021 elections. The Board requested latest estimates of the total cost of the elections across the Mayoral Combined Authority area. These costs are wholly borne by the Combined Authority.
- 2.2 There are also City, Cambridgeshire County and Police and Crime Commissioner elections taking place on 6 May 2021. Costs have been apportioned accordingly as detailed in the attached spreadsheet.
- 2.3 Overall the estimated cost of all elections have been increased to meet public health COVID 19 guidelines. The Government has indicated that local authorities will receive funding to cover these additional costs. It is not yet clear on the mechanisms of this grant and whether this will apply to Combined Authorities. The M9 are currently requesting clarification on this matter.

3. Financial implications

- 3.1 The latest cost estimates, which are being utilised for the payment of advance to administering authorities are detailed in Appendix 1. The estimated cost of the 2021 Mayoral elections are £1.1 million compared to a budget allocation of £1.04 million, although any payment of grant to the CPCA will reduce this deficit. Any shortfall in funding will need to be paid for from revenue reserves.

4. Legal implications

- 4.1 The legal framework for the appointment of the Combined Authority Returning Officer (CARO) and associated matters were detailed in a report to the Board on [27 January 2021 at Agenda Item 1.7 - Appointment of Combined Authority Returning Officer](#)

5. Appendices

- 5.1 Appendix 1 – Cost Estimates (as at March 2021) 2021 Elections.
- 5.2 Accessible version available on request from Democratic.Services@cambridgeshirepeterborough-ca.gov.uk

6. Background papers

- 6.1 [Combined Authority Board 27 January 2021 - Agenda Item 1.7 - Appointment of Combined Authority Returning Officer](#)

COUNCIL	Cambridge	East Cambs	Fenland	Hunts	South Cambs	Peterborough	CARO	County	PCC	Mayoral	City	TOTAL
											Local	
Polling Stations	22500	26250	79532	143965	130007	100000		132210	165543	165543	38958	502254
Postal Votes	45000	20000	44760	50344	56300	65000		68385	90051	90051	32917	281404
Poll Cards	40000	29375	26000	55428	48000	50000		62934	79601	79601	26667	248803
Count and Verification	28000	10000	36500	49085	52000	65000		56195	77862	77862	28667	240585
Ballot Papers(CCC)	5000	5000	8500	11500	11000			41000				41000
Ballot Papers(Mayor)	5000	5000	8500	12500	12000	10000				53000		53000
Ballot Papers(PCC)	5000	5000	8500	12500	12000	10000			53000			53000
Ballot Papers(City)	6000					10000					16000	16000
Other Costs eg												
Staffing Costs	43750	69750	72763	68918	72763	170000		105669	162336	162336	67604	497944
PPE & Contingency	25000	25000	27000	22000	22000	25000		38250	46583	46583	50000	146000
DRO/Dep RO Fees(CCC)	9100	5800	6400	11950	10400			43650				43650
RO Fees (PCC)	4571	3021	3592	6189	5558	6775			29706			29706
CO Fees(Mayoral)	4571	3021	3592	6189	5558	6755				29686		29686
RO Fees (Local)	5218					8200					13418	13418
CARO Candidates Addresses Booklet							375000			375000		375000
CARO Fees							8000			8000		8000
Other CARO Costs eg							12391			12391		12391
PARO Fees									8000			8000
Other PARO costs									12391			12391
TOTAL	248710	207217	325639	450568	437586	526730	395391	548293	725073	1100053	274231	2612232
Mayoral	60634	68146	107610	148602	144581	175088						
Mayoral Advance	45475	51110	80708	111452	108436	131316						
County	65163	70925	110418	153363	148423	0						
County Advance	48872	53194	82814	115023	111318	0						

Notes

CARO/PARO fees based on 2017 Order

Costs do not take account of by elections etc.

Advances do not include contingency



CAM Progress Report March 2021

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 24 March 2021

Public report: Yes

Lead Member: Mayor James Palmer

From: Kim Sawyer, Chief Executive
Chris Sexton, CAM Lead Officer

Key decision: Yes

Forward Plan ref: KD2020/092

Recommendations: The Combined Authority Board is recommended to:

- a) Note the outcome of the conceptual design process with the three expert companies developing future public transport designs; Dromos Technologies, Egis Rail UK and Mott MacDonald.
- b) Delegate authority to the Chief Executives to
 - i. award a framework agreement to the successful tenderers for Lot 2 (Engineering, Technology and Environment) and Lot 3 (Funding & Finance Advisors and Business Case Writing) following the completion of the procurement exercise and authorise the drawdown of budget for Lots 2 and 3 of up to £3.5 million.
 - ii. to approve the call-off of the required task orders under these framework agreements in accordance with the confirmed budget and agreed scope of works/ programme timescales.
 - iii. novate the Framework agreements and Task Orders to the One CAM Ltd at the appropriate time.
- c) Approve the appointments of:
 - i) A Chief Executive Officer for One CAM Ltd.
 - ii) A Chief Finance Officer for One CAM Ltd.
 - iii) A Director of Strategy and Sponsorship for One CAM Ltd.
- d) To approve the equity investment of £2m currently earmarked in the Medium Term Financial Plan to support the running costs of One CAM limited during the 2021/22 financial year.

- Voting arrangements: Recommendations a) to c) a simple majority of Members present and voting
- Recommendation d) - A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council or Peterborough City Council, or their Substitute Members.

1. Purpose

- 1.1 This report aims to provide the Cambridgeshire and Peterborough Combined Authority (CPCA) Board with an update on activity to support One CAM Limited, key recruitments, and the progress of procurement and contracting activity relevant to its work.

2. Background

- 2.1 The CPCA is committed to delivering transport infrastructure that provides a quadruple benefit: it enables skilled staff to access work, fostering the region's life sciences and tech clusters which make this region the second largest net contributor to the UK economy, it underpins the 2050 zero carbon objective by shifting transport to more sustainable modes, it unlocks housing development at scale and it enhances the inward investment proposition for our region.
- 2.2 This commitment of the CPCA arises from its Growth Ambition Statement in November 2018 during which this Board agreed that the CAM was a strategic transformational project that has the potential to benefit the whole area. The purpose of the CAM was to link transport and spatial planning to ensure that homes and jobs are linked.
- 2.3 The CPCA has established One CAM Limited to take forward the CAM programme.

3. Progress Report on Current Work Underway

Conceptual Design Competition

- 3.1 The CAM Partnership Board is an informal forum through which the CPCA engages those members of the Cambridgeshire business and public sector community keen to make a collective, positive contribution to the delivery of the CAM. The Technology sub-group of the Partnership Board challenged the CPCA to be more innovative in its thinking and produce a transport network system for the future.
- 3.2 In taking up that challenge, the CPCA instigated a novel design process. The conceptual design process was launched to challenge the market for innovative design solutions which would provide valuable insight to inform the ongoing development and delivery of the CAM. The designs will identify potential technologies and innovations, support the future business case and delivery model development and stimulate further market interest in CAM.
- 3.3 In November 2020, the CPCA put out a call for suppliers to produce ideas for a future zero carbon, autonomous transport system. The scope included the CAM vehicle and its potential technologies, the infrastructure the vehicle would run on, operations, commercial opportunities and how to make CAM world leading in protecting the

environment. The call resulted in 10 consortia applying to the CPCA to be considered. Following an evaluation exercise and acting on the delegation provided by the CPCA Board at the November meeting, the Chief Executive confirmed the appointment of EGIS Rail UK limited, Mott MacDonald Limited and Dromos Technologies AG, to the concept design contracts.

- 3.4 Each of three consortia were awarded 3 month long contracts to work up innovative conceptual design ideas for CAM. Regular officer reviews were held with each team and informal presentation of their draft designs was held with the One CAM Limited Board on 11th March 2021.
- 3.5 Dromos Technologies, Egis and Mott Macdonald will each release their final concept designs for the future of passenger transport in Cambridgeshire post publication of this report in time for presentation to the CPCA Board meeting in March.

Delivery Strategy

- 3.6 CPCA officers with a team from Deloitte, Jacobs and Pinsent Mason have been writing a comprehensive Delivery Strategy, including a Transport Sub-Strategy. This is expected to be released in final form at the end of March for officers to present to the CPCA Board at its first meeting of the new civic year.
- 3.7 The Delivery Strategy originated from best practice guidance issued by the Infrastructure and Projects Authority (IPA). The IPA reports to the Cabinet Office and Treasury and is the Government's centre of expertise on infrastructure and major projects. It produces guidance on how to avoid delay and cost increases on major projects.
- 3.8 The draft Delivery Strategy is intended to provide a roadmap for delivery of the CAM and explores the benefits of using a Programme Business Case approach (PBC). The proposal considers whether an integrated CAM Portfolio consisting of the CAM transport programme and dependent housing (including garden villages) will deliver the overall outcome of economic growth in line with the Cambridgeshire and Peterborough Independent Economic Review report (2018)
- 3.9 The benefits of a PBC would be to bring together previous Strategic Outline Business Case (SOBC)-level work undertaken across all the CAM projects, to a common level of maturity. This is likely to be a major step in securing government buy-in to the programme. It would leverage and build on the 2019 CAM SOBC and provide further information on regional routes. It would also need to include a range of options such as the 'Do Nothing' option, a low-cost alternative to tunnelling in the central section, a value engineered option, and ideas emerging from the Conceptual Design Process.
- 3.10 The Board will recall that in February 2019, an SOBC for the CAM was issued and an OBC was initiated for the central tunnel section (CTS). The CTS OBC was paused in the summer of 2020 in order to evaluate any potential impact of COVID-19, consider how best to deliver an integrated transport approach for the whole of the CAM Programme, and to consider the information provided by the CAM Technology Advisory Committee (TAC) on future technologies. The Delivery Strategy was initiated in order to define the optimum approach to be taken to One CAM, that is an integrated approach to the transport needs including the central city sections, GCP routes and regional routes, along with the housing needs.
- 3.11 A funding strategy will be set out in the Delivery Strategy and consider how to draw together funding from property related sources with other sources to form the required

funding for the chosen scope of the CAM programme. The scope and capital cost of the integrated CAM programme will be developed, and iterated if necessary, to remain within the identified feasible funding and financing range through the Programme Business Case (PBC) stage and after.

- 3.12 Funding for the CAM programme is likely to be a combination of Government and local sources for the civil engineering infrastructure, with the potential for private sector participation in the financing of the vehicle fleet and operational systems.
- 3.13 In November 2018, this Board agreed that it would consider the funding and financing strategy prior to making any decisions regarding the garden villages strategy (extract from November 2018 Board minutes below):

3.2 Response to the Cambridgeshire and Peterborough Independent Economic Review (CPIER): A Growth Ambition Statement

It was resolved to:

- a) agree the response to the CPIER main recommendations*
- b) adopt the Growth Ambition Statement*
- c) mandate officers to ensure consistency with the Growth Ambition Strategy in developing future strategy documents and business plans for transport, planning, business and skills, including reviewing previously agreed timescales to make aligning content more feasible.*
- d) **The Mayor and Combined Authority commence producing a comprehensive funding strategy for CAM Metro, covering both capital and operating cost, ahead of further decisions on CAM, and on the need for Mayoral Development Corporations as potential funding sources.***

- 3.14 The Delivery Strategy will be presented to the CPCA Board in June for approval, including the funding and financing strategy.
- 3.15 Informal stakeholder engagement has begun with HMT, DfT and Homes England to inform the Programme Business Case (PBC) and the approach to economic appraisal. The PBC economic analysis will be tailored to the region's unique knowledge-based economy. The Business Case strategy sets out how proposed appraisal methods align with existing HMG guidance (such as DfT and MHCLG's frameworks), ensuring consistency with previous major programme assessments, including Homes England's Housing Infrastructure Fund.

Developing the sponsor arrangements

- 3.16 As capacity and capability builds within the One CAM Limited company, the CPCA has consequently begun to frame its project sponsor role. As the shareholder for One CAM Limited, the CPCA is the sponsor for the CAM Programme, whose role is to set the project requirements and oversee the performance of One CAM Limited (the SPV) as well as setting the strategic direction for the programme.
- 3.17 At operational level, the directors of One CAM Limited meet regularly as an executive committee with a focus on project management, finance, business planning and governance. Chris Sexton has been recruited to assume the lead role for the executive team in the interim period before the permanent One CAM Limited senior team assume their roles. Chris Sexton's CV is attached as Appendix 1.

- 3.18 CPCA officers are developing sponsor arrangements with oversight for the work of the executive committee, ensuring that the shareholder's interests are protected and the objectives of the programme are met.

Transport Strategy

- 3.19 The focus of the recent work on the Integrated Transport Strategy (ITS), an integral part of the Delivery Strategy, has been to look at options for reducing complexity and therefore costs in the central tunnel section by reducing tunnel diameter, simplifying station design, refining ventilation concepts, cross passage locations, requirements for fire and smoke alarms and intervention requirements. In addition, a number of alternative so called "low cost options" have been considered, as required by the government's Green Book. These include options as follows:

Low Cost Option (LCO 1) seeks to deliver a CAM network that is largely **segregated** from other vehicle traffic, but which operates at surface level through Cambridge and thus avoids the substantial cost of the City Tunnel Section (CTS).

LCO 2 focuses on a surface-level CAM network through Cambridge that is largely **shared** with at least some other traffic, relying on existing corridors but ideally benefiting from some level of priority treatment and/or traffic management.

LCO 3 focuses on a surface-level CAM network through Cambridge that like LCO 2 is largely **shared**, but which specifically avoids the very centre of Cambridge.

- 3.20 Each of these LCOs would be coupled with a package of regional routes that were either **shared** or **mixed** (part shared, and part segregated), minimising the requirement for entirely new transport corridors through the countryside.
- 3.21 The feasibility or desirability of these options is still under review and all options including those identified through the conceptual design work will be taken forward into the PBC for selection in accordance with the Green Book.
- 3.22 Further transport modelling has been commissioned to support this current work and consideration is being given to the need to commission a new model in collaboration with Cambridge County Council, the GCP and others.
- 3.23 The ITS will need to respond to the wider interfaces and synergies of CAM with other transport schemes to ensure that an integrated, affordable and sustainable transport system is developed that both complements the Cambridge growth agenda and best serves the transport needs of residents, workers and visitors to the Cambridge area. The relationships and interactions between CAM and first mile-last mile options, local public transport services and future technology will also be important in this regard to deliver a truly integrated transport system that is the foundation for future sustainable growth in the region.

Award of contracts for the Programme Business Case

- 3.24 A procurement following the Restricted Procedure is underway to select a transport, engineering and environmental consultant (Lot 2) and a further appointment for a business case, funding and finance consultant (Lot 3) to work on the next stage of the project.

- 3.25 Consultancy tenders were returned on 8 March and are currently being evaluated. Delegated authority is sought for the co-Chief Executives to make the final award of the contracts following the evaluation. This will enable work to begin on the PBC as soon as the evaluation is completed.
- 3.26 These awards will be to establish a Framework Agreement with a single supplier for each Lot enabling staged development of requirements and delivery of the programme in accordance with the project's governance and funding approval process. A budget of up to £3.5 million is identified within the medium term financial plan for the award of these contracts and performance against delivery will be managed through the executive directors committee and the Transport and Infrastructure Committee.

4. Further Procurement Activity

- 4.1 The next procurement activity will follow the approval of the Delivery Strategy and, subject to successful approval, an integrated approach will be taken to support both the infrastructure and housing programme requirements. This is expected to take place over the coming six months, to support the delivery of the One CAM business case requirements over the next four years and, subject to approval of the Delivery Strategy, include:

Lot 4 – Commercial Delivery including land referencing, valuation & land value capture and commercial input

Lot 6 – Engineering Safety Advisory (independent assurance, guidance and advice on all operational safety elements pertaining to the CAM programme).

Lot 7 – Independent Technical Assurance (technical assurance of technical design proposals)

Lot 8 – Housing Technical Development - This lot is anticipated to be let in three parts – (a) town & country planning, (b) master planning and (c) landscape design.

Further information regarding these contracts will be made to the Combined Authority Board in June.

5. Finance Update

- 5.1 At its meeting of 27 January 2021, the CPCA Board approved its budget for 2021/22 and its Medium-Term Financial Plan (MTFP) for 2021/22 to 2024/25.
- 5.2 The MTFP earmarked capital funding of £2m to support the activities of One CAM limited in 2021/22, and a further £5m in 2021/22, £6.5m in 2022/23 and £6.5m in 2023/24 to support the development of the CAM Business Case.
- 5.3 Each of these earmarked balances in the MTFP were 'subject to approval', meaning that the release of funds would require further CPCA Board approval.
- 5.4 At its meeting of 11 March 2021, the One CAM Board agreed to request the CPCA Board to approve the £2m capital funding to provide equity investment into One CAM limited to fund the operational costs of the company for 2021/22.

- 5.5 These costs will include provision for staff directly employed by One CAM limited, support costs provided by CPCA including recharged staff time, recruitment costs and other costs of running the business such as IT, legal costs, finance and audit.

6. One CAM Limited Recruitment Activity

- 6.1 Work has been ongoing to appoint various key roles, at officer and director level, and to establish a supply chain of consultant advisors critical to the delivery of the Business Plan by One CAM Limited.

Company officer appointments

- 6.2 A shortlist was provided and the following interviews took place:

- 2 November 2020 for the Chief Executive Officer
- 29 January 2021 for the Chief Financial Officer
- 14 January 2021 for the Director of Strategy and Sponsorship

- 6.3 Written offers have been made to each of the following officers, subject to Board approval:

Chief Executive Officer 15 January 2021

Tim Keogh Chief Financial Officer 9 February 2021

Jo Dally Director of Strategy and Sponsorship 9 February 2021

CV's for Tim Keogh and Jo Dally will be tabled on the day of the meeting.

- 6.4 The Board should be aware there is a level of confidentiality relating to the appointment of the Chief Executive Officer. This level of confidentiality is maintained by agreement with the candidate's current employer and details of the Chief Executive have been included as an exempt appendix 3 to this report.

Financial Implications

- 6.5 The agreed base salary for the posts are:

Position	Maximum Salary (£ per annum)	Annual Performance Bonus*	Car Allowance (£)
CEO	250,000	50%	8,500
CFO	175,000	33.33%	8,500
Director of Strategy and Sponsorship	170,000	33.33%	No car allowance

* to be paid upon achievement of 'goals and objectives' agreed with the One CAM Board

- 6.6 Pension 10% employer contribution (to include four x salary death in service).
- 6.7 BUPA (family included) or other similar private health insurance is included within the benefits package.
- 6.8 Holidays at 25-30 days per annum plus bank-holidays.

Legal Implications

- 6.9 One CAM Limited will be registered as an employer with pension status in early Summer.

7. Legal Implications

- 7.1 The Cambridgeshire Autonomous Metro is listed as a Key Project for CPCA, who have a general power of competence to complete this project utilising the structures and the contracts as set out above.

8. Other Significant Implications

- 8.1 None

9. Appendices

Appendix 1 Chris Sexton CV

Appendix 2 Tim Keogh and Jo Dally CV's to follow

Appendix 3 Chief Executive Officer CV Exempt Appendix

10. Background Papers

- 10.1 None.

Chris Sexton

Chris Sexton BA (Hons) MA (Oxon) FInstRE FCQI is a senior construction executive and expert adviser on programme and project leadership with over 40 years of experience. He is an expert in the delivery of major infrastructure projects at all stages of the project life cycle, from initiation through to commissioning and handover.

Chris spent over 10 years with Crossrail Ltd., the company established to deliver the Elizabeth Line, a new railway for London and the South East of England, one of Europe's largest infrastructure programmes. As Chief Operating Officer (COO), he was one of only three C-Suite Executive Directors for the £17bn programme.

Prior to his appointment as COO, Chris served as the programme's Technical Director, a position he held for eight years, with responsibility and accountability for the client/employer's design of the entire railway, involving up to 1,500 designers at peak. He led the programme's core client technical functions to deliver the fully integrated, end-to-end scope in accordance with the Sponsors' Requirements and all applicable regulations – safely, sustainably and demonstrating value for money.

Chris holds a BA (Hons) and MA in Philosophy, Politics and Economics (PPE) from the University of Oxford. He is a Fellow of the Institution of Royal Engineers and a Fellow of the Chartered Quality Institute, of which he is a Past President.

Cambridgeshire and Peterborough Regional Transport Model

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery & Strategy
Key decision:	Yes
Forward Plan ref:	KD2021/015
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <p>Approve the drawdown of £750,000 from the Medium Term Financial Plan for the development of a Regional Transport Model for the Cambridgeshire Peterborough region.</p>
Voting arrangements:	A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council or Peterborough City Council, or their Substitute Members.

1. Purpose

- 1.1 This paper sets out the process for replacing the current Cambridge Sub Regional Model (CSRM) that is currently maintained by Cambridgeshire County Council and the creation of a collaborative group to develop and maintain the next iteration of a regional model.

2. Background

- 2.1 The original Cambridge Sub Regional model (CSRM1) was developed between 2006 and 2009 by WSP and Atkins, on behalf of Cambridgeshire County Council and the Highways Agency. The model was originally designed to support both the A14 upgrade and the Transport Innovation Fund (TIF) work for Cambridgeshire County Council (CCC). As such, the model was designed to be a fully integrated multi-modal transport model, TAG compliant with respect to those schemes assessed, including major scheme business case development for multi-modal schemes.
- 2.2 CSRM1 was a successor to the previous CHUMMS model developed for the Multi-modal studies of 2000-01, and also used by the Highways Agency for the Targeted Programme of Improvements in 2004-05. CSRM1 was also used throughout the development of the South Cambridgeshire and Cambridge City Local Plans, to inform the Local Authorities on the potential transport impacts of different development strategies.
- 2.3 In early 2015 it was recognised that the 2006 Base Year validation of CSRM1 made it less suitable for work going forward, and it was agreed that a complete model refresh should take place. Following preliminary scoping work by WSP and Atkins (Phase 1 of model development), Cambridgeshire County Council commissioned Atkins to carry out an update and re-validation of CSRM, to provide a refreshed model which is termed CSRM2.

3. The Cambridgeshire Peterborough Regional Model

- 3.1 It has been recognised that a replacement of the current CSRM model is required which will assist with future investment on the region. As any traffic model, they usually have lifespan of approximately five years before they require an update.
- 3.2 A new multi-modal model will need to be able to support some of the following areas:
 - Developing business cases for highway and public transport schemes that is TAG compliant,
 - Cambridgeshire County Council supporting Local Plan work, testing both different, land use scenarios, and the transport measures to support them,
 - Development and testing of transport and environmental strategies,
 - Providing evidence for scheme development and funding bids, and
 - Undertaking quick high-level scheme tests.
- 3.3 It is expected that the model coverage will cover the whole of the Cambridgeshire and Peterborough Combined Authority area within the detailed modelled area which is currently not the case. Detail of this will be developed as part of the model specification and programme development.

4. Next Steps

- 4.1 A working group has been set up amongst key partners including representatives from Cambridgeshire County Council, Peterborough City Council and the Greater Cambridge Partnership. An interface with Highways England and Network Rail will also be created to ensure synergies with strategic networks are made with the updated model.
- 4.2 Governance arrangements are to be established with a Project Board with a separate technical team. The technical team will work across all organisations in developing a model specification with a view of commencing procurement in the Spring of 2021. It is expected that a suitable supplier should be appointed to build the model to start in the Summer of 2021.

5. Financial Implications

- 5.1 The January 2021 Medium Term Financial Plan provides £750,000 of capital in 2021-22 specifically for Transport Modelling. This budget allows the Combined Authority, as Transport Authority, to fulfil its strategic responsibilities by ensuring transport scheme development is supported with adequate modelling capacity.
- 5.2 Further funding will be sought from partners to ensure that coverage of the wider region supports the activities across the region.

6. Legal Implications

- 6.1 The recommendations accord with CPCA's powers under Part 3 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251).
- 6.2 The meeting shall be conducted in accordance with Parts 2 and 3 of the Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020.

7. Background Papers

- 7.1 [January 2021 CA Board Report - 2021-22 Budget and Medium Term Financial Plan 2021-2025](#)



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Agenda Item No: 3.3

A605 Stanground – Whittlesey Access Improvement

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery and Strategy
Key decision:	Yes
Forward Plan ref:	KD2021/007
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <p>a) To approve additional funding of £220,000 for the A605 Stanground – Whittlesey Access Improvement.</p>
Voting arrangements:	A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council or Peterborough City Council, or their Substitute Members

1. Purpose

- 1.1 To provide an update on the progress of the A605 Stanground - Whittlesey improvements and to seek approval of additional capital funds of £220,000 to support the project.

2. Background

- 2.1 The A605 Stanground – Whittlesey improvements provides a right turning facility from the A605 Whittlesey Road into the B1095 Milk and Water Drove. The works are expected to alleviate congestion, particularly in the evening peak period, by allowing traffic to turn right into the junction without holding traffic up heading to Whittlesey.
- 2.2 In 2017 Peterborough City Council were successful in their application for National Productivity Investment Funding (NPIF) from the Department for Transport (DfT). The NPIF provided £2.8m and Peterborough City Council funded £2.2m towards the project.
- 2.3 In its meeting of 28 March 2018 the Combined Authority Board approved the pipeline of projects set out in its multi-year programme, including A605 Stanground – Whittlesey Improvements.

3. Progress to Date

- 3.1 In late September 2020 enabling works started on site to provide a temporary road for traffic management purposes and to undertake work to protect the high pressure gas main. This work has been completed and the main construction work is underway and is expected to complete in mid-May 2021.
- 3.2 The close proximity of the high pressure gas main to the junction was identified during detail design. The initial cost estimate for potentially diverting the main was expected to be managed within the existing budget. However, following a more detailed estimate from the utility provider the cost was significantly higher. At this point alternatives to diverting the gas main were explored to manage down the cost estimate.
- 3.3 Alternative options for the design of the junction were considered and many eventually discounted due to the need to acquire land or did not fully address the risk to the gas main. It was determined that the gas main could be protected through shelling works and widening the existing layout of the junction.
- 3.4 The gas main protection works and widening the layout of the junction created a secondary issue, ensuring the traffic management met safety, road user and local business expectations. A temporary road would be constructed to accommodate one way traffic and would maintain access along the Milk and Water Drove during the gas main protection works. This ensured that those on site were safe, congestion and disruption to businesses was minimised.
- 3.5 Peterborough City Council had anticipated that work could progress within budget, however, since then a project forecast overspend has been identified. In response, Peterborough City Council notified the Combined Authority and officers have been engaged

about possible options. Consequently, it is proposed that the Combined Authority fund the known projected overspend of £220,000. Peterborough City Council would fund any further overrun. A contingency for as-yet unidentified and unknown risks has been set at £250,000; if drawn down, this would need to be funded by offsetting savings in other Peterborough budgets.

- 3.6 Additional funds of £220,000 are sought to meet the projected overspend of the project.

4. Financial Implications

- 4.1 The Medium-Term Financial Plan currently records the £2.8m NPIF funding for the A605 Stanground – Whittlesey improvement, with £1.11m allocated to 2020/21. The additional funds of £220,000 would be taken from capital reserves, increased by anticipated underspends in other projects in the 2020/21 financial year.
- 4.2 The £220,000 is expected to be spent in the 2021/22 financial year.

5. Legal Implications

- 5.1 The recommendations accord with CPCA's powers under Part 3 and 4 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251).
- 5.2 The meeting shall be conducted in accordance with Parts 2 and 3 of the Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020.

6. Other Significant Implications

- 6.1 None at this time.

7. Appendices

- 7.1 None

8. Background Papers

- 8.1 [Report to the CA Board 28 March 2018 - Transport Delivery 2018/19](#)



Market Towns Programme Investment Prospectus – Approval of the Fourth Tranche of Project Proposals

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	This report contains an appendix which is exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.
Lead Member:	Mayor James Palmer
From:	John T Hill, Director of Business & Skills
Key decision:	Yes
Forward Plan ref:	KD2020/088
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none">a) Approve project proposals received under the Market Towns Programme and in response to town centre Covid-19 recovery received from Fenland and Huntingdonshire to the sum of £778,679.b) Authorise the Chief Legal Officer to complete grant agreements with the grant recipients.
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 To seek Combined Authority (CA) Board approval of the fourth tranche of project proposals received from Fenland and East Cambridgeshire District Council under the Cambridgeshire and Peterborough Combined Authority (CPCA) Market Towns Programme Investment Prospectus.

2. Background

- 2.1 The Combined Authority is providing capital investment to mobilise each town masterplan and to act as a funding catalyst to securing additional investment. There is a total of £10m Combined Authority capital allocated to support the delivery and implementation of 10 approved Market Town Masterplans (in addition to £3.1m of funding already allocated to St Neots). The other 10 towns are St Ives, Huntingdon, Ramsey, Wisbech, March, Chatteris, Whittlesey, Ely, Soham and Littleport.
- 2.2 Combined Authority funding is provisionally shared across these 10 market towns, with district authority leads able to bid for up to £1m of capital funding for each town. Proposals have been invited to support the mobilisation of each Masterplan and against activities which address the needs and those interventions identified as required to drive targeted growth and regeneration of each town.
- 2.3 Furthermore, up to £500k of the funding for each town is especially focused on supporting Covid-19 recovery and on capital projects that could be implemented for the period between November and Spring 2021 - a period in which our town centres will undoubtedly need real support to survive and rebound from the Covid-19 shock to their businesses revenues and customer footfall. This has been the subject of this latest funding call.
- 2.4 All proposals are independently appraised where the strategic need, economic and commercial case is assessed against an agreed set of appraisal metrics. Appraised applications are scored based on programme criteria set and must achieve a minimum pass mark to be recommended for CA Board approval.
- 2.5 To date, there have been three Market Towns Programme funding calls (September and November 2020, and January 2021) resulting in 38 projects being approved by the CA Board, awarding a total of £9,016,648 in CPCA grant funding (and bringing in an additional £11,072,744 of match investment).
- 2.6 A further five bids have been received for consideration in this March 2021 funding call and each has been independently assessed.
- 2.7 The following four projects are recommended for approval. The proposal summary matrix is included as Exempt Appendix 1 which sets out the assessment report and appraisal recommendations:

Huntingdonshire:

PROJECT NAME	DESCRIPTION	CPCA GRANT AMOUNT	MATCH FUNDING
Ramsey - Great Whyte Civic and Business Hub	To support the acquisition and development of new Civic Offices of approx. 130m2 on Great Whyte (between New Road and Little Whyte) to revitalise Ramsey town centre, the local economy and wider civic society.	£300,000	£230,200
Ramsey Pedestrianisation Zone	To support environmental enhancements on the Great Whyte between New Road and Little Whyte to create civic space where residents and visitors can meet in a re-configured zone that is amenable to outdoor gatherings.	£295,000	£10,000

Fenland:

PROJECT NAME	DESCRIPTION	CPCA GRANT AMOUNT	MATCH FUNDING
Wisbech Water Park	To support the development of a new water play area facility within Wisbech Park to help widen the community appeal of the park, encourage more events and attract new users. Wisbech Park is the heart of the town offering key open outdoor space and lies within the Bowthorpe Conservation Area. Investment in park infrastructure in this space is important to the community of Wisbech.	£147,500	£2,500
Chatteris Local Skills Development	To provide PC equipment (50 stations) to enable the development of digital skills in Chatteris and the surrounding villages either remotely in learner homes, virtually or at the new Training Centre being built as part of the Advanced Manufacturing Innovation Launchpad (AMIL) project in Chatteris.	£36,178.50	

Total funding requested (March 21)	£778,679	£242,700
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2.8 The Chatteris Museum and Community Space project bid has been referred back to the

applicant for further development and will return for consideration at CA Board in July 2021.

- 2.9 The aim is to get all Market Towns funding fully allocated and the final tranche of project proposals for approval by the CA Board in July 2021.

Significant Implications

3. Financial Implications

- 3.1 Approval is requested for £778,679.
- 3.2 Total funding awarded to date and remaining budget allocations against each town is as follows:

Town	Total Funding Awarded	Committed/Bid (Mar21)	Remaining Budget
St Ives	£620,125		£379,875
Huntingdon	£577,725		£422,275
Ramsey	£405,000	£595,000	£0
Wisbech	£553,300	£147,500	£299,200
March	£1,000,000		£0
Whittlesey	£1,000,000		£0
Chatteris	£192,000	£36,179	£771,821
Ely	£656,000		£344,000
Soham	£600,000		£400,000
Littleport		£1,000,000	£0
St Neots	£1,000,000	£3,100,000	£0
	£6,604,150	£4,878,679	£2,617,171

- 3.3 There are Combined Authority funds approved in the medium term financial plan (MTFP) budget of £500k for 2020/21, with an additional £9.5m CPCA capital allocated in 2020/21 and 2021/22. Payments to fund approved projects will be subject to the conditions as set out in the assessment report being met and signed funding agreement in place.

4. Legal Implications

- 4.1 The Combined Authority maintains the legal agreements with project delivery bodies.

5. Other Significant Implications

- 5.1 The Market Towns Programme is a substantial commitment being made between the Combined Authority and the local areas, with scope for significant impacts on the growth of the local sub-economies. Successful delivery will have positive benefits to residents, community groups, and businesses and workers within the CPCA area.

6. Appendices

6.1 EXEMPT Appendix 1 – Project Assessment Summary Report (Mar21)

6.2 Appendix 1 is exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.

7. Background Papers

7.1 None



Greater South East Energy Hub

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 24 March 2021

Public report: Yes

Lead Member: Mayor James Palmer

From: John T Hill, Director, Business & Skills

Key decision: Yes

Forward Plan ref: KD2021/001

Recommendations: The Combined Authority Board is recommended to:

a) review the transfer of the Accountable Body for the Greater South East Energy Hub

b) agree to retain the Accountable Body for the Greater South East Energy Hub as the Cambridgeshire and Peterborough Combined Authority

c) approve the Greater South East Energy Hub Business Plan for the Combined Authority area, subject to the grant being offered by BEIS, approve the creation of a budget line to deliver the services set out in the MoU.

d) Delegate Authority to the Chief Officer to enter into contracts for Managing Agent(s), works or other, as required, to spend the funding for the Green Home Grant Local Authority Delivery scheme.

Voting arrangements: A simple majority of all Members

1. Purpose

- 1.1 To review the Accountable Body transfer of the Greater South East Energy Hub and recommend the Combined Authority retain Accountable Body Status.
- 1.2 To review and approve the Greater South East Energy Hub Business Plan in Appendix 1 for the Cambridgeshire and Peterborough Combined Authority area.
- 1.3 Delegate Authority to the Chief Officer to enter into contracts for Managing Agent(s), works or other, as required, to spend the funding for the Green Home Grant Local Authority Delivery scheme.

2. Background

- 2.1 The Greater South East Energy Hub is a collaboration of eleven Local Enterprise Partnerships (LEPs). These LEPs are working together to increase the number, scale and quality of local energy projects being delivered across the greater south east region of England. It works with local authorities and LEPs to support local energy projects, from the development stages to investment readiness.
- 2.2 In July 2019, as part of the prioritisation exercise within CPCA the Energy Hub was identified as a non-priority project.
- 2.3 In September 2019 the Cambridgeshire & Peterborough Combined Authority Board resolved to transfer the Greater South East Energy Hub out of the CPCA, as the accountable body. In October 2019, the Energy Hub Board, consisting of the Greater South East LEP CEOs agreed the process and subsequently selected, in March 2020, Peterborough City Council (PCC) as the preferred future accountable body.
- 2.4 Transfer of Accountable Body (AB) was to be made by written procedure between the CPCA and Peterborough City Council (PCC). However, this requires the approval of both MHCLG and Treasury, and for BEIS to be satisfied that there will be no impact on Hub delivery during the process of transfer.
- 2.5 PCC have still not made the decision through Cabinet to accept the Energy Hub and it remains on the forward plan. Hence, the Energy Hub remains with the CPCA.

3. The opportunity

- 3.1 The scale of delivery of the Energy Hub and the associated funding from BEIS has increased significantly since the decision to transfer it was made in September 2019. Funding has risen from:
 - c.£1.31m in 2018 – the level at which the decision to transfer was made, to
 - c.£7.34m in 2019
 - c.£79m in 2020-21 (with a further c.£24m being bid for)
 - c.£200m in 2022 -23

- 3.2 In November 2020 BEIS confirmed £79.6m be awarded to the Energy Hub to:
- Raise the energy efficiency of low income and low energy performing households
 - Support a green recovery and delivering progress towards fuel poverty targets, clean growth, and economic resilience.
 - Utilise learning to inform future schemes and building LA capacity to deliver energy efficiency at scale.
 - Increase the capacity of the supply chain, accredited retrofit business and skills.
- 3.3 The CPCA's refreshed Skills Strategy will identify Green Skills as a priority for investment of future education budgets, such as the Lifetime Skills Guarantee and the Adult Education Budget and FE Capital Transformation Fund. It could provide significant opportunities to upskill and reskill CPCA residents in Green Skills and jobs that are in- demand and better paid, improving prosperity in the region. Local Colleges are already developing Green Skills Academy ideas to address the skills needs of this emerging sector.
- 3.4 The conditions for the newly awarded funding, stipulate that work start by March 21. Given the disruption in the period March 21 to September 21 that a transfer would cause, officials at BEIS are now suggesting they would withhold agreement to the transfer on 'impact to performance' grounds.
- 3.5 The Cambridgeshire & Peterborough Independent Commission on Climate Change was created by the CPCA in 2020, on the recommendation of the Combined Authority Board. The task of the Commission is to provide authoritative recommendations to help the region mitigate and adapt to the impacts of climate change, enabling us to meet the commitment to eradicating net carbon emissions across the area by 2050. The intention is that it will be a shot in the arm for the debate on how best to reduce carbon emissions and enhance our natural environment, moving us on from examining the depth of the issue to the successful delivery of high impact solutions at scale and pace.
- 3.6 Given the CPCA's greater commitment to interventions that mitigate and adapt our economy and place to the impacts of climate change and the newly awarded, and significant funding of the Energy Hub, it is recommended the CA Board retain the Energy Hub.
- 3.7 The scale of the funding, and its application to housing retrofit is around 10,000 properties across the hub region of which around 1100 are in CPCA area, and 5,000 within an area serviceable by a Cambridgeshire supply base.
- 3.8 This includes improved insulation measures (e.g. solid wall insulation), decarbonisation of heat (heat pumps) and increasing renewable energy (PV). Eligible owner occupiers will be 100% funded, social and private landlords will be funded by 66% of the costs of improvements. The scheme will directly support circa 2,000 jobs, and the RMI (renovation, maintenance, and improvement) sector is estimated to need to grow by 162% to deliver retrofit over the course of this Parliament.
- 3.9 With the CPCA retaining the Accountable Body status, it also gives us an agility to respond

to market requirements. The Mayor recently received a request about hydropower on the River Great Ouse and was able to support it.

- 3.10 There are likely to be significant supply chain opportunities for firms, close to and integrated with the Energy Hub's work. This link, and integration of local firms, could be achieved by partnering the Energy Hub with the Business Board's Business Growth Service and Growth Hub. The combination of the Growth Service business support to local firms, and Energy Hub funding to nudge customers to install new equipment, could create a C&P supply chain worth £300m over the next 3 years.

Significant Implications

4. Financial Implications

- 4.1 The financial implications relating to the recommendation to retain the Greater South East Energy Hub are set out in detail in section 7 of the Business plan included as appendix 1.

5. Legal Implications

- 5.1 None.

6. Other Significant Implications

- 6.1 None

7. Appendices

- 7.1 Appendix 1 – Greater South East Energy Hub Business Plan
- 7.2 An accessible version of this appendix is available on request from Democratic.Services@cambridgeshirepeterborough-ca.gov.uk

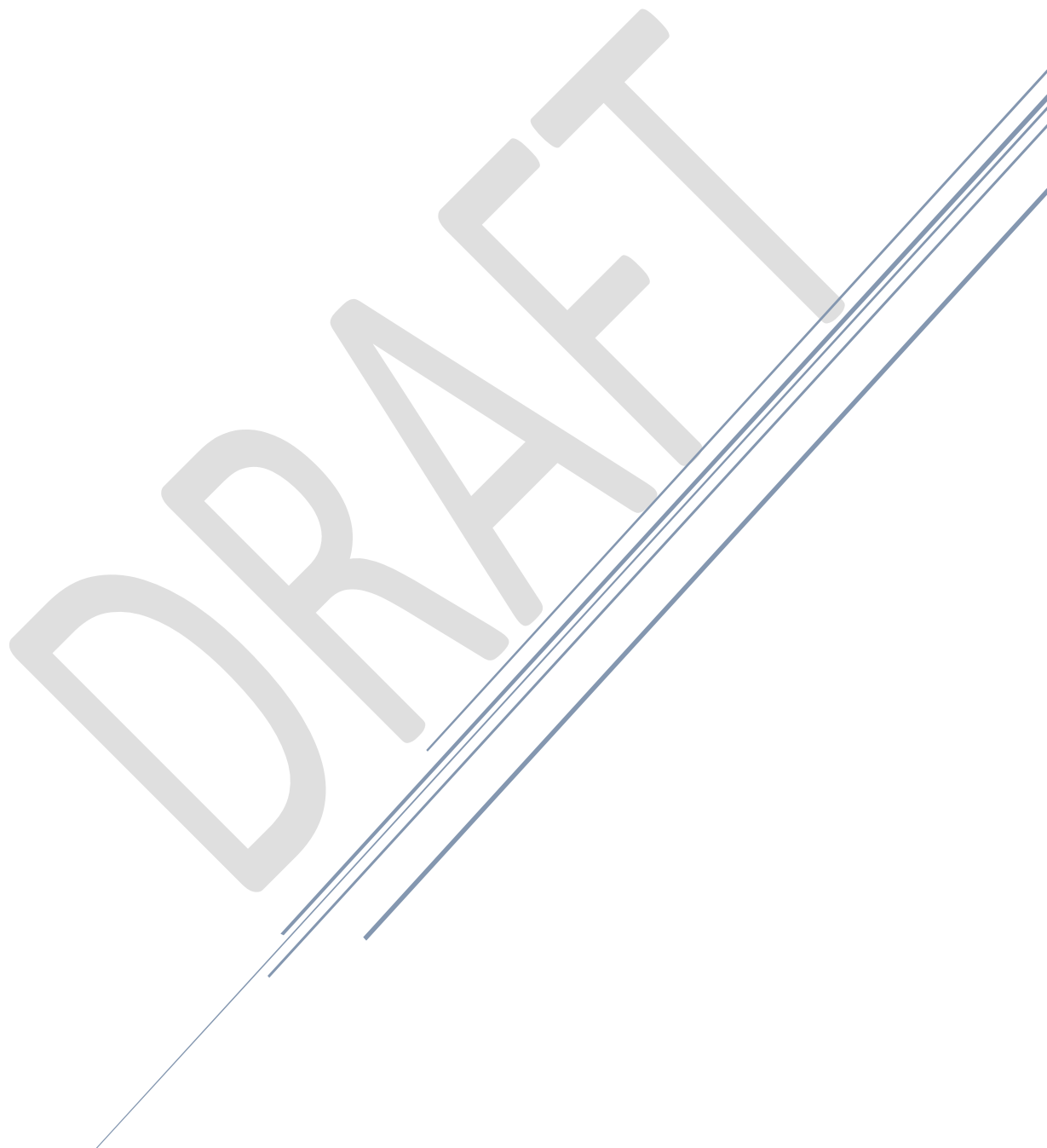
8. Background Papers

- 8.1 [Combined Authority Report 25 September 2019](#)

GREATER SOUTH EAST ENERGY HUB

Business Plan

Item 3.5 - Appendix 1



February 2021

1.0 EXECUTIVE SUMMARY

1.1 Purpose

The Greater South East Energy Hub (GSEEH) is a collaboration of eleven Local Enterprise Partnerships (LEPs). These LEPs are working together to increase the number, scale and quality of local energy projects being delivered across the greater south east region of England.

The Energy Hub comprises the following members:

- Cambridgeshire & Peterborough Combined Authority (Accountable Body)
- Cambridge & Peterborough Combined Authority (Business Board)
- New Anglia LEP
- South East LEP
- South East Midlands LEP
- Coast to Capital LEP
- Enterprise M3 LEP
- Hertfordshire LEP
- Oxfordshire LEP
- Buckinghamshire LEP
- London Economic Partnership
- Thames Valley Berkshire LEP

1.2 This business plan is designed to provide detail of the:

- Strategic objectives and fit
- Objectives
- Governance structure
- Management and resourcing structure
- Financial plan
- Strengths, Weaknesses, Opportunities and Threats

2.0 Introduction

2.1 Background

2.2 National landscape

- The UK Industrial strategy is underpinned by four grand challenges, two are relevant to energy:
 - Clean Growth – to maximise the advantages for the UK industry from the global shift to clean growth
 - Ai & Data Economy – Ai and digital revolution.

- The UK is hosting the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow on 1 – 12 November 2021, MCAs are working with the Minister to promote place-based initiatives to ensure that there is activity across the Country.
- Since the Hubs inception, in June 2019, the Government has committed to Net Zero by 2050. parliament passed legislation requiring the government to reduce the UK's net emissions of greenhouse gases by 100% relative to 1990 levels by 2050.
- The Conservative manifesto committed £9.2bn to energy efficiency of home and public sector buildings.
- The Clean Growth Strategy committed to upgrade as many homes as possible to EPC Band C by 2035, with fuel poor homes, social housing and private rented sector to upgrade as many homes as possible to EPC Band C by 2030.
- July 2020 the Chancellor's Summer Economic Statement announced £2bn of support through the Green Home Grant as part of the Covid-19 recovery stimulus package. The target is to make over 600,000 homes more energy efficiency and support over 100,000 jobs in green construction, cutting carbon emissions and saving households money on their energy bills. A further £50m was announced for a social housing decarbonisation fund and £1bn for public sector building decarbonisation.
- The Prime Minister launched a 10-point plan which was supported by the Comprehensive Spending Review 2020, allocating an additional £150m for the Home Upgrade Grant, extended the Green Home Grant voucher scheme with £320m and provided a further £60m to retrofit social housing. It has committed to spending £3bn on building decarbonisation over the course of this parliament. £122m clean heat networks – and 600,000 heat pumps by 2028 to be set out in the Heat and Buildings Strategy. £275m installation of charge points (homes, businesses, on street) £90m larger on street charging schemes and rapid charging hubs.
- The Energy White has been published, investing £1.3bn to accelerate the rollout of EV charge points and moving away from fossil fuel boilers by the mid 2030's. The Buildings and Heat Strategy is due to be published in Spring.

- Since the development of the Local Energy Strategies and formation of the Hubs, the Government has committed to net zero by 2050, and many local authorities have declared Climate Emergencies.

3.0 The Combined Authority strategic objectives and fit

- The Cambridgeshire & Peterborough Independent Commission on Climate was created by the CPCA in 2020, on the recommendation of the Combined Authority Board. The task of the Commission is to provide authoritative recommendations to help the region mitigate and adapt to the impacts of climate change, enabling us to meet the commitment to eradicating net carbon emissions across the area by 2050. The intention is that it will be a shot in the arm for the debate on how best to reduce carbon emissions and enhance our natural environment, moving us on from examining the depth of the issue to the *successful delivery of high impact solutions at scale and pace*.
- Since conception in 2019 the Energy Hub has grown from an income of £1.31m for the initial delivery period to £79m with the recent award of the housing retrofit project, the scale of funding could increase to circa £200m in 2022/23. The Energy Hub is delivering a broad range of services aligned with Government policy priorities on behalf of a number of departments within BEIS. The growth of the Hub, alongside their networks and areas of activity are aligned with the CPCAs climate and greening goals.
- The increased scale of funding now provides an opportunity to deliver a meaningful impact on a number of the CPCAs objectives, and is now able to deliver a number of outcomes including:
 - Development of decarbonisation skills and supply chains
 - Energy infrastructure improvements
 - Development of distributed energy generation and storage Improving the energy efficiency of social housing and the broader housing base
- There are 5 Local Energy Hubs in England, 4 of which are hosted by Combined Authorities. MCAs are governments preferred Accountable Bodies as it aligns with current and future devolution plans.
- The Energy Hub provides a great opportunity to increase market capacity, supply chain and skills nationally delivered from the C&P area. It is estimated 25m homes will need to be decarbonised by 2050 (nationally) and this presents a great opportunity for C&P businesses to become accredited suppliers and develop skilled employees (through a

Green Skills Centre currently being established in Peterborough) to service this national market.

- There are likely to be significant supply chain opportunities for firms, close to and integrated with the Energy Hub's work. This link, and integration of local firms, could be achieved by partnering the Energy Hub with the Business Board's Business Growth Service and Growth Hub. The combination of the Growth Service business support to local firms, and Energy Hub funding to nudge customers to install new equipment, could create a C&P supply chain worth £300m and create 5,000 new jobs in our Peterborough and our market towns.

4.0 The energy hubs – Nationally and Greater South East

4.1 National Energy Hubs

In 2017 BEIS allocated £1.6 million for the development of Local Energy Strategies by each of the Local Enterprise Partnerships (LEPs), which included identifying a pipeline of energy investment opportunities in each LEP area. Following on from the strategies, BEIS allocated funding to support the capacity of LEPs and local authorities to play a leading role in delivering low-carbon economic growth. The model for delivery of this support was the establishment of five Local Energy Hubs in England to support the capacity of LEPs and local authorities to deliver energy projects. Each Hub was set up to serve a number of LEP areas which were agreed by mutual consent with the constituent LEPs, with each Hub developing a governance structure in which LEPs are represented and involved in strategic decision-making.

The Hubs became operational in 2018/19, core funding of **£4.94 million** for local energy capacity support was provided by BEIS in March 2018. Additional funding has been provided on an annual basis since, bringing total core funding to March 2020 of **£8.45 million**. This funding has supported a three-year programme of activity the current programme is due to end in March 2023.

4.2 BEIS objectives of the Local Energy Hubs

- Increase number, quality and commercial appeal of local energy projects being delivered.
- Provide regional leadership, including raising local awareness of opportunities for and benefits of local energy investment, and liaison with BEIS.
- Enable local areas to attract private and/or public finance for energy projects.

- Identify opportunities for income from projects and other programmes delivered by the hub to contribute towards additional core funding.
- Support and deliver relevant Government schemes, as agreed between BEIS and the Lead Authority.
- Improve the collaboration and coordination across LEPs and hubs via shared toolkits and platforms.

4.3 The Greater South East Energy Hub

The key objective of the Energy Hub is to work collaboratively with LEPs and their member local authorities across the greater south east area to co-ordinate the identification and prioritisation of local energy projects and to undertake the initial stages of development for priority projects up to a point where investment can be secured. The governance structure of the Energy Hub allows for decisions to be made at a local level and to be aligned with local strategic priorities. The Energy Hub will seek to:

- a) Increase the number, quality and scale of local energy projects being delivered;
- b) Raise local awareness of the opportunity for and benefits of local energy investment;
- c) Enable local areas to attract private and/or public finance for energy projects;
- d) Provide support to emergent organisations seeking to develop community energy projects.
- e) Share learning from successful studies and projects to other areas.
- f) To put the region at the forefront of the UK's drive towards clean economic growth, reflecting the Government's Clean Growth and Industrial Strategies.
- g) To create high-value jobs in the energy sector and broader supply chain that support our wider economic growth objectives.
- h) To ensure that our economy is underpinned by a world class energy system.

- i) To enable local people to benefit from the many new energy opportunities that will be created over the next decade.
- j) To foster innovation, both within the energy sector and across other sectors
- k) To create a dynamic, flexible energy system comprised of smart energy grids and a new distribution network that leads development
- l) To create a local energy market, where buying and selling energy locally brings improved economic resilience for residents and businesses and greater affordability of energy supply
- m) To reduce carbon emissions, in line with national targets
- n) To improve air quality in the CPCA area, benefiting the health of all residents
- o) To play an active role with the new energy hub for South East England and ensure that our area attracts and benefits from available investment in energy infrastructure.

4.3.1 Proposed tasks

- 1. Further develop the pipeline of projects and continue to secure commercial investment.
- 2. Continue to support and deliver ongoing Government schemes and other key economic stimulus package, as agreed between BEIS and the Lead Authority, including the Green Homes Grant Local Authority Delivery scheme.
- 3. Increase regional visibility and leadership through coordination of and attendance at events regionally and nationally.
- 4. Improve collaboration with BEIS via streamlined processes and greater coordination.

4.3.2 The scale of delivering the Green Homes Grant

- 2. The Grant's objectives are to:
 - Tackle fuel poverty by increasing low-income household's energy efficiency rating while reducing their energy bills;
 - Deliver cost effective carbon savings to carbon budgets and progress towards the UK's target for net zero by 2050;
 - Support clean growth and ensure homes are thermally comfortable, efficient and well adapted to climate change;
 - Utilise the role of Local Energy Hubs to build Local Authority capacity and supply chains to deliver energy efficiency at scale;
 - Support economic resilience and a green recovery in response to the economic impacts of Covid-19, creating thousands of jobs; and

- Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes

4.3.3 21/22 delivery of Green Homes Grant (GHG)

In July 2020, the Chancellor announced £2 billion of support through the GHG to save households money; cut carbon; and create green jobs. The GHG will be comprised of up to £1.5bn of support through energy efficiency vouchers and up to £500m of support allocated to English Local Authority (LA) delivery partners, through GHG local delivery.

The GHG LAD scheme sets out to upgrade the energy performance of over 200,000 of the worst-quality homes in England by installing energy efficiency and low carbon measures.

The scheme is split into two initial funding tranches of £200M (Phase 1), and £300M (Phase 2). For Phase 2, up to £300m has been made available for Local Energy Hubs to deliver projects in 2021/22 to help low-income families living in the worst-quality homes in England (those rated EPC E, F or G). £79.3 million has been allocated to the GSEEH.

Phase 2 of GHG LAD sets out to raise the energy efficiency rating of low income and low EPC rated households (those with E, F or G), this is expected to result in the following outcomes:

- Tackle fuel poverty by increasing low-income household's energy efficiency rating while reducing their energy bills;
- Support clean growth and promoting global action to tackle climate change;
- Support economic resilience and a green recovery in response to the economic impacts of Covid-19, creating thousands of jobs; and
- Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes.

4.3.5 Delivery Model Assessment

The delivery requirements have been split into two elements: the scoping and management of the schemes and the delivery of the retrofit measures.

The first has been procured as a four-year framework and the second as a five-year Dynamic Purchasing System (DPS - a modern day approved list)

A DPS was selected for the delivery of the measures as it allows periodic refresh which supports both new entrants to the market and the addition of other retrofit measures as they become fundable.

The requirement has been promoted both through the DPS advertisement and a separate market engagement event which is being organised by the Built

Environment Network to both explain the opportunity and to encourage new entrants to get accredited and registered on the DPS. Although fundamentally organised by the GSEEH, the event is being promoted nationally as there is an opportunity for C&P based suppliers to both deliver against the GSEEH funding allocation for both C&P neighboring counties/ LEP and the delivery requirements of the neighboring hubs.

As the growth of this supply base is going to be an ongoing requirement, future events will be organised to both promote the scheme and to support local suppliers becoming public sector/ retrofit ready in both the required skills and general capacity.

4.3.6 Contracting Approach

The contracting strategy has been designed to enable an efficient and flexible approach to achieving a time pressured delivery. Both the framework and the DPS can be utilised by the GSEEH, the above listed LEPs, the consortia leads or any of the 141 local authorities to deliver any of their retrofit measures. This means that in addition to delivering the above referenced funding, local authorities can use the arrangement to deliver their own net zero funding to any owned properties creating an even greater opportunity for local growth.

In addition, to make the process easier for SMEs and new entrants, the DPS includes a suite of standard documents so that if registered to deliver across multiple areas, the process and the expectations are the same.

4.4 OPPORTUNITIES AS PART OF THE 21/22 £79M Green Homes Grant LAD2 DELIVERY

It is proposed that we will use The Green Skills Centre being established in Peterborough as a test case. It will act as a feeder into the Net Zero Innovation Eco-System as well as providing technical skills-based training. In line with the government's reforms for Technical Education, the curriculum will be built around employer demand. Uniquely, the Centre will involve and employ industry experts within its teaching staff. It is anticipated that the green skills centre will focus on four sectors required to achieve net zero by 2050:

Energy sector: design new curriculum to train new entrants and up and reskill existing worked. Examples include the need to increase low carbon electricity generation to ensure demand can be met whether in home or transport, installation and maintenance of energy storage devices and batteries, development of additional technicians able to install electric vehicle charging points.

Motor vehicle: The majority of new cars will be electric by 2030. We will need the skills to support the change in this industry. Motor technicians will need a

new skill set to service and repair electric vehicles, including programming and diagnostic skills.

Construction: modern methods of technology, skills to retrofit existing buildings including insulation and cladding, installation and maintenance of ground and air source heat-pumps for commercial and domestic buildings

Advanced manufacturing: training in green manufacturing techniques, for example, production of biodegradable packaging products, product manufacturing from post-consumer waste, food manufacturing and components

Further research is required to identify the number of workers who will be displaced due to the changes in government regulation meaning that their roles will become obsolete. In, we must fully understand the skills demand to ensure the economy can thrive within the new regulation and create a talent pipeline to ensure the skills challenge is met.

The CPCA's refreshed Skills Strategy will identify Green Skills as a cross cutting theme throughout, making the skills required for net zero a priority for investment of future education budgets that are devolved or delegated, such as the Lifetime Skills Guarantee and the Adult Education Budget. It could provide significant opportunities to upskill and reskill CPCA residents in Green Skills and jobs that are in-demand and better paid, improving prosperity in the region. Local Colleges are already developing Green Skills Academy ideas to address the skills needs of this emerging sector. We will act to further link skills provision to business needs and help local people better understand the opportunities that exist and access the skills needed. The transition to a net zero economy is likely to have a significant impact on employment and could result in sectoral disparities.

Shifting the economy by 2050 will lead to significant changes in jobs and skills requirements. These changes translate to new skill sets, updates of curricula and new qualifications. In turn we will need to upskill, reskill and train residents to ensure businesses and the economy has the right skills to support this transition.

About half of all employees in the UK are likely to experience an elevated risk of displacement or job transformation. For the region to reap the benefits of a green economy, we must provide the right conditions for investment in an inclusive learning system.

There are likely to be significant supply chain opportunities for firms, close to and integrated with the Energy Hub's work. This link, and integration of local firms, could be achieved by partnering the Energy Hub with the Business Board's Business Growth Service and Growth Hub. The combination of the Growth Service business support to local firms, and Energy Hub funding to nudge customers to install new equipment, could create a C&P supply chain worth £300m and create 5,000 new jobs in our Peterborough and our market towns. It would also allow us to work with suppliers, to see if we can build manufacturing capacity in the region, so to reduce the length of the supply chain

and also set up manufacturing operations. For example the UK imports heat pumps. One approach through the Business Growth Service, could be to approach a number of suppliers of a particular product, particularly if it has to be imported and see whether they would be willing to access funding to work up the creation of a manufacturing facility in the CPCA region. If such manufacturing operations were established then it could supply the rest of Greater South East Energy Hub LEPs and / or the wider UKs requirement. These shorter supply chains would lead to more roles in logistics by the fact of proximity, so delivery time, particularly if just in the GSEEH LEP areas.

In order to understand the energy refit landscape, that being suppliers, supply chain, manufacturers, accreditation and skills required. CPCA will instruct a 3-month intensive piece of work with a recognised body like 'Cambridge Cleantech', 'Cambridge Institute for Sustainability Leadership', etc. From this, we will seek a detailed matrix of the CPCA area and the wider Greater South East LEPs. This will then give us detailed information across the CPCA region in which to move quickly to market with interventions in supply chain, skills and / or building manufacturing capacity and / or actually manufacturing products.

5.0 GOVERNANCE & MANAGEMENT

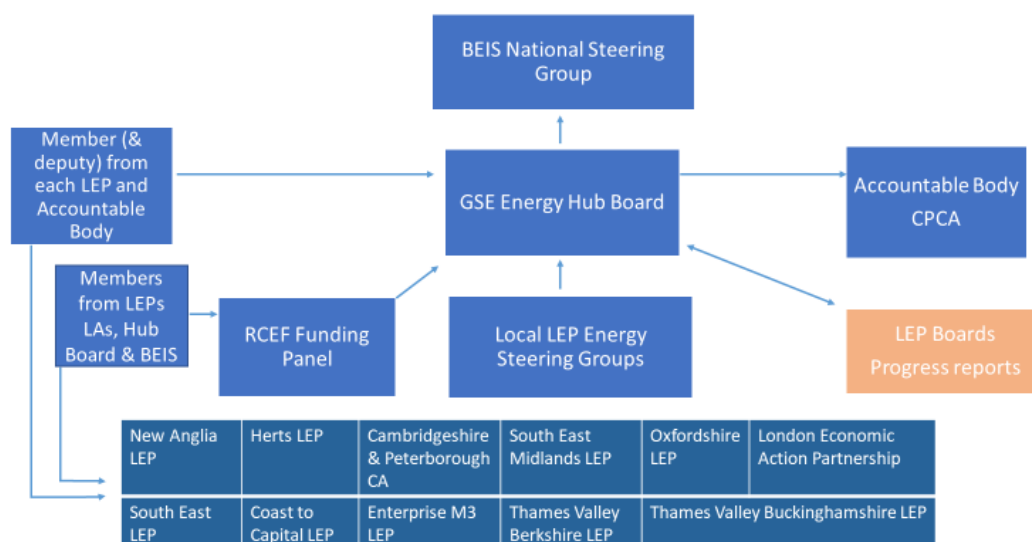
Each region continues to coordinate a governance process, such as a regional board or steering group, enabling all LEPs/lead local authorities in the region to oversee the activities of their Hub and be involved in decision-making.

The GSE Energy Hub is governed by representatives of the consortia of eleven LEPs/lead authorities in the Greater South East. Cambridge and Peterborough Combined Authority became the Accountable Body in March 2018.

BEIS attend regional board or steering group meetings and leading a monthly meeting with all the regional leads, to monitor progress, ensure information is shared between BEIS and the hubs, and address issues as they arise.

BEIS will continue coordination of the Local Energy project board with senior representatives from within the department and across Whitehall, responsible for overseeing progress and decision-making on the Local Energy programme at the national level.

5.1 GREATER SOUTH EAST ENERGY HUB GOVERNANCE STRUCTURE



This business plan will be delivered in full compliance with the governance requirements set out

This Business Plan provides for sufficient support and leadership from the Senior Responsible Officer in Business & Skills and additional Support will be provided by Finance, HR, Legal, procurement and IT.

6.0 Resource

6.1 ENERGY HUB ORGANISATIONAL STRUCTURE

This section shows the existing agreed structure in figure 1 and the proposed structure with the Green Homes Grant (GHG) and Rural Community Energy Fund (RCEF) grants included.

Current Structure

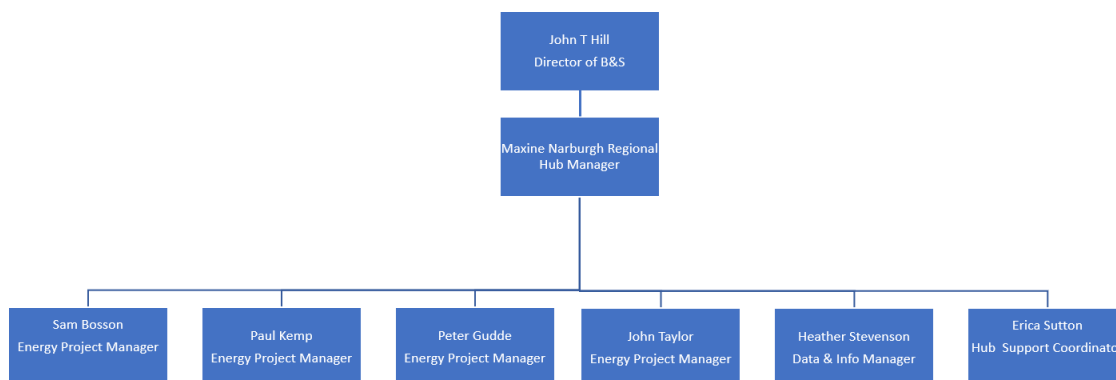


Figure 1 – current organisational structure

Within the proposed new structure, the plan is to get the Regional Hub manager to report into the Deputy CO & BGS SRO. Having the SRO as a span break, has a number of benefits 1) cost effective as it is utilising an existing role 2) allows the Director of Business and Skills to focus more on the directorate and within the Business Board and Combined Authority.

The CPCA corporate services service level agreement needs to be in place to ensure the overall Greater South East Energy Hub has sufficient technical resource in a timely fashion to fulfil BEIS contracts. The resourcing requirement, which is set out by BEIS and funded as part of the Green Homes Grant for 21/22 supports a 3 FTEs, a finance admin role, procurement role and a legal executive.

Proposed new Structure

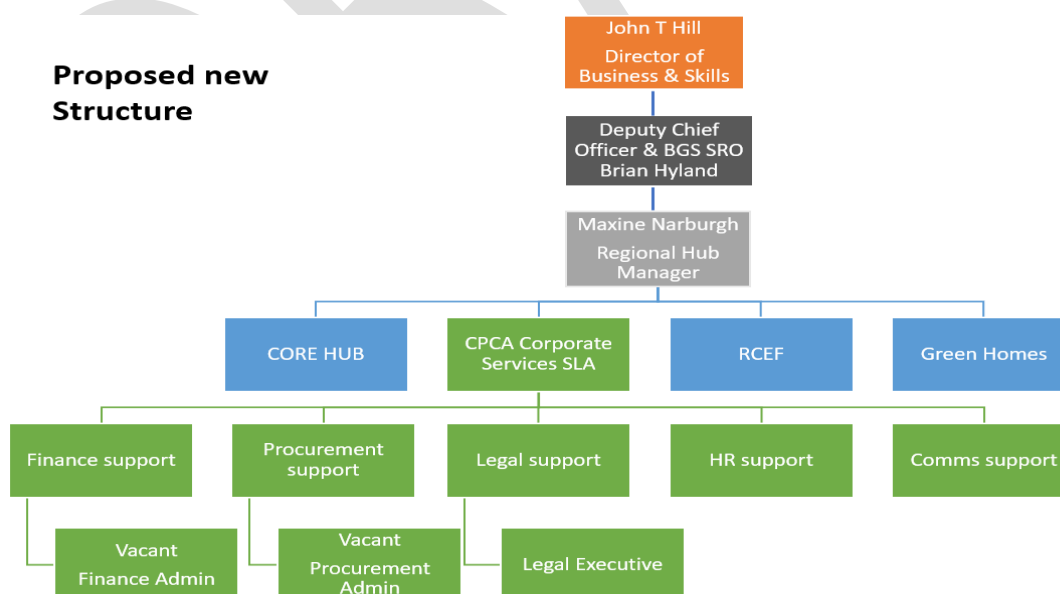


Figure 2 – Proposed new organisational structure

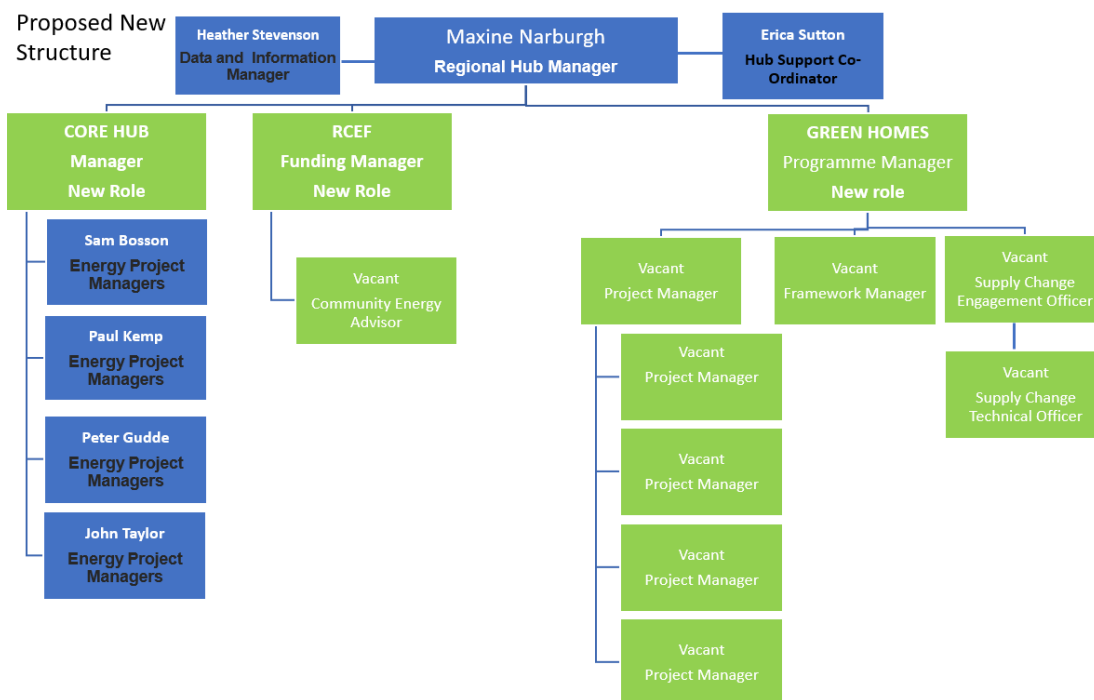


Figure 3 – Proposed new organisational structure at a more detailed level than in figure 2

In total there are 15 new FTE's to manage the GHG and RCEF and all the new roles will be on 12-month fixed term contracts to minimise the risk to CPCA. 12 are for delivery of GHG, 2 are for RCEF and 1 for the core energy hub.

Subject to CPCA remaining as Accountable body, then the plan is to undertake a restructuring exercise within the Energy Hub. This will be led by the deputy CO of the Business Board / SRO BGS, working with HR and the Energy Hub Manager.

To support CPCA and the other 4 national energy hubs, BEIS have recruited an interim HR support who started on Monday, 08th Feb 21 until 31/3/21 to develop the recruitment strategy, draft JDs, undertake recruitment, sifting applications etc. The five Hubs are likely to extend this contract through April.

7.0 Financial

7.1 How is the Greater South East Energy Hub funded?

The GSEEH currently has three main projects:

- The Local Energy Capacity Support (Core Energy Hub) which has been in existence since 2018.
- The Regional Communities Energy Fund (RCEF) which has been a live project since the financial year 2019/20.
- The new Green Homes Grant that has been active since November 2020.

- In addition, other programmes delivered on behalf of BEIS:
 - £200K Council Tax/Business Rates fiscal measures for energy efficiency pilot studies
 - £100K Social Housing Technical Assistance research study – to inform support for future social housing funds.
 - £75K Community Energy England – sector capacity building
 - £18K Rural Net Zero – UK100/Countryside Climate Network
 - £50K Retrofit Practitioner Guide
 - £30K energy spatial mapping
- Other initiatives:
 - KTN Innovation Exchange (iX) challenges – decarbonisation of large engines and zero emission infrastructure for fleet
 - Energy System Catapult – Decarbonisation Academy (retrofit) – skills and supply chain development
 - Modernising Energy Data Applications (UKRI) – USmart:Zero – real-time data and Ai to identify households likely to be in fuel poverty

7.2 The financial scale

The scale of delivery of BEIS Contracts for GSEEH has been increasing extensively over a four-year period, as detailed below:

- FY 2018/19 - c.£1.31m
- FY 2019/20 - c.£3.78m
- FY 2020/21 & 2021/22- £81.462m includes c.£79m for GHG Local Authority Delivery (LAD) 2
- FY 2022/23 - Potentially c.£200m

CPCA are also bidding for the LAD1 Delivery as part of its housing strategy, which is worth c.£24m in 2021.

Financial Information

Table 1 identifies the funding streams available for these projects, with the Green Homes Grant split into three sections as per the funding agreement. The Core Energy Hub has recently been extended until March 2023, as it originally ran until November 2021. There is a potential of an additional £1.5m being awarded during March 2021 for a grant programme for the public sector, however, this has not been included as we currently have not received confirmation.

Table 1 - GSEEH Income Streams							
Income	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Forecast	FY 21/22 Forecast	FY 22/23 Forecast	FY 23/24 Forecast	Totals
Core Energy Hub	£ 1,321,000	£ -	£ -	£ 1,025,000	£ -	£ -	£ 2,346,000
Regional Communities Energy Fund	£ -	£ 3,080,028	£ -	£ -	£ -	£ -	£ 3,080,028
Green Homes Sourcing Strategy	£ -	£ -	£ 250,000	£ -	£ -	£ -	£ 250,000
Green Homes Sourcing Activity	£ -	£ -	£ 1,000,000	£ -	£ -	£ -	£ 1,000,000
Green Homes Capital Delivery	£ -	£ -	£ 78,350,000	£ -	£ -	£ -	£78,350,000
Totals	£ 1,321,000	£ 3,080,028	£ 79,600,000	£ 1,025,000	£ -	£ -	£85,026,028

Table 2 provides an overview of the expenditure per income funding stream and gives a high-level view of when the funds are currently forecast to be expended. This expenditure is in line with the length of the funding agreements.

Table 2 - GSEEH Expenditure Streams							
Expenditure	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Forecast	FY 21/22 Forecast	FY 22/23 Forecast	FY 23/24 Forecast	
Core Energy Hub	£ 4,340	£ 490,589	£ 610,000	£ 620,000	£ 620,000	£ -	£ 2,344,929
Regional Communities Energy Fund	£ -	£ -	£ 513,114	£ 735,000	£ 1,831,436	£ -	£ 3,079,550
Green Homes Sourcing Strategy	£ -	£ -	£ 250,000	£ -	£ -	£ -	£ 250,000
Green Homes Sourcing Activity	£ -	£ -	£ 184,625	£ 814,375	£ -	£ -	£ 999,000
Green Homes Capital Delivery	£ -	£ -	£ 2,637,500	£ 75,712,500	£ -	£ -	£78,350,000
Totals	£ 4,340	£ 490,589	£ 4,195,239	£ 77,881,875	£ 2,451,436	£ -	£85,023,479

The effects of the income and expenditure are shown below in Table 3. It should be noted that whilst these funds are being shown as specific to the GSEEH, they are held centrally by the CPCA and will therefore be included within the wider CPCA budget.

Table 3 - GSEEH Cash Flow						
Cashflow	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Forecast	FY 21/22 Forecast	FY 22/23 Forecast	FY 23/24 Forecast
Opening Balance	£ -	£ 1,316,660	£ 3,906,099	£ 79,310,860	£ 2,453,985	£ 2,549
Income	£ 1,321,000	£ 3,080,028	£ 79,600,000	£ 1,025,000	£ -	£ -
Expenditure	£ 4,340	£ 490,589	£ 4,195,239	£ 77,881,875	£ 2,451,436	£ -
Closing Balance	£ 1,316,660	£ 3,906,099	£ 79,310,860	£ 2,453,985	£ 2,549	£ 2,549

7.2 20/21 Funding to support the strategy formation for delivering the GHG LAD 2 £79m funding

- £250,000 Sourcing Strategy
- £1,000,000 sourcing activity

8.0 SUPPLIES, SYSTEMS, AND INFRASTRUCTURE

CPCA will provide support services in 21/22 for it to successfully deliver its projects and this will be managed Service Level Agreement (SLA).

9.0 USE OF EXTERNAL SUPPLIERS

Greater South East Energy Hub will seek to use local external suppliers where the appropriate service can be competitively sourced.

10.0 PROPERTY AND ASSETS

None

11.0 INFORMATION SHARING

Hub Board members have a duty to maintain the confidentiality of information that they acquire by virtue of their position. Each shall keep confidential any and all information marked as confidential and any and all materials relating to specific project beneficiaries or prospective beneficiaries of support unless compelled by legal process to disclose such information, or authorised to do so by the Hub Board. The Hub Board members may disclose confidential information to their respective LEP Board and/or Secretariat, providing that information is treated in confidence.

12.0 DATA PROTECTION

Greater South East Energy Hub will comply with the relevant legislation and guidance concerning Data Protection including The General Data Protection Regulation (EU) 2016/679 (GDPR).

13.0 FREEDOM OF INFORMATION

The Greater South East Energy Hub will be subject to requests for the disclosure of information under the Freedom of Information Act 2000 (FOI)

14.0 MARKETING & COMMUNICATION STRATEGY

The Greater South East Energy Hub has a Communications Group comprising representatives from each LEP, the group has an agreed Communications Framework and Communications Protocol.

15.0 SWOT AND RISK ANALYSIS

The Localism Act 2011 requires the CPCA to include a risk assessment as part of the business plan.

In order to properly assess the risks associated a high-level PESTLE Analysis and SWOT Analysis have been prepared.

PESTLE Analysis

The PESTLE is a high-level analysis that examines the external environment and identifies the Political, Economic, Social, Technological, Legal and Environmental factors that could impact the Greater South East Energy Hub.

Political <ul style="list-style-type: none">- Funding streams & values- Changes in political priorities	Economic <ul style="list-style-type: none">- Economic growth- Impact of COVID 19
Social	Technological

<ul style="list-style-type: none"> - Mitigating jobs losses - Improving health and wellbeing 	<ul style="list-style-type: none"> - Innovative technology to administer grants
Legal <ul style="list-style-type: none"> - Statutory obligations 	Environmental <ul style="list-style-type: none"> - Sustaining green recovery

SWOT Analysis

Strengths <ul style="list-style-type: none"> - 	Weaknesses <ul style="list-style-type: none"> - Don't have a detailed understanding of the supply chain, suppliers, manufacturers or skills requirements
Opportunities <ul style="list-style-type: none"> - Rapid response to COVID 19 recovery - Closer to marketplace for new interventions - Upskilling and re-skilling workforce to undertake remedial works. Link into Business Growth Service - Suppliers of services and products e.g heat pumps working towards manufacturing goods in the CPCA area as opposed to importing. Link into Business Growth Service. 	Threats <ul style="list-style-type: none"> - Funding

Risk Management



Independent Commission on Climate Change - Interim report

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery and Strategy
Key decision:	Yes
Forward Plan ref:	KD2021/008
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none">a) welcome the initial report of the Cambridgeshire and Peterborough Independent Commission on Climate (CPICC) and formally thank the Chair and members of the Commission for their work so far;b) develop a response to the Commission recommendations, with the engagement of member councils and the Business Board, to consider at an early future meeting of the Board.
Voting arrangements:	A simple majority of all Members

1. Purpose

- 1.1 To welcome the initial report of the Cambridgeshire and Peterborough Independent Commission on Climate (CPICC), and to set out a process for responding to its initial recommendations.

2. Background

- 2.1 The Board established the Independent Commission to examine the challenges facing the area from climate change. It was tasked to produce recommendations on how the area can mitigate the emissions of greenhouse gases and adapt to climate change impacts already happening.
- 2.2 Baroness Brown of Cambridge, Julia King OBE was appointed as Chair in June 2020 and the Commission held its first meeting in July 2020. The Commission focused on transport, buildings, energy and peat topics for its initial recommendations report, with a further report due in the late summer of 2021. It undertook two research projects, one into climate change risks and one into the costs/effectiveness of different types of action. Public engagement took place in autumn 2020.
- 2.3 The Commission launched its Initial Recommendations Report on the 15th March 2021. A copy of the report is attached at Appendix 1. It contains 31 recommendations.
- 2.4 The Commission found that:
 - (a) greenhouse gas emissions in the area are higher than average;
 - (b) the region is at high risk from the changing climate;
 - (c) urgent action is needed, and the transformation will need significant investment;
 - (d) the scale of the task is huge, but if national government, local government, local communities, businesses and individuals are all part of the transformation the changes needed can be made;
 - (e) addressing climate change can deliver multiple benefits;
 - (f) the Combined Authority has a key leadership role; and
 - (g) residents are keen to play their part.
- 2.5 The Commission highlights the need for urgency, and the challenges posed by the multiple actions needed by residents, businesses, local government and national government. It sets out the significant investment required, both public and private, and the need to ensure that those less able to pay are not disadvantaged. It also highlights opportunities as well, such as through growth in new businesses and related employment. It considers that the increased local risks from climate change by 2050, such as flood risk and water supply, can be mitigated and adapted to if the right interventions are put in place. The Commission recommends areas for further research, including on peat emissions, and for additional work on the impact of climate change on communities. The report's concluding chapter is specifically aimed at residents, giving advice on how they can immediately make some changes and signposting to other sources of advice and grant funding.
- 2.7 The Commission's report highlights examples of progress by the CPCA, Councils, and others. It encourages that leadership role, with the CPCA supporting residents and

businesses to take appropriate action. It calls for more devolution of resources and powers to maximise local delivery.

Response

- 2.8 In developing a considered CPCA response to the recommendations it will be crucial to understand any specific implementation issues faced by different parts of Cambridgeshire and Peterborough. To do so the response will be developed with the engagement of member councils and the Business Board and brought to a future meeting of the Board. The response will include scope for action and timing.
- 2.9 Recognising that the recommendations are not just to the Combined Authority and member councils but also to government, utilities and businesses, the Combined Authority will work with those organisations to encourage their response to the recommendations.

Significant Implications

3. Financial Implications

- 3.1 The Commission's recommendations could have significant financial implications for the Combined Authority. The Commission's report is supported by a specially-commissioned Leeds University research report. This contains locally-tailored cost-benefit analysis of individual measures which feature in the recommendations. The Commission has only made one individually costed recommendation for the Combined Authority (for activities of a Fenland Peat Committee) so costs for each recommendation that is applicable to the Combined Authority will need to be assessed as part of the response.
- 3.2 The Commission make a specific recommendation that £50,000 be allocated per annum to the activities of a Fenland Peat Committee, and provides a proposed terms of reference.
- 3.3 The Medium Term Financial Plan has a Subject to Approval revenue allocation of £100,000 for 2021/2022 for climate commission activities.

4. Legal Implications

- 4.1 To be considered as part of the response to the Commission's recommendations.

5. Other Significant Implications

- 5.1 The Commission identifies that its recommendations could have a differential impact on residents or businesses, depending on their circumstances and how that recommendation is implemented. For example, on transport it highlights the current cost of electric vehicles as one of the reasons restricting take-up rates. It recommends that all interventions need to be assessed for their equalities impact.
- 5.2 Implementation of the Commission's recommendations will reduce the amount of greenhouse gas emissions. Tackling greenhouse gas emissions will contribute to reducing

risks to the area from climate change. The Commission is still examining ways in which resilience to unavoidable climate change impacts can be improved.

- 5.3 The Commission stress the benefits of nature-based solutions, both to reduce net emissions and as part of resilience measures. There is a strong correlation between positive action on climate change and the Doubling Nature ambition of CPCA.

6. Appendices

- 6.1 Appendix 1 – CPICC Initial Recommendations Report – March 2021

- 6.2 An accessible version of this report is available on request from Democratic.Services@cambridgeshirepeterborough-ca.gov.uk

7. Background Papers

- 7.2 [A net-zero road map for Cambridgeshire and Peterborough, University of Leeds/PCAN](#)



Cambridgeshire & Peterborough
Independent
Commission on
Climate

Global Challenge, Local Action

Initial Recommendations
March 2021



Preface

It is a pleasure to introduce the first report of the Cambridgeshire and Peterborough Independent Commission on Climate Change. The views and recommendations in this report are those of the Commission.

Climate change is a fundamental issue for all of us. It is already impacting on how we live our lives and if we don't reduce our greenhouse gas emissions to zero over the next 30 years, the impacts both here and globally will become very severe. If we look at the risks to the UK from climate change many are particularly acute in Cambridgeshire and Peterborough: the risk of flooding, very high summer temperatures, water shortages, and damage to the natural carbon stores in the deep peat of the Fens. We all need to act, and act now, to avoid the most damaging aspects of climate change. Our actions can also offer benefits and opportunities, including new jobs in low carbon industries, more energy efficient homes and premises, with lower energy bills, for residents and businesses, and better air quality and more greenspace improving our health and well-being

The work of the Commission comes at an important time. The Sixth Carbon Budget advice to Parliament from the national Climate Change Committee was published in December 2020, providing a detailed analysis of the requirements to decarbonise all sectors of our economy to meet the Government's legal commitment to a target of net zero emissions by 2050. We are in the midst of a global pandemic that is challenging how we live our lives. The Government is planning to publish its climate change strategy in the coming year and developing plans to achieve a green economic recovery as we emerge from the pandemic.

The Commission's mission is to provide independent advice to local government, the broader public sector and business in the area on both setting and meeting carbon reduction targets for Cambridgeshire and Peterborough and preparing for climate change. It is important that as well as tackling emissions we adapt to climate change impacts that are already happening. Tackling the climate crisis requires large changes across our societies and economies, from the local to the national to the global, and concrete actions from governments and businesses in particular. However, there are ways in which individuals, families and communities in the region can contribute positively to this change.

We have taken an evidence-based approach to the issues for Cambridgeshire and Peterborough. In this initial report we have concentrated our efforts on: transport, where local emissions are much higher than the UK average; buildings, where the planned growth in the region means that we need to ensure new homes are built to the highest standards of energy and water efficiency; peat, because the lowland peat in the fens could be responsible for as much as one third of our total emissions as it degrades; and energy, which underpins the decarbonisation of transport and heat. Our final report later in the year will pick up the important areas of business and industry; water; waste; and adapting to climate change.

The Commission has also been clear that it wants to take account of the different impacts of the required transformation on residents (and businesses) in different circumstances. This includes actions we recommend - not everyone has the same ability to invest in or take advantage of new measures. Some actions might benefit some more than others. As we have gone through the thinking on recommendations this has been at the forefront of our minds.

Our survey highlighted a strong desire amongst residents to get involved in responding to climate change, and wanting guidance on what they might do. We have included a chapter that is aimed at residents with advice on some simple changes everyone can make, and sources of more advice.

When invited by the Mayor of the Combined Authority to chair the Commission I was excited by the prospect of drawing on Cambridgeshire and Peterborough's outstanding academics, the practical expertise of our farmers and businesses, and our community's commitment to a sustainable future. This has proven to be the case. The work of the Commission has been greatly assisted by the response to our public call for evidence, and the support of businesses and other organisations in feeding in expertise.

I am very grateful to all of the Commissioners for their time, their input and their guidance. They have shown dedication in getting to the heart of the issues, and commitment to ensuring that our recommendations will both address climate change and deliver wider societal benefits. The Commissioners recognise that fairness must be at the core of our approach if it is to be acceptable to the people of Cambridgeshire and Peterborough. I thank them all for their efforts. Work by the University of Cambridge has given us an excellent insight in potential risks, and work by the University of Leeds has enabled us to consider the costs of different actions. The Management Board and Secretariat have provided support throughout. In addition, the work of Adrian Gault in supporting the Commissioners and pulling together the report has been tireless and invaluable. The whole team would like to thank the many people who have met us, who have made comments and have helped create this report.

This is the initial report of the Commission and I hope that the work of the Commission will continue to inform, inspire and assist Cambridgeshire and Peterborough's councillors, residents and businesses to ensure this area can deliver a net zero carbon future and become an even better, greener place to live and work.

Dame Julia King

Commission



Baroness Brown of Cambridge, Dame Julia King

Chair of the Cambridgeshire & Peterborough Independent Commission on Climate

Baroness Brown currently serves as Chair of the Carbon Trust; Vice Chair of the Committee on Climate Change and Chair of the Adaptation Sub-Committee; non-executive director of the Offshore Renewable Energy Catapult; and Council member of Innovate UK. She sits on the Government's Hydrogen Advisory Council. She was a non-executive director of the Green Investment Bank, she led the King Review on decarbonising transport (2008), and was the UK's Low Carbon Business Ambassador from 2008 – 2018.



Professor Laura Diaz Anadon

Professor Laura Diaz Anadon holds the chaired Professorship of Climate Change Policy at the University of Cambridge and is Director of the Centre for Environment, Energy and Natural Resource Governance (C-EENRG) and Bye-Fellow at Peterhouse.

Laura is also Research Associate at the Harvard Kennedy School at Harvard University. She is a Lead Author in the 6th Assessment Report of the Intergovernmental Panel on Climate Change Working Group III on Climate Change Mitigation and a member of the Carbon Trust Breakthrough Ideas Steering Group. In June 2018 she was awarded the XVII Fundacion Banco Sabadell Prize for Economic Research for the best young Spanish



Greg Archer

UK Director of the international environmental organisation Transport and Environment.

Greg is also chair of the environmental organisation ECOS; and runs a consultancy, Gaian Ltd. He has over 25 years' experience researching and developing solutions to the environmental impacts of transport. Since 2019, Greg has run the UK office of T&E working to secure the 2030 ban on sales of new conventional cars. From 2012, he was based in Brussels as T&E's Vehicles Director successfully campaigning for strong car CO2 regulations that have stimulated the shift to electric cars.



Richard Astle

Chairman of Natural Cambridgeshire.

Natural Cambridgeshire brings together businesses, local authorities, the health sector, farming, wildlife, and environmental organisations. Richard is also the Managing Director of Athene Communications, a provider of strategic advice on communication and engagement at board and senior management level. Richard is a former recipient of the Institute of Public Relations Sword of Excellence for Public Affairs. Before Athene, Richard has a career in the British Foreign Office, serving in the Moscow Embassy.



The Very Revd. Mark Bonney

Dean of Ely since 2012.

Mark Bonney was previously a Canon Residentiary and Treasurer of Salisbury Cathedral for eight years, after sixteen years of service in St. Albans diocese.



Dame Polly Courtice, DBE, LVO

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Polly is the Director of the Jupiter Green Investment Trust, and Board Advisor to BSI. She serves on a number of environmental and sustainability advisory boards of companies, including AstraZeneca and Nespresso, and is on the judging panel for the Queens Award for Sustainable Development.



Rhiannon Osborne

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Rhiannon is currently the Policy and Advocacy Director at Students for Global Health, a UK-based network of youth activists for health equity, with a particular focus on climate change and health. She has worked in grassroots organising, policy-influencing and campaigning on a number of issues including access to medicines, refugee rights and health inequalities.



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An architect and member of the CLC Green Construction Board, Lynne Sullivan is the Chair of the Good Homes Alliance and Board member of the Passivhaus Trust and the Active Building Centre.

Lynne was RIBA's Ambassador on Climate Change, representing RIBA at COP21 in Paris and chairing their Sustainable Futures Group 2014-2017. Lynne has authored and chaired a number of policy review and research projects on building performance and sustainability for UK governments and others, including 'A Low Carbon Building Standards Strategy for Scotland'.



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Ben previously worked as the Chief Executive of Cambridge United Community Trust and as a parliamentary researcher in Westminster. He was also part of a team who jointly won the inaugural IPPR Economics Prize in 2019 with their contribution 'Incentivising an Ethical Economics'. He is on the Commission in a personal capacity.

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Executive Summary

Greenhouse gas emissions in the Combined Authority region are high. In the Cambridgeshire and Peterborough Combined Authority (CPCA) area, emissions are approximately 25% higher per person than the UK average. At this level of emissions, we have only about 6 years remaining before we will have exhausted all of our 'allowed' share of emissions to 2050,¹ if we are to play an equal part in delivering the UK's critical Net Zero target.

The region is at high risk from the changing climate. Many of the risks to the UK from climate change are particularly acute in this region: flooding, high summer temperatures, water shortages, and damage to the natural carbon stores in the deep peat of the Fens. Heat wave summers like 2018 will be the norm by 2050 even if we are on a global path to Net Zero. If we are heading to a temperature rise closer to 3°C, by 2100 winter rainfall could be 50% higher and summer 60% lower by the end of the century. We would regularly see summer temperatures reaching 40°C. Sea level rise would reach 1m or more. These impacts² will affect homes, public buildings, businesses, towns and cities, and farming in the Fens. We need both to reduce our emissions to minimise the impacts and also to prepare for them.

Urgent action is needed – well before the six years is up. We need action both to get us on track to reducing emissions in line with UK targets and to prepare for the impacts of climate change, which will be significant even if we are on track globally for the Paris Agreement ambition of keeping close to 1.5°C and well below 2°C of warming by the end of the century. If we cannot deliver this ambition, the impacts of climate change become much more severe.

The scale of the task ahead is huge – and it must be delivered through a just transition, that does not leave marginalised communities behind. But if we are all part of the transformation: national government, local government, local communities, businesses and individuals, we can make the changes that are needed. In the CPCA area we have over 350,000 existing homes that will need to be converted to low carbon heating, and every new build (growing in number with developments like the Ox-Cam Arc) must be net zero. All the cars in the region (more than 500,000 currently) will need to be zero emissions by 2050.

The transformation will need significant investment. The Climate Change Committee estimates that investment in green infrastructure will need to rise from about £10bn to £50bn annually (an increase of about 10% in our national infrastructure spend) to deliver the decarbonisation of our electricity systems, our industries, our transport and our homes. Work for this report has estimated a requirement of around £700m annually through the 2020s in the CPCA area. Some of the funding will be public investment, much of it will be private and we will need to look at ways we can attract investment into the region to ensure we can deliver the changes required. The CPCA borrowing powers could be an important lever to support investment.

Addressing climate change can deliver multiple benefits. If we use that investment in the right way, addressing climate change can bring many benefits: more and better green space, a thriving natural world, better insulated and better ventilated homes, cleaner air, high quality job opportunities in the growing green economy, better public transport, improved health and well-being, and many others. How we deliver the investments and the changes that are needed, ensuring fairness is core to the approach, will be very important.

¹ This is based on current emissions in the CPCA area, including estimated emissions from peatlands. These are very uncertain, and if excluded the number of years remaining at current emissions levels is around 9 years rather than 6.

² CCC (2020), The Sixth Carbon Budget – The UK's path to Net Zero.

Local government and the CPCA has a key role to play. Whilst many of the levers, such as decarbonising the electricity system and introducing standards for emissions from new cars, are in the hands of the national Government, local government has a very important role. Local government powers in transport, planning and borrowing are critical in driving the transformation. Local action will be needed in areas such as home renovation, nature-based interventions, waste management, communication and engagement to support behaviour change, and ensuring that national schemes and support can be used to maximum effect and leveraged to accelerate the transition locally. To deliver this ambitious programme at the speed required, the CPCA will need an appropriate level of dedicated resources.

Our region can show leadership. Through coordination of the key stakeholders, we can grow our impact on a national and an international level by harnessing our world-leading intellectual assets. We have outstanding universities, research institutes and colleges which can be centres for low carbon innovation, new approaches to adapting to climate change, and training for the new skills required. We have a nationally important farming community in the Fens who can lead the way in showing how to manage lowland peat to reduce emissions, help double nature and produce healthy food. The region can be a focus for testing and demonstration of new technologies and new ways of doing things, something we can all be involved in, be proud of, and benefit from.

The region's residents are keen to play their part. We have conducted two surveys, one involving people choosing to respond, and one a paid for 'targeted' survey. The responses from both were consistent and strongly positive. The engagement of residents is particularly important: the Climate Change Committee estimates that almost 60% of the changes we need to reach net zero will involve people changing their behaviour to some extent and making positive decisions to support emissions reduction. Residents responding to both surveys wanted to see council leadership on climate change, nature prioritised, improved education and information to support behaviour change and a leading role for the area nationally. A strong engagement and listening programme will be needed to ensure residents are both keen and able to make the changes needed.

This is the first report of the Cambridgeshire and Peterborough Independent Commission on Climate, providing initial advice on what is needed to deliver change locally. The change that is needed will be transformative across all sectors of the economy. Much of what is needed is dependent on actions and frameworks provided from outside CPCA, particularly central Government. But there is much that we can do, within the CPCA area, with local benefits for health and well-being and opportunities for our communities as well.

The report provides an overview of sources and levels of emissions in the CPCA area and risks from climate change. This first report focusses on the areas of transport, buildings, energy, and peat. These are all areas of particular concern locally: transport because our emissions are well above the national average; housing because of the rapid projected growth in the region; energy because of the key role of electrification in decarbonising transport and buildings; and peat because of its importance both as a major contributor to local emissions (potentially making up about a third) and to our agricultural economy. Recommendations for action are included in all of these areas, directed at the CPCA and local councils, national government and other stakeholders (Table 1). Our final chapter covers the things we can all do as individuals to help address climate change.

Our final report, to be published later this year, will pick up other important areas including waste, water, business and industry, requirements for a just transition, and the role of nature in helping us to adapt and mitigate the impacts of climate change.

Table 1: Summary of Recommendations

Overarching

1. The CPCA should create:
 - a Climate Cabinet chaired by the Leader of the Combined Authority – including councils and key regional stakeholders
 - a funded delivery team in CPCA to coordinate, champion and facilitate action
 - a green investment team
 - a climate action plan, including a finance plan, with agreed targets for emissions, actions and monitoring
 - an independent monitor: maintaining the CPICC as an independent body to monitor and report on progress annually.
2. A climate change assessment should be undertaken and taken into account for every CPCA and Council policy, development, procurement, action.
3. All CPCA and Council operations should be net zero by 2030, underpinned by a regional Science Based Targets (SBTi)-type action plan.
4. The CPCA should rapidly assess the current sources and availability of funding for green opportunities (such as Green bonds or other instruments to accelerate housing retrofit, nature-based solutions and peat restoration) and develop an ambitious funding plan including the use of its borrowing powers.
5. The CPCA should develop and lead a plan for engagement and behaviour change with local people and businesses. This should cover the need for action and provide information on options and the choices that have to be made at local level.
6. The CPCA and its constituent Local Authorities should adopt a leadership role in accelerating the achievement of the Doubling Nature ambition, specifically to create or to conserve habitats such as woodland, grassland or wetlands that can store or absorb carbon; and setting an example on land that they own or control.
7. The CPCA should review training and upskilling plans to ensure that these are designed to support the scale and nature of the required transition, maximise high quality job opportunities in the region and contribute to reducing inequalities and deprivation.
8. The CPCA should commission work to understand the fitness of the innovation ecosystem across the region to support the emerging net-zero-aligned agritech and nascent clean tech sectors:

- Mapping the elements and processes that are in place that enable the region's success in biotech and information technology sectors in taking ideas to full commercially viable delivery, to see how these can be applied to support low carbon innovation, including:
 - generation and communication of ideas
 - the role of multiple paths of funding across the innovation process from different types of funders and investors
 - company evolution and scale up (including simple organic growth)
 - the roles of universities, networks, technical consultancies, incubators and accelerators, angel investors, institutional investors, regional and national policy and the regulatory environment
 - Understanding the differences in all of the above amongst the sectors, and indeed the wide spectrum within the clean tech sector
 - Articulating the gaps that exist within the regional innovation ecosystem that could impair the success of net-zero-aligned agritech and cleantech sectors, and making recommendations for filling them to unlock the potential of the subsectors in which the region has or can develop world leading know how and businesses.
9. The CPCA should actively broker, and where appropriate, invest in, the creation of demonstration projects for the decarbonisation and resilience of the built environment, both in residential and commercial buildings. These demonstrators will require working with businesses, developers, estate owners, universities, and the finance sector across the region. This should take a portfolio approach so that, ideally, there is a demonstrator for each distinct category of estate/built environment with significant presence in the region. The balance between the scale, number and type of project, and the funding and expertise available, should be driven by the objective to develop locally relevant know-how, learning, business models, and awareness.

For Central Government:

10. Central Government should provide greater clarity about how costs in the transition will be met, including increased devolved funding for local authorities, and over what time periods and under what terms and conditions.
11. Provide increased powers for local authorities to require higher standards in planning, buildings and transport.
12. Devolve more responsibility and funding to local authorities to deliver transport and buildings decarbonisation.

For Central Government and Ofwat

13. To provide for the investment to allow intercompany trading and water infrastructure improvements by 2025 to enhance water supply, including eliminating Cambridge's dependence on the ground water aquifer.

Transport

1. A complete phase-out of the use of cars running on fossil fuels by 2050 within the CPCA area
 - The CPCA, and constituent authorities, should by 2022 develop a plan for the rollout of charging infrastructure, with an initial focus on bringing the lowest district levels of provision up towards those of the best, and providing a 'right to charge' to residents, workers and visitors
 - All new residential and non-residential developments with parking provision (and those undergoing extensive refurbishment) should be equipped with charging points.
2. All buses and taxis operated within the CPCA area, and Council owned and contracted vehicles, should be zero emissions by 2030. Each Council should make its own commitments, reflecting the make-up and age of existing vehicles, but we recommend the following dates:
 - The bus fleet on routes subsidised or franchised by the CPCA should be zero emission by 2025, and the authority should work to facilitate such a shift on all routes by 2030
 - Target 30% of taxis to be zero emission by 2025 and 100% by 2030, achieved through license conditions
 - Council fleet to be 100% zero emission by 2030, with procurement rules used immediately to promote EV uptake.
3. Reduction in car miles driven by 15% to 2030 relative to baseline:
 - Major new developments (>1000 homes) should be connected to neighbouring towns and transport hubs through shared, public transport and/or safe cycling routes
 - 100% of homes and businesses to have access to superfast broadband by 2023
 - CPCA to undertake a trial of electric on-demand buses to increase accessibility and connectivity
 - Development and implementation of the Strategic Bus Review to prioritise affordability and reliability of services
 - CPCA to work with major employers, employment hubs and Liftshare to encourage car-sharing, public transport, walking and cycling for commuting, and Councils to take a lead in respect of their own employees
 - CPCA, with relevant authorities, to explore options to improve cycling infrastructure both within urban areas, and to encourage the use of e-bikes for longer trips to and from market towns and cities
 - Alternatives to road investment to be prioritised for appraisal and investment – from active travel and public transport options, to opportunities for light rail and bus rapid transit or options to enhance rail connections.

4. Diesel vans and trucks to be excluded from urban centres by 2030 and local zero emission options pursued:
 - At least 3 freight consolidation centres to be established outside of major urban areas with onward zero emission deliveries
 - Home deliveries should only be made by zero emission vehicles, including cargo bikes, by 2030
 - UK Power Networks to develop tools and fast-track services to assist companies wishing to convert fleets of vans and trucks to electric to rapidly ascertain grid connection upgrade requirements and costs for charging
 - CPCA to undertake a trial of electrification of short-haul freight from farm to warehouse.

Buildings

1. The CPCA and constituent authorities should support local area energy planning that identifies heat zones for buildings (e.g. suitability for heat pumps or district heating) and retrofit priorities.
 - Develop local energy plans, working with stakeholders, to have a key role in preparing for the decarbonisation of heat in buildings: identify which heat and energy efficiency options and national policies are particularly suitable in different areas; consider zoning areas for specific heating solutions; throughout the process, engage and communicate with the local communities to develop a good understanding of issues and foster awareness and willingness to take action.
2. All new buildings should be net zero ready by 2023 at the latest and designed for a changing climate.
 - Adopt a net zero ready standard for new homes (requiring “world-leading” energy efficiency and low-carbon heating in new homes) by 2023, and adopt a similar standard for non-domestic buildings;
 - All new residential and non-residential developments with parking provision should be equipped with charging points;
 - All planning applications to require over-heating calculations and mitigation measures, and testing against climate projections to 2050;
 - New buildings should meet tighter water efficiency standards of 110l/person/day, and below this when building regulations allow;
 - All new build must have effective ventilation in use and safeguard indoor air quality;
 - All new build to incorporate sustainable urban drainage systems;
 - Where appropriate, new build to incorporate property level flood resilience measures;

- The CPCA and constituent authorities should consider developing new build guidance to address embodied emissions (for example, a template for embodied emissions similar to the GLA), with targets strengthening over time).
- 3. New developments must be considered within a spatial strategy that prioritises sustainable development, low emissions and low risks from climate change.
 - New developments to be sited to minimise emissions implications, including through making them attractive for walking and cycling, and access to wider transport infrastructure;
 - All new build must have access to green space and nature;
 - Developers must identify biodiversity assets and potential to enhance these as part of the development and future management of the site.
- 4. All existing buildings should achieve high energy efficiency standards, and be heated from low-carbon sources
 - Every building should, starting by 2025 with those below EPC “C”, have a renovation plan (digital green passport, extended to include water efficiency, incorporating passive cooling measures and property level flood resilience measures where appropriate), setting out a clear pathway to full decarbonisation;
 - Home retrofit will need to be rolled out across the building stock, incorporating cooling measures as well as energy efficiency, water efficiency and heat decarbonisation. The CPCA should take a lead in encouraging home-owners to move towards net zero, including by finding innovative ways to encourage behaviour change and support financing;
 - The CPCA and constituent authorities should prioritise achievement of net zero emissions for social housing. Digital green passports could be piloted in social housing first;
 - Electric charging points required for buildings with parking provision undergoing extensive renovation;
 - Make full use, in the short-term to 2021-22, of Green Homes Grant funding, especially in relation to “no regrets” energy efficiency improvements, and in the medium-term of successor funding schemes available from central Government;
- 5. Performance is actively monitored and standards fully enforced
 - Performance measurement must reflect real-world energy use;
 - Resources for enforcement of new build standards and minimum private rented standards must be prioritised.
- 6. CPCA and local authority own estate is net zero by 2030 at the latest.
 - Public sector estate should by 2025 have a plan to achieve best practice energy use;
 - Energy use and emissions on public sector estate should be monitored and reported.

Energy

For CPCA and constituent authorities:

1. Develop a local area energy plan, in close collaboration with interested stakeholders, including distribution companies, consumers and large energy users.
2. To the extent than there is interest in options for hydrogen production within the CPCA area, prioritise consideration of potential for hydrogen production from surplus generation, for uses without more suitable and cost-effective low-carbon energy sources.

For Ofgem:

3. Urgently develop and make proposals on distribution network investment ahead of need.
4. Urgently provide clarity on revised arrangements for network access (connection charges) to facilitate local decarbonisation projects.

For Government:

5. Advise areas on where hydrogen is likely to be available in the gas grid as soon as possible.
6. Look to streamline, simplify and provide longer-term horizons for schemes funding local energy projects.

Peatlands

1. The CPCA should establish and provide funding, of the order of £50,000 a year, to support the operation of a CPICC Fenland Peat Committee, initially for a period of 5 years, with a remit to inform and develop 'whole farm' land use policies aimed at achieving climate change mitigation, adaptation and biodiversity enhancement in the Fens, and to help establish an agreed set of numbers for GHG emissions for deep, shallow and wasted peat soils.
2. Up-front funding should come from CPCA, but also be sought from Defra, NERC and other sources, to support the work of the Fenland Peat Committee but also more widely, for:
 - On the ground research to fill in the current gaps in the scientific evidence
 - Development of best practice guidance
 - Provision of farming advisers to support farmers in the transition.
3. Cambridgeshire County Council and Peterborough City Council should work to develop the role of County farms as leaders and exemplars in the transition.
4. The CPCA should establish a process to consult on and develop a vision and strategy for the Fens, which takes account of economic impact and goes beyond the single issue of peat emissions, taking a leadership role at the forefront of national action. This will need strong engagement with local communities, particularly farming.

The sources of emissions in CPCA

From the latest national data estimated at local authority level, total CO₂ emissions in the CPCA area in 2018 were 5521ktCO₂. This excludes peatland emissions which, though uncertain, could add a further 45% to this total. Even without this, emissions are around 6.46t per capita, almost 25% above the per capita figure across the UK as a whole (5.19).

We have given particular attention in this report to emissions from surface transport, buildings and peatland. Collectively these are responsible for most of our emissions.

- **Emissions from surface transport** (road and rail) make up around 44% of CO₂ emissions in CPCA, a significantly higher share than in the UK (37%). They have been rising in recent years, and are high across cars, vans and HGVs. Some of these emissions reflect through traffic, for example on the A14, A1(M) and M11, but this is not enough to explain the relatively high level of transport emissions overall:
 - there are differences across districts within CPCA, but overall car ownership is high and mileage is high;
 - the proportion of ultra-low emission vehicles is low, though similar to the UK as a whole;
 - emissions are low in the urban areas of Cambridge and Peterborough, which have better transport networks providing alternatives to the car and more compact geography with denser provision of services.
- **Emissions from buildings** are not particularly high relative to the UK, but they represent a high share of total emissions. Energy use in our homes accounts for 22% of overall emissions. Emissions from use of buildings in the commercial, industrial and public sectors are not separately estimated from other emissions in those sectors, but add to this total:
 - the quality of the building stock, measured by Energy Performance Certificate rating of energy efficiency, is slightly better than across the UK. Nevertheless, most residential buildings are rated “D” or below, indicating substantial potential for improvement;
 - most buildings are heated through the use of fossil fuels. The number of installations of low-carbon heating, under the Renewable Heat Incentive scheme, amounts to only around 0.5% of the housing stock;
 - with a projected increase in population in the region, and development on the Ox-Cam Arc, the amount of new build is also projected to be high. By 2050 new build could account for as much as 40% of the housing stock, which means that high standards for new construction will be particularly important.
- **Emissions from peatlands** are currently largely excluded from the UK emissions inventory, but are likely to be included very soon. The historical drainage of lowland soils in the Fens, for agricultural use, is associated with emissions as the drying out of peatland has resulted in the release of previously stored carbon to the atmosphere. Estimates are subject to considerable uncertainty, but a substantial area of UK lowland peatland is within the CPCA area. Inclusion in the UK inventory could add as much as 2.6 MtCO₂e to recorded CPCA emissions, an addition of around 45%.

What must we do to reduce emissions?

Many of the levers to reduce emissions lie with national Government. In other areas, the CPCA and constituent authorities can only act within frameworks set by national policy (some important elements of which remain under development), and the limits of available funding.

Nevertheless, there is a lot that local authorities can do, though they should be further empowered to do more.

We make a number of recommendations, brought together in Table 1 above.

CPCA and local authority leadership will be particularly important. Substantial funding for the upfront investments that are required will also be needed (some of which will come from the private sector, including individuals and householders within CPCA, some from the public sector). To this end we recommend that:

- the CPCA should create:
 - a Climate Cabinet chaired by the Leader of the Combined Authority, including councils and other key regional stakeholders;
 - a funded delivery team within CPCA, to coordinate, champion and facilitate action;
 - a green investment team;
 - a climate action plan, including a financed plan, with agreed targets and monitoring.
- the CPCA should rapidly assess the current sources and availability of funding (such as Green bonds or other instruments to accelerate housing retrofit, nature-based solutions and peat restoration) and develop an ambitious funding plan.
- the CPCA and constituent authorities should commit immediately to (i) undertake a climate change assessment of new initiatives and policies, and (ii) ensure all procurement is compatible with delivering net zero and climate resilience by 2050;
- the CPCA and constituent authorities should develop a local area energy plan, identifying heat zones and retrofit priorities for buildings, and aligned with plans for transport that support electrification and zero carbon vehicles.
- the CPCA should develop and lead a plan for engagement and behaviour change with local people and businesses. This should cover the need for action and provide information on options and the choices that have to be made at local level.

Priorities for sectoral action include:

- Transport:
 - the rollout of electric vehicle charging infrastructure, which provides a 'right to charge' for residents, workers and visitors to the region. This should start with bringing those districts with low provision up towards the levels of the best;
 - a transition towards zero emission bus and taxi fleets by 2030;
 - measures to reduce car miles driven, including trials of on-demand electric buses and improvements in infrastructure for walking and cycling;
 - exclusion of diesel vans and trucks from urban centres by 2030.

- Buildings:
 - all new buildings to be net zero ready by 2023 and designed for a changing climate. This is an earlier date than proposed for implementation of the Government Future Homes Standard, but recognises the high level of new build in the area – if these buildings are not built to the highest standards now, they will require more expensive retrofit later on;
 - new developments must be sited in locations where land use is appropriate and resources are sufficient; where low-carbon transport infrastructure is available; to contribute to the doubling nature agenda; and be delivered with low emissions and low risks from climate change;
 - home retrofit will need to be rolled out across the building stock. Every building will need a renovation plan, starting, by 2025, with buildings currently below EPC “C”.
- Peatlands:
 - support should be provided for the establishment and operation of a Fenland Peat Committee, with a remit to inform and develop “whole farm” land use policies aimed at achieving climate change mitigation, adaptation and biodiversity enhancement in the Fens, and to help establish an agreed set of numbers for emissions from deep, shallow and wasted peat soils.
- Nature:
 - our surveys of public opinion clearly showed the priority that local people attach to the natural world. Nature recovery programmes, including tree planting and wetland creation/restoration have an important role to play in helping to address the impact of climate change and engaging communities and businesses. The CPCA has an opportunity to accelerate the doubling nature agenda, which will help deliver multiple benefits, not least in terms of health and wellbeing.

Benefits from these actions

If we take these actions, we can put ourselves on track to play our part in meeting the UK’s emission reduction targets, and help prepare for the impacts of climate change to which we are already committed.

But there is a wider set of benefits to our communities. Many of the measures we need to take for climate reasons also bring other benefits with them. Measures to reduce emissions in our urban areas will improve air quality and health. Measures to improve the energy efficiency of our homes and buildings, aside from reducing energy bills, can make our homes more comfortable, reducing risks of heat and cold related illness and deaths. Making sure our homes are prepared for increased risks of extreme weather and impacts of flooding will help keep our communities safe. Investing in high quality low carbon public transport that connects people to services, jobs and opportunities, will improve prosperity and well-being. Making active transport, including cycling and walking, more accessible will help to improve health. Investing in nature, including increasing biodiversity and green space, will take CO₂ out of the atmosphere as trees and plants grow, will help reduce heat in our urban areas, provide shade to our buildings, reduce risks of flooding and improve physical and mental wellbeing.

The CPCA area has been growing fast, and has ambitions for further sustainable growth as we recover from the COVID-19 pandemic. There are nevertheless big disparities in levels of income between and within districts. Investing in climate-friendly technology, revamping old and high-emitting infrastructure and greening our communities, will create opportunities for skills, training and employment to people living, working and studying in our region.

People have told us that the area should be a leader in taking action. And they attach high weights to the need to improve information and education on climate change; to measures to influence behaviour; and strong leadership from local government. We hope that the assessment in this report and the recommendations we provide can help guide our delivery on those ambitions.

Next steps

We will be publishing a full report later this year. We will aim in that to develop and extend the assessment we have made here: to provide further advice on the timing and prioritisation of measures within our recommended action plan; to look in more detail at the water sector and emissions from waste; to consider further the potential for low-carbon innovation clusters in the region; to build on our assessment of climate risks facing the region, to consider the adequacy of current adaptation plans; to further consider the requirements for public engagement.

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Overview

Introduction

Greenhouse gas emissions in the Combined Authority region are high. In the Cambridgeshire and Peterborough Combined Authority (CPCA) area, emissions are approximately 25% higher per person than the UK average. At this level of emissions, we have only about 6 years remaining before we will have exhausted all of our 'allowed' share of emissions to 2050, if we are to play an equal part in delivering the UK's critical Net Zero target.

Urgent action is needed - well before the six years is up. We need action both to get us on track to reducing emissions in line with UK targets and to prepare for the impacts of climate change, which will be significant even if we are on track globally for the Paris Agreement ambition of keeping close to 1.5 degrees C and well below 2 degrees C of warming by the end of the century. If we cannot deliver this ambition, the impacts of climate change become much more severe.

Of the 7 constituent authorities making up the Cambridgeshire and Peterborough Combined Authority (CPCA), (Figure 1.1), 5 have declared Climate Emergencies (Cambridgeshire County Council, Cambridge City Council, Peterborough City Council, South Cambridgeshire District Council and East Cambridgeshire District Council). Most are working towards net zero emissions by 2050, though with sub-targets along the way. Peterborough City Council has gone furthest in ambition – aiming for its own activities to be net zero by 2030, and to help Peterborough become a net zero city by 2030. All, whether or not they have declared a Climate Emergency, are working to reduce emissions.

The CPCA has committed to reaching net zero emissions across the area by 2050. Key to achieving this, and to preparing for the impacts of climate change, will be to put in place and follow through on a set of actions across the economy, and to communicate and influence others to change behaviour and take action.

The CPCA set up the Cambridgeshire and Peterborough Independent Commission on Climate (CPICC) to advise on these issues, specifically to:

“provide independent advice to business and the public sector in the area of setting and meeting carbon reduction targets for Cambridgeshire and Peterborough and preparing for climate change, and to make recommendations”¹

This is our first preliminary report towards meeting that remit. In the limited time available to us we have concentrated our efforts on particular sources of emissions, which are a priority for the area – transport, buildings and peatlands, and we include some recommendations on the energy system because of the critical role it plays in the decarbonisation of both heat and transport. We also draw out for the Combined Authority and constituent authorities some recommendations of a cross-cutting nature.

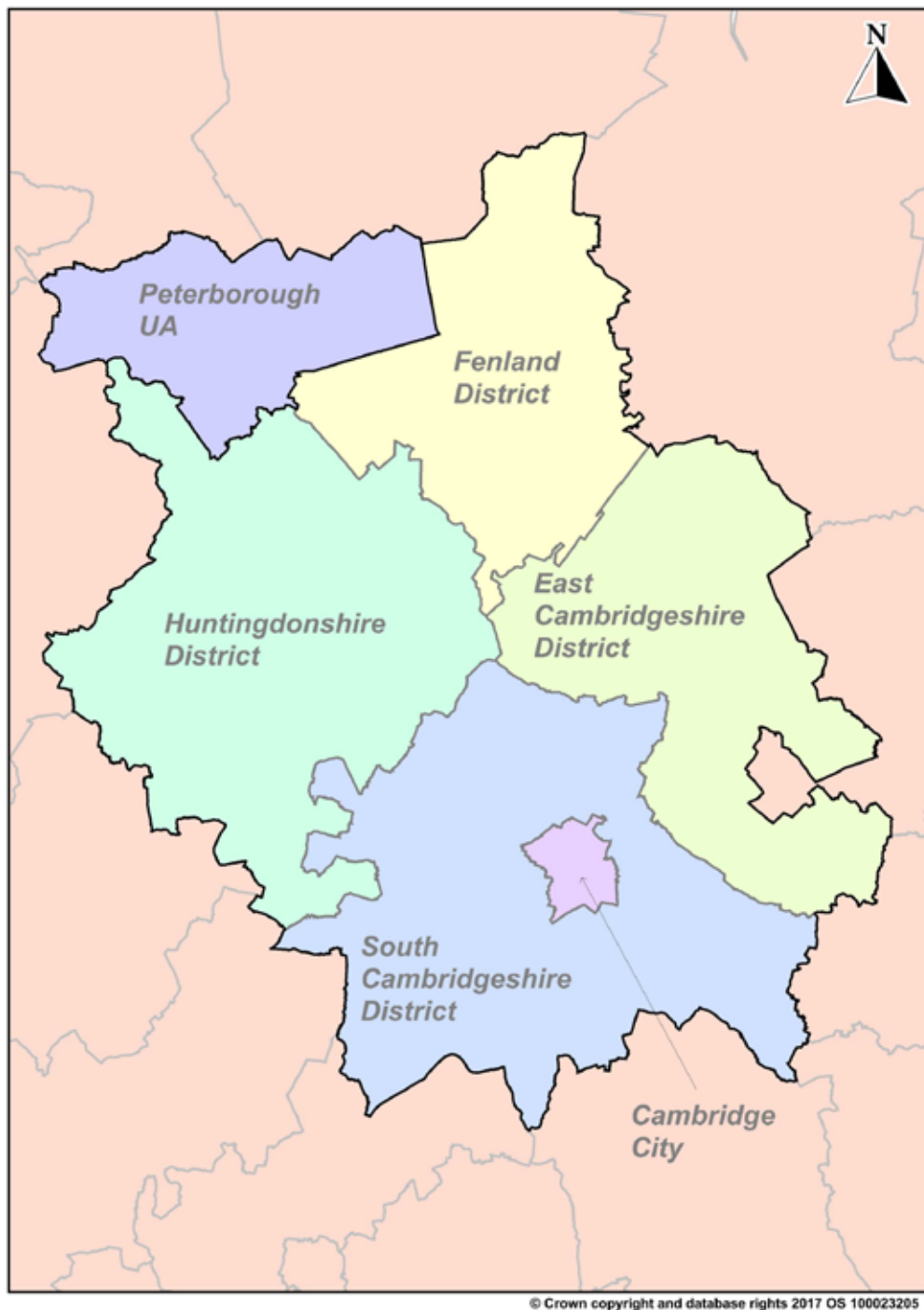
This is only the start of our work. We will expand our coverage, and provide a fuller set of recommendations, in a further report later this year.

In this chapter we set out in 5 sections the background to the climate change risks facing the region and the approach to the analysis which is set out more fully in later chapters:

¹ Full Commission terms of reference available at <http://cambridgeshirepeterborough-ca.gov.uk-6985942.hs-sites.com/cpicc-who-we-are>

- the climate risks facing the region;
- the sources of emissions in CPCA;
- the role of local authorities;
- our approach;
- the public engagement that has informed our work.

Figure 1.1 Cambridgeshire and Peterborough Combined Authority (CPCA)



The climate risks facing the region

The UK climate is changing. Average annual temperature is over 1°C higher today than in the pre-industrial period. Hottest daytime temperature has been rising (Figure 1.2). The chances of experiencing a hot summer like that in 2018 have doubled in recent decades and are now around 10-20% a year. A 2018 summer will be typical by 2050.

Even with ambitious global action to reduce emissions and keep global temperature rise to 1.5-2°C above pre-industrial levels, further climate change is inevitable, with impacts for the UK. Without more concerted actions, global temperature could rise by 3°C or more, with more extreme impacts. Water demands, for example, will increasingly exceed available resource (Figure 1.3).

Climate change will be felt differently in different countries, but also in different parts of each country. In the UK we cannot assume that climate hazards are an issue only for others overseas. The nature and scale of the risks, even if we are on a global path to no more than 1.5°C of warming by the end of the century, indicate considerable impacts that will be experienced by local people. Climate change is having impacts today, and will have growing impacts in future (Box 1.1).

We commissioned work from Cambridge Zero, Cambridge University for this report,² to assess what kind of impacts we can expect in the Cambridgeshire and Peterborough area. This is a preliminary assessment, which we intend to expand on in the months ahead, but it highlights key impacts and risks if actions are not taken globally to reduce emissions. Overall, it finds that many of the risks to the UK identified in the most recent UK Climate Change Risk Assessment³ apply also to the region – risks to the natural environment, to infrastructure, to people and the built environment, to business and industry. But there are certain of these risks that are likely to be particularly severe in our region – from flooding, overheating in the summer months, water shortages, and damage to natural carbon stores in the deep peat of the Fens (Box 1.2).

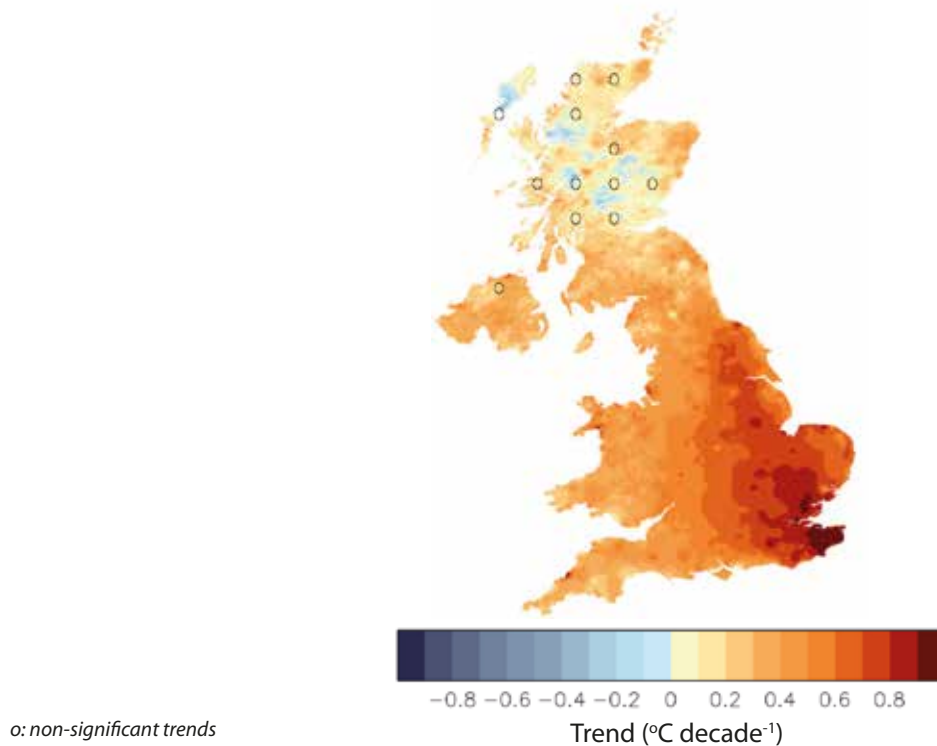
It is clear that we need to take local actions to prepare for further impacts, and also to play our part in reducing emissions and preventing the most severe impacts that would otherwise occur.

In future work we intend to look further at these risks and also consider what they imply for the adequacy of current adaptation plans across the region, and the need for further adaptation measures.

² CZ (2021), Aines, E.D., Simpson, C., Munro-Faure, A., Shuckburgh, E., Preliminary report on climate risk in the Cambridgeshire and Peterborough region, 2020-2099, Cambridge Zero, University of Cambridge.

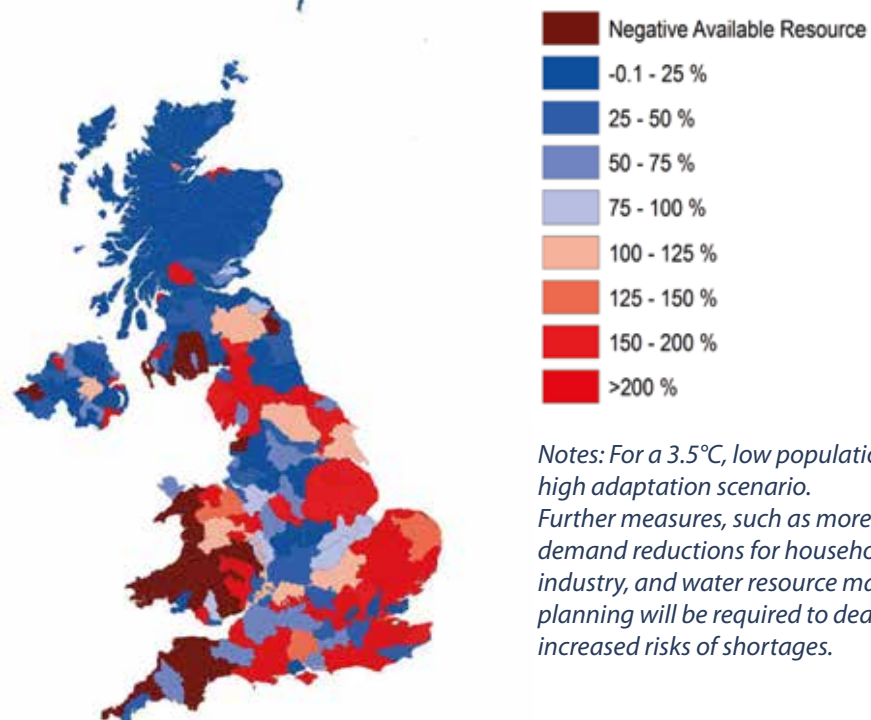
³ CCRA (2017), UK Climate Change Risk Assessment 2017.

Figure 1.2: Increase in hottest daytime temperatures, 1960 - 2019



Source: Christidis et al, Nature Communications (2020)

Figure 1.3: Projected water abstraction demand as % of available resource, 2080s



Source: HR Wallingford (2015), Updated projections of water availability in the UK, for the Adaptation sub-Committee of the CCC.

Box 1.1: Climate change risks for the UK under different global warming levels

The UK is experiencing climate change impacts today which are predicted to increase further under additional future global warming. The UK Climate Change Risk Assessment (CCRA) provides a regular assessment of the climate risks associated with different levels of global average warming:

- **Current warming level (~1.1°C above preindustrial levels):** The UK's average annual temperature has increased by around 1.2°C relative to pre-industrial levels, sea level has risen by ~16 cm since 1900, there is some evidence of increasing heavy rainfall depending on the metric used. The likelihood of summer heatwaves such as that in 2018 has doubled over the past few decades.
- **Less than 2°C above preindustrial levels:** The UK is predicted to experience increased average annual temperatures of around 0.6°C by 2050 (1.7 degrees C in total), heavy rainfall would see an estimated 10% increase, and hot summers like 2018 will occur every other year (central estimates). Sea levels around the UK would rise by a further 3-37 cm (by 2060) compared to today and due to the slow response of the ocean to climate warming continue to rise, reaching 5-67 cm above present levels by 2100. Water deficits could affect around 15% of water resource zones, but it is likely that if appropriate adaptation measures are implemented most of the increased risk from flooding and water scarcity in 2050 could be managed. However, the situation is likely to become more challenging by the end of the century.
- **3°C or more above preindustrial levels:** A global mean warming of around 3°C or more by the end of the century would result in a very large increase in seasonal changes and weather extremes in the UK. Winter rainfall could increase by up to 50% and summer rainfall decrease by 60% by 2100. Water deficits across England could rise to over 5.5 billion litres per day, and the number of people living in areas of significant flood risk would more than double. The UK would also experience sea level rise; with 1 metre or more becoming inevitable. Daily temperatures exceeding 40°C could occur every 3-4 years. At this level of warming, significant and systemic impacts are projected to occur, and acceptance of impacts might be the only viable adaptation strategy in some cases.

Source: adapted from CCC (2020), *The Sixth Carbon Budget – the UK's path to Net Zero*, Box 8.8, drawing on CCC (2017) *Climate Change Risk Assessment 2017 Evidence Report*.

Box 1.2: Climate change risks facing the Cambridgeshire and Peterborough region

Of 53 national risks identified by CCRA (2017) – to the natural environment, to infrastructure, to people and the built environment, and to business and industry – at least 42 are likely to be experienced locally.

Over the period to the end of the century, the most severe risks facing the region will relate to more extreme summer temperatures and changes on the character of seasonal and annual precipitation.

Changes to the climate

Even under a stringent emission reduction pathway (RCP 2.6), likely to keep global temperature rise below 2°C by 2100:

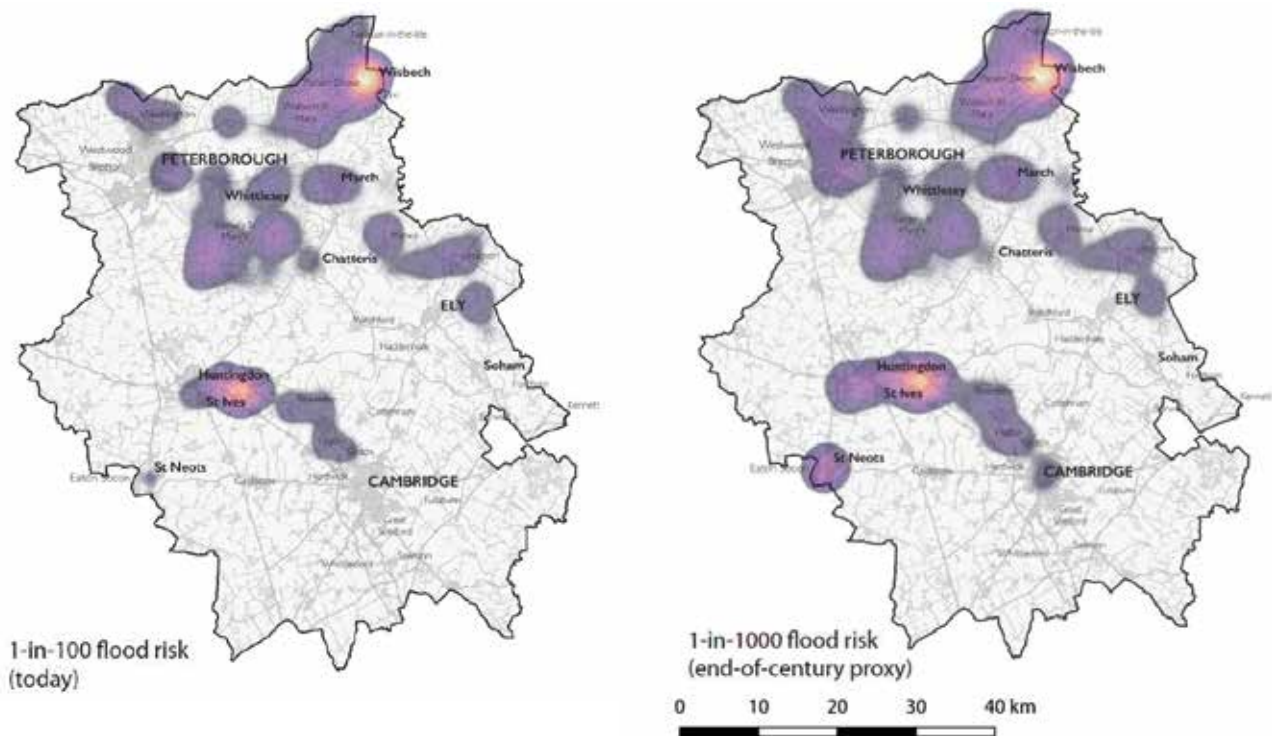
- *Maximum temperature across the region over the summer is likely to be above 36°C in 1 year out of 20 by mid-century. Temperatures in some locations will be higher than average: for example, in the record-breaking summer of 2019 when the Cambridge Botanical Gardens weather station recorded a temperature of 38.7°C, the maximum temperature averaged across the region was 34°C. Furthermore, there is uncertainty associated with these projections, and real temperatures may be significantly higher.*
- *Summers are likely to be drier and winters milder, with potential to be much wetter. In general, rainfall will be lower from May to September, but higher and more intense from November to March.*

These changes would be greater in higher emission pathways.

What does this mean for risks?

- *By the end of the century, based on current locations and not allowing for future development, nearly 1 in 10 homes and 1 in 4 agricultural and industrial production facilities could face river flooding. Communities, farms and industry in the areas of Wisbech, Whittlesey, Huntingdon, St Ives and the eastern edge of Peterborough face the highest risk (Figure B1.2).*
- *With an increase in short periods of intense rainfall, surface water flooding from runoff in urban and paved areas is also likely to impact a significantly higher proportion of the built environment.*
- *The region may face tidal flooding from storm surges, particularly at high tide if the Ouse and/or Nene rivers are already in flood.*
- *Risks to the health of the population from overheating in buildings, in the summer months in particular, will increase.*
- *Hotter and drier summers will increase the stress on water resources, impacting people, farming, industry, biodiversity and the quality of the natural environment.*
- *Lowland peat may degrade more quickly with warmer, drier summers. This would add to emissions and reduce the sustainability of some areas for agricultural use.*

Figure B1.2: Flood risk Cambridgeshire and Peterborough, today and 2100



Heat-map detailing 1-in-100 (1% annual chance) and 1-in-1000 (0.1% annual chance) risk of flooding for the Cambridgeshire & Peterborough region. Warmer colours indicate greater density of buildings with exposure to flood risk. End of century flood risk has been represented without recourse to further adaptation. Contains Ordnance Survey data ©Crown Copyright and database right 2020 (Digimap License). Contains public sector information licensed under the Open Government Licence v3.0 (Flood Map for Planning (Rivers and Sea) – Flood Zone 2 & Flood Zone 3 Nov. 2020) ©Environment Agency copyright and/or database right 2020. All rights reserved.

Notes: Representative Concentration Pathways (RCP) are pathways adopted by the Intergovernmental Panel on Climate change (IPCC) which describe possible climate futures based on different future atmospheric greenhouse gas concentrations.

Source: CZ (2021), Aines, E.D., Simpson, C., Munro-Faure, A., Shuckburgh, E., Preliminary report on climate change in the Cambridgeshire & Peterborough region, 2020-2099, Cambridge Zero, University of Cambridge.

The sources of emissions in CPCA

Emissions estimates at local authority level

From the latest national data estimated at local authority level, total CO₂ emissions in the CPCA area in 2018 were 5521ktCO₂. This excludes peatland emissions which, though uncertain, could add a further 45% to this total. Even without this, emissions are around 6.46t per capita, almost 25% above the per capita figure across the UK as a whole (5.19).

There are significant differences in the make-up of emissions as between CPCA and the UK (Figure 1.4). But the main reasons that emissions are relatively higher in CPCA, per capita, are:

- Emissions from surface transport are high (2.9tCO₂ per capita in CPCA as against 1.9tCO₂ per capita for the UK) (Chapter 3);
- Land use, land use change and forestry (LULUCF) is a net source of emissions in CPCA, but a growing net sink in the UK. This is largely explained by an increasing store attached to forestry (tree planting) in the UK, which is not replicated in CPCA.

Emissions from peat, once they are included, will make the excess per capita emissions in the region even higher.

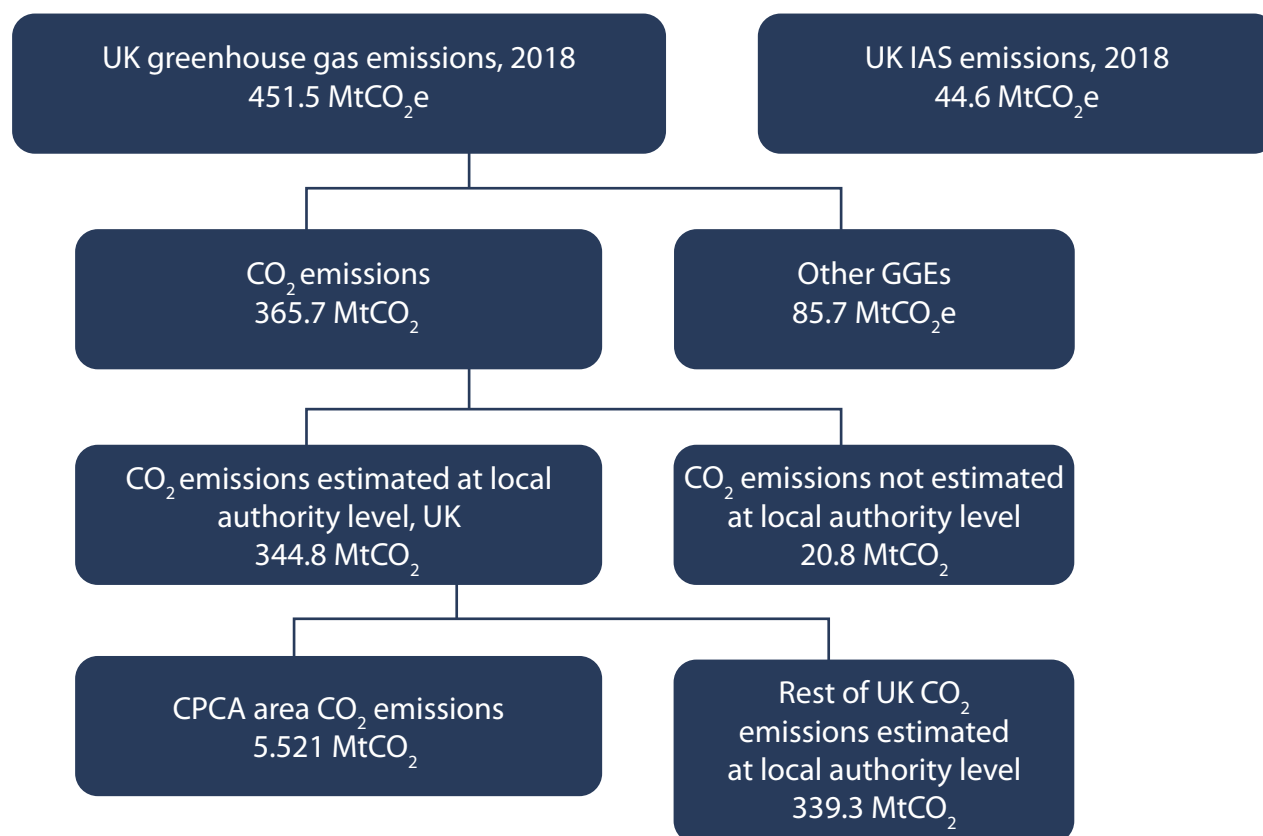


Not all emissions at national level are estimated at local level (Figure 1.5). Principal exclusions from the local dataset are:

- CO₂ emissions from domestic shipping, domestic aviation and military transport. Overall, alongside a few small methodological differences, this means that around 6% of UK CO₂ emissions are not allocated to local areas;
- CO₂ emissions from international aviation and shipping (44.6MtCO₂e) are reported as a memo item to the UNFCCC, but excluded from these figures;
- Non-CO₂ greenhouse gases are not broken down to local authority level. These totalled 85.7MtCO₂e in 2018, 19.0% of total UK emissions.

Emissions from peatlands are also largely excluded from the above estimates, at local and national level.

Figure 1.5: CPCA emissions of CO₂, 2018, and relationship to national emissions



Significance of exclusions for CPCA

The most significant exclusion for CPCA reflects that emissions from peatlands are, in large part, not currently reported in the UK inventory:

- It is expected that around an estimated 17-21 MtCO₂e emissions from peatlands will shortly be added to the UK inventory. This will increase overall UK emissions in the inventory by around 4%;
- A substantial area of UK lowland peatland is within the CPCA. Estimates are subject to considerable uncertainty, but inclusion in the UK inventory could add as much as 2.6 MtCO₂e to recorded CPCA emissions, an addition of around 45 %.

Abatement potential for emissions from peatland in CPCA, and maintenance of the peatlands carbon store, is therefore very important. We give this detailed attention in Chapter 6.

Other significant issues for CPCA relate to non-CO₂ emissions:

- Agriculture accounts for around 46% of non-CO₂ emissions at UK level. Most of this is for livestock, which is probably a relatively small share of agricultural emissions in CPCA. But almost one third reflects N₂O emissions from use of fertilisers and is likely to be significant in CPCA;

- Waste management is responsible for around 24% of non-CO₂ emissions nationally, and likely to be significant in CPCA.

There will be scope to influence these emissions through local actions. We intend to consider these in further work.

In the rest of this report, unless we directly specify otherwise, the emissions we focus on are the 5521kCO₂ estimated in national statistics for CPCA. (i.e. excluding peat and non-CO₂ emissions).

Consumption emissions

Our assessment is also largely on the basis of emissions estimates on a “production” basis – that is emissions that occur within the region. This is the basis of available data and consistent with the approach to emissions accounting internationally.

There are other ways that emissions can be looked at – that is to give responsibility for emissions caused during the production of goods and services, wherever they occur, to the final consumer – in this case to consumers within CPCA. On this basis, for example, emissions in the generation of electricity brought into the region for consumption, or the production of manufacturing goods such as cars, would be assigned to CPCA. Estimation of emissions on this basis is more difficult, and we have not attempted it here. The ability of CPCA and constituent authorities to influence these emissions from production elsewhere is likely to be much reduced compared to emissions within CPCA. This is not to say that this is not an important area for further exploration, particularly where there are things that local consumers may wish to do to alter consumption habits with potential to reduce emissions – buying locally made products for example, and we pick up on some of this potential in Chapter 7.

The role of local authorities

Much of the emission reduction achieved in the UK to date has been through central Government policy, working through a relatively small number of actors. This has been the case, for example, with the continuing switch away from fossil fuels towards renewables for the generation of electricity.

Increasingly, however, emission reduction will need to be achieved from the decisions and actions of a range of people, communities, civil society actors and businesses. The CCC estimates that almost 60% of required emissions cuts now depend on decisions taken at local and individual level.

Local authorities have direct control – through their operations and buildings – of only a small proportion of emissions in their area, typically a few percent. As trusted sources of information and advice, however, through their control of local planning and other policies, and their powers to borrow and raise income, they have influence on much more.

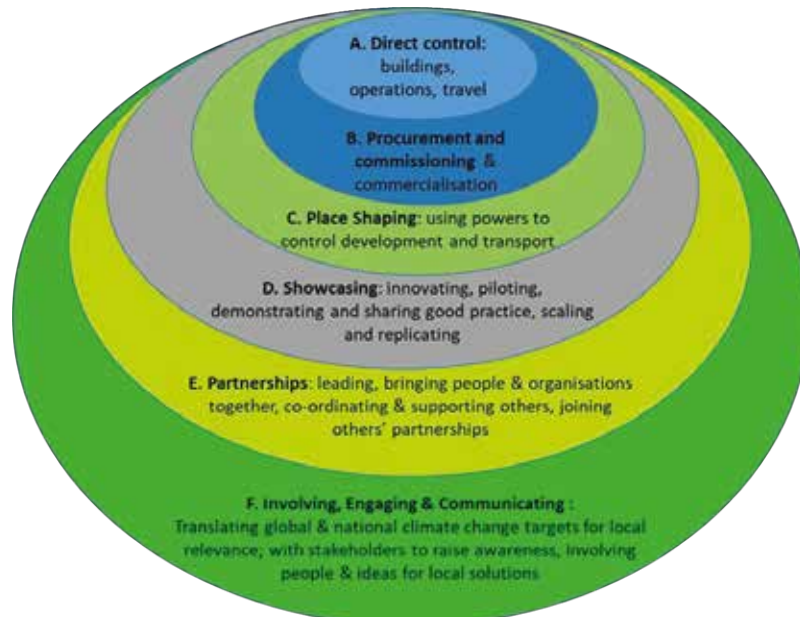
The layers of local authority influence and control are described and illustrated in the CCC’s recent sixth carbon budget advice (Box 1.3). These powers of place-shaping, engagement and bringing people together will be crucial to decisions on how we decarbonise our buildings (through energy efficiency and low-carbon heat), how we travel and provide infrastructure for electrification of transport. Indeed, local authorities have a wide range of functions (over 700), many of which are set out by law. These are split depending on type of council or the Combined Authority.

Box 1.3: Local authority control and influence over emissions and preparing for a changing climate

Key local authority powers and duties relate to:

- an overarching role to support the economic, health and social wellbeing of communities;
- planning powers over buildings and transport;
- enforcement of building regulations;
- powers to ensure that buildings meet basic energy efficiency standards;
- duties to prevent homelessness and prevent hazards in housing;
- duties to manage risks including climate change risks such as flooding;
- duties and powers to protect the environment, wildlife and heritage;
- duties to collect and dispose of waste;
- borrowing and investment powers.

Figure B1.3: How local authorities control and influence emissions



Source: CCC (2020), *Local Authorities and the Sixth Carbon Budget*.

In some cases different types of authorities can undertake similar things (for example looking after street lights), or might own and manage similar sites (for example recreational space or car parks). These functions are funded through a mix of Council Tax, government grants and income raised.

The Cambridgeshire and Peterborough Combined Authority is made up of eight partners (the seven councils and the Business Board), along with the directed elected Mayor of the Combined Authority. Through the Combined Authority Cambridgeshire and Peterborough is receiving additional funding to deliver new affordable, rented and shared-ownership homes over a five-year period, plus infrastructure funding over 30 years to boost growth in the region, and annual funding to support adult skills training. The CPCA is the Transport Authority (setting strategic transport policy and a multi-year transport budget). It is also the accountable body for the Business Board, which provides a business perspective and manages government funds to support economic growth.

Cambridgeshire County Council and Peterborough City Council have key responsibilities for social care, public health, highways, schools, libraries, waste management, and flood risk plans.

The District Councils (including Peterborough) have key responsibilities for planning, housing, environmental health, leisure, and waste collection. Some areas might also have a Parish/Town Council who look after a range of local matters, including community buildings, allotments, some street lights, bus shelters (they can also receive a proportion of the Council Tax).

There are a range of other public or regulated organisations that also have a great influence on our area. These include Highways England (motorways and major highways), the rail industry, the NHS, the energy and water companies, and standards setting bodies.

Our approach

The focus of our work is to consider the actions that need to be taken to reduce emissions and to prepare for the impacts of climate change. But in taking this forward we have from the outset recognised both that this is a systems problem with many interacting parts, and the need to incorporate wider social and environmental issues in our work, and consider how we can improve the lives of our communities through climate action.⁴ There are particular challenges attached to recovery from COVID-19, but these issues – of biodiversity loss, economic opportunity, health and inequality – are long-standing. Unless we take account of the requirement for a “just transition”, our climate recommendations are unlikely to gain the acceptance they need to succeed.

Our thinking is illustrated (Figure 1.6) by consideration of a range of factors which can be positively impacted by measures to reduce emissions and improve resilience:

- **Clean and plentiful water:** by managing our water systems in a more sustainable way that recognises the need to adapt to the changing climate we can continue to supply clean and plentiful water in the region;
- **Clean energy:** by changing the way we heat our homes and power our transport, as well as generate electricity, so that this is done from renewable and zero carbon sources, we can reduce greenhouse gas emissions, improve air quality and reduce dependence on imported fossil fuels;

4 Indeed, it is included in our terms of reference that we should “take account of a long-term vision of sustainable development. [Its] recommendations will therefore consider the interrelated impacts on society, the economy, and the natural environment (including water and soils). It will examine how existing inequalities can be reduced, and assess whether its recommendations have differential impacts”.

- **Safe and comfortable homes:** aside from reducing energy bills, improving the thermal efficiency of our homes and buildings can reduce overheating and indoor air quality issues that lead to risks of heat and cold related illness and deaths. Making sure our homes are prepared for increased risks of extreme weather and impacts of flooding will help keep our communities safe;
- **Skills, jobs and growth:** investing in climate-friendly technology, revamping old and high-emitting infrastructure and greening our communities, will create opportunities for skills, training and employment to people living, working and studying in our region;
- **Clean, integrated transport:** investing in high quality low carbon public transport that connects people to services, jobs and opportunities, will improve prosperity and well-being. Making active transport, including cycling and walking, more accessible will help to improve health and reduce risks of cardiovascular disease, obesity and diabetes;
- **Inclusive and resilient communities:** by improving air quality, ensuring provision of low-cost renewables and healthy food, providing access to green spaces and better public transport, improving the safety and comfort of our homes, and linking to transport infrastructure, we can create more inclusive and resilient communities, and contribute to a reduction in regional inequalities;
- **Physical and mental health:** many of the measures we take can improve our physical and mental health. Improved air quality reduces coronary heart disease, strokes, asthma and lung cancer; green spaces are increasingly appreciated for their health benefits (physical and mental); there is evidence that active travel can reduce type 2 diabetes, dementia, heart disease and cancer;
- **Thriving nature, growing greenspaces:** investing in nature, including increasing biodiversity and green space, will help reduce heat in our urban areas, provide shade to our buildings, reduce risks of flooding and improve physical and mental wellbeing.
- **Clean air:** through switching away from fossil fuels for our cars and vans and reducing the demand for car and van use, and reducing fossil fuel use for heating buildings, we can significantly reduce air pollution in our region, with benefits for health, including reduced asthma in children;
- **Healthy food:** supporting farming to produce lower emission foods, such as fruits and vegetables, that are grown locally will help ensure availability and affordability of healthy foods, whilst reducing food miles and associated emissions .

Figure 1.6: Climate stability in a thriving and resilient region



Image Credit: Anais Osborne

CCC assessment confirms that there are significant co-benefits in these areas.⁵ They can be difficult to quantify, but undoubtedly offset some, if not all, the costs of achieving emission reduction targets. Just how and to what extent these co-benefits accrue depends on how climate policies are designed and put into effect. An expert advisory group to the CCC on health issues advises that the biggest driver of health outcomes in the UK is economic inequality – it is essential, therefore, that policies to reduce emissions and prepare for climate change embed fairness and do not place burdens on those least able to pay.

There are related issues as to how these benefits are affected by COVID-19. The response to the pandemic has led to changes in behaviour, some of which are potentially beneficial for climate change – the potential for more home-working to reduce travel for example. There have also been negative impacts, such as reduced use of public transport and significantly increased domestic water use. Survey evidence also indicates a high value placed on nature and greenspace that may be long-lasting, and certainly people say that they want higher value to be placed on these benefits post-pandemic.

Just how much of the observed change will prove to be permanent is impossible to say. But there is potential for policy to build on the positive behaviour changes that have been observed and to work with communities to consider how they would like to rebuild from the pandemic sustainably.

There is also now considerable spare capacity in the economy, and evidence that many measures consistent with a green recovery, such as work to retrofit our homes or restore peatlands, would be good for the UK economic recovery as well.

⁵ There are potential negative impacts as well. Switching to electric vehicles, for example, could increase congestion if per mile costs of travel are reduced. But the CCC concludes that co-benefits overwhelmingly outweigh the negatives.

Public engagement

As part of our efforts to engage with the public we launched an on-line survey, open to residents and businesses in the CPCA area. We had 890 responses direct from members of the public, and we supplemented this with a further 331 responses secured through a survey company, making a total of 1221 respondents.⁶

There were 34 survey questions in total – some providing for multiple-choice answers, some allowing for qualitative responses. A full set of results is published alongside this report.

We expected some differences between the two sets of respondents, and this is confirmed by examination of the answers. The direct respondents had their own motivations to respond to the survey – we might expect them to be more environmentally conscious and possibly more likely to have already taken actions of their own and to support further actions to limit climate change. The responses recruited through the survey company (the “targeted” responses) received a small fee for participation – they are possibly more reflective of the attitudes of the general population, although we hesitate to say that either set of responses are representative of the general population.⁷

In relation to general or cross-cutting issues raised in the survey:

- a high proportion of respondents said that they understood the impacts of climate change on Cambridgeshire and Peterborough (83% of the direct respondents; 64% of the targeted respondents; and 78% overall);⁸
- a high proportion felt that the area should be a leader in taking further action (92% of the direct respondents; 81% of the targeted respondents 89% overall);
- most agreed with the topics identified by the Commission as areas to focus on (e.g. transport, air quality, energy supply, planning of homes, offices and infrastructure) But the single issue receiving the highest score for consideration from both types of respondent was “nature”;
- in relation to taking personal action, a high proportion of respondents said they were likely to change the things they buy to take climate change into account (83% of direct respondents; 70% of targeted respondents; and 79% overall);
- in terms of activities identified as priorities for the Commission to focus on, the highest weight was given to improving information and education on climate change; influencing behaviour; and strong leadership from local government. On this issue, the targeted group placed even more emphasis on the need for more education and information than the direct respondents – perhaps recognising that more of the direct respondents have been reached already.

⁶ We chose to use a survey company, which made a small payment to respondents, to try to ensure a wider sample of people and to understand differences to those who would proactively respond to our online survey.

⁷ We picked up very few older respondents in the “paid for” survey – only 4% were retired; 16% were in full-time or part-time education.

⁸ Note that this was self-reported and real knowledge was not tested in the survey.

These are interesting findings. In relation to education, there are good examples within CPCA currently (Box 1.4), but it seems important to review what more can be done.

The responses have similarities to results that have been received nationally when views have been sought – whether through public surveys or climate assemblies: strong support for national leadership; for more information provision and education; and a willingness to engage on the issues and to consider personal actions.

We pick up on responses relating to specific areas of action – transport and buildings – in those chapters below.

More generally, we should have liked to engaged in a fuller series of participation activities feeding into this report. Potential to do this has been constrained by COVID-19 and the timescales for our initial recommendations. This is a preliminary report, and we hope to use it as the basis for further engagement in the months ahead, informing the report we are due to make later this year.

Box 1.4: The Business Sustainability Challenge

Opportunity Peterborough's Skills Service, in partnership with Peterborough Environment City Trust, have launched a Business Sustainability Challenge for schools within Peterborough and the East of England.

The Business Sustainability Challenge is a "Solve the Problem" activity, using situations from real businesses that relate to reducing carbon footprints. In an "Apprentice style" bid, students will be given a choice of several different challenges to address. They are then given an opportunity to go away, research the issue, and prepare a solution, which they pitch back.

The winning idea/concept will be chosen by a panel comprising experts from the business sector and field of sustainability.

More information, and an invitation to participate, can be found at <https://theinspireseries.net/inspire-sustainability/>

Next steps

In further work, we will extend our assessment to cover a number of issues:

- We have made recommendations to the CPCA about the need to develop an action plan, with indicators to be monitored for progress, and a linked finance plan. It is important that the CPCA and constituent authorities should own these plans, but we expect to be able to provide further advice, including on timing and prioritisation of actions and financing options.
- We have prioritised the transport and buildings sectors in this report, as well as emissions from peatland. We will look in more detail at the water sector, emissions from waste and the business sector.
- We have recommended that the CPCA should look further at the potential to develop low-carbon innovation clusters in the region. There should be scope, given the businesses we have and university resources and expertise, for leadership in innovation and demonstration.
- Building on our assessment of climate risks facing the region, we will look further at the adequacy of current adaptation plans.
- The scale of the climate challenge facing us is huge. Engagement with the public on the issues and in provision of advice, is a critical task - nationally and in the area. We will consider the requirements here further.

Overarching

Recommendations

We make the following recommendations.

1. The CPCA should create:
 - A Climate Cabinet chaired by the Leader of the Combined Authority – including councils and key regional stakeholders, such as the water and energy sectors, the Environment Agency, education, healthcare and local employers
 - A funded delivery team in CPCA to coordinate, champion and facilitate action
 - A green investment team
 - A climate action plan, including a finance plan, with agreed targets for emissions, actions and monitoring
 - An independent monitor: maintaining the CPICC as an independent body to monitor and report on progress annually.
2. A climate change assessment should be undertaken and taken into account for every CPCA and Council policy, development, procurement, action.
3. All CPCA and Council operations should be net zero by 2030, underpinned by a regional Science Based Targets (SBTi)-type action plan.
4. The CPCA should rapidly assess the current sources and availability of funding for green opportunities (such as Green bonds or other instruments to accelerate housing retrofit, nature-based solutions and peat restoration) and develop an ambitious funding plan, including the use of its borrowing powers
5. The CPCA should develop and lead a plan for engagement with local people and businesses. This should cover the need for action and provide information on options and the choices that have to be made at local level.
6. The CPCA and its constituent Local Authorities and public sector partners should adopt a leadership role in accelerating the achievement of the Doubling Nature ambition, specifically to create or to conserve habitats such as woodland, grassland or wetlands that can store or absorb carbon; and setting an example on land that they own or control.
7. The CPCA should review training and upskilling plans to ensure that these are designed to support the scale and nature of the required transition, maximise high quality job opportunities in the region and contribute to reducing inequalities and deprivation.

- Mapping the elements and processes that are in place that enable the region's success in biotech and information technology sectors in taking ideas to full commercially viable delivery, to see how these can be applied to support low carbon innovation, including:
 - generation and communication of ideas
 - the role of multiple paths of funding across the innovation process from
 - different types of funders and investors
 - company evolution and scale up (including simple organic growth)
 - the roles of universities, networks, technical consultancies, incubators and accelerators, angel investors, institutional investors, regional and national policy and the regulatory environment
- Understanding the differences in all of the above amongst the sectors, and indeed the wide spectrum within the clean tech sector
- Articulating the gaps that exist within the regional innovation ecosystem that could impair the success of net-zero-aligned agritech and cleantech sectors, and making recommendations for filling them to unlock the potential of the subsectors in which the region has or can develop world leading know how and businesses.

9. The CPCA should actively broker, and where appropriate, invest in, the creation of demonstration projects for the decarbonisation and resilience of the built environment, both in residential and commercial buildings. These demonstrators will require working with businesses, developers, estate owners, universities, and the finance sector across the region. This should take a portfolio approach so that, ideally, there is a demonstrator for each distinct category of estate/built environment with significant presence in the region. The balance between the scale, number and type of project, and the funding and expertise available, should be driven by the objective to develop locally relevant know-how, learning, business models, and awareness.

For Central Government:

10. Central Government should provide greater clarity about how costs in the transition will be met, including increased devolved funding for local authorities, and over what time periods and under what terms and conditions.
11. Provide increased powers for local authorities to require higher standards in planning, buildings and transport.
12. Devolve more responsibility and funding to local authorities to deliver transport and buildings decarbonisation.

For Central Government and Ofwat

13. To provide for the investment to allow intercompany trading and water infrastructure improvements by 2025 to enhance water supply, including eliminating Cambridge's dependence on the ground water aquifer

Introduction

Delivering net zero across the CPCA area and adapting to climate change, will require changes across the economy. Mapping out what is required inevitably means getting into detail for different sectors, and is the focus of the sector chapters which follow. But pulling this together into a coherent strategy overall also needs cross-cutting actions. These are the focus of this chapter.

Regional coordination and facilitation

Wider research¹ shows that capacity to tackle emissions reduction and increase resilience, apply for funding, and manage schemes is very limited in most local authorities. It is clear, however, that for local authorities to make progress, there is a need to embed climate actions across all functions, policies and service areas.



¹ For example, by the Climate Change Committee feeding into its sixth carbon budget recommendations.

Whilst we have seen examples of good practice in individual authorities in the region, we see opportunities for learning across the authorities and for more effective action with support and coordination from the CPCA.

Delivering the actions required, at the scale and urgency needed, will require regional coordination and facilitation, in order to:

- Develop an action plan, with indicators of progress and monitoring against these indicators, allowing for adjustment of plans where necessary.
- Support local area energy and water planning that: identifies heat zones for buildings and building retrofit priorities; is aligned with plans for transport that support electrification and zero carbon vehicles, as well as modal shift and integrated public transport; is developed in collaboration with local network providers. Such planning requires robust methodologies to model future demand, as well as processes for the involvement of local people and businesses to obtain local acceptance and delivery.
- Allow planning of new developments to be properly informed by criteria for site selection (including connectivity, land suitability and natural capital), made transparent with local people in the consultation process.
- Maximise participation in national schemes. There have been and are a large number of funding pots made available from central Government for various schemes. We should like to see these streamlined and made available on timetables that provide more time for local development of applications and implementation over more strategic periods (that support, for example, the development of supply chains). However, for the opportunities that do arise, a central team to help coordinate bids and delivery would increase the likelihood of success and provide support for smaller authorities.
- Provide specialist support in relation to procurement issues and policy design, drawing on schemes that have worked well elsewhere, for example, region-wide procurement of low carbon waste and recycling services to get better value and provide more consistent messages to the local population.
- Promote wider communications and engagement, with the public and business. A national effort is required, but local support will allow this to be tailored for local circumstances and in support of delivery.
- Local funding mechanisms will also be needed. But each local authority in the region is unlikely on their own to be able to develop, or afford, the specialist finance expertise increasingly required, for example to issue bonds. The CPCA borrowing powers could also be used to great effect to leverage additional funds.
- Implement regional education and training initiatives to develop local skills for the needs and opportunities from delivering net zero and increasing resilience, for example in building management and retrofit.

We therefore recommend the creation of:

- **A Climate Cabinet chaired by the Leader of the Combined Authority – including councils and key regional stakeholders such as the water, energy sectors and the Environment Agency, education, healthcare and local employers**

¹ For example, by the Climate Change Committee feeding into its sixth carbon budget recommendations.

- **A funded delivery team in CPCA to coordinate, facilitate and support action**
- **A green investment team**
- **A climate action plan, including a finance plan (which we return to below), with agreed targets and monitoring**
- **An independent monitor: maintaining the CPICC as an independent body to monitor and report on progress annually.**

This is not a one size fits all recommendation. There are different conditions within the constituent authorities of the CPCA, which require flexibility in response. Some of these areas work well together currently on specific issues. There are other local bodies, such as the Greater Cambridge Partnership or Peterborough Ahead, that have responsibilities and interests for specific areas. But a clustering of support and expertise should reduce duplication of effort across authorities, improve coordination and allow for more effective delivery.

Delivering a CPCA-wide contribution to net zero also requires that the CPCA and constituent authorities demonstrate leadership in their own policy and procurement decisions.

In the same way as national level guidance (e.g. Green Book appraisal guidance) needs to focus more strongly on carbon reduction and co-benefits of climate actions, so local appraisal and business cases must be net zero consistent and take account of current and projected climate impacts. Again, there are examples of emerging good practice - Cambridgeshire County Council is, we understand, developing an approach to incorporate carbon costs into appraisal by use of a "shadow" carbon price. Such approaches need to be consistently and widely applied.

We therefore consider that a climate change assessment should be undertaken and taken into account for every CPCA and Council policy, development, procurement, action.

Clearly, the CPCA and local authorities must also take responsibility for their own emissions – covering areas including the energy efficiency and heat sources of public buildings; use of public buildings as anchor loads for low carbon heat networks; procurement of renewable electricity; upgrading street lighting to LEDs; switching vehicle fleets to EVs. Existing plans must be updated to ensure consistency with achievement of net zero.

All CPCA and Council operations should be net zero by 2030, underpinned by a Science Based Target (SBTi)-type action plan.

Procurement can also be an important power. Procured goods and services can make up 70-80% of a council's total carbon footprint, due to use of contractors for waste collection, construction, social services and facilities management. Procurement rules should therefore be used to minimise the environmental impact of goods, services and works procured, including the reduction of greenhouse gas emissions. Regional coordination or negotiation of procurement contracts can bring better value and more consistent net zero compatible services.

Finance

Achieving net zero will entail significant up-front costs, whether incurred by the public sector, private sector or by individuals, even though much of this cost will be offset by ongoing savings in fuel costs, and other benefits. There is also an opportunity, in the immediate term, for required investment to support economic recovery from COVID-19.

For the UK as a whole, the CCC estimates net costs of the transition at less than 1% of GDP over the period 2020-2050. It suggests that annual UK low-carbon investment will have to increase from around £10bn in 2020 to around £50bn by 2030. The roadmap work by PCAN for this report (Box 2.1) suggests annual investment of perhaps £0.7bn in the CPCA area through the 2020s.² Not all of this is additional to spend required in the baseline, and some (an estimated £0.5bn annually by 2030) will be offset by reduced energy bills. Nevertheless, there is a significant up-front cost.

Much of the investment cost will be met by the private sector, both business and households. Good policy design, at national and local level, can help that happen. But a funding gap remains.

One of the biggest areas for which funding will be required relates to retrofit of the housing stock, covering energy efficiency measures and the decarbonisation of heat. The CCC estimates an average retrofit cost per home of around £10,000. For a housing stock of around 370,000 that would imply a total cost in CPCA around £3.7bn (£185-370m annually, spread over 10-20 years).³ Some industry modelling suggests higher average costs.

In aggregate, for the UK on a path to net zero, the CCC estimates annual housing investment costs around £9bn annually in 2028. A substantial part of that cost, around £6-7.5bn, is potentially met through existing and developing policy (offsetting energy savings, continuation and assumed development of existing Government programmes, and pass through of some costs to the private sector through regulatory requirements). Even on these assumptions, however, there is an up-front cost and a funding gap (£1.5-3bn in 2028, and rising in the 2030s as heat decarbonisation extends further).

The NAO has recently identified⁴ that the Government needs to clarify the role of local authorities in achieving net zero, including ensuring that they have the skills and capacity required.

A first requirement, therefore, is that central Government provides greater clarity about how costs in the transition will be met, and over what time periods and under what terms and conditions. This will undoubtedly need to include increased funding for local authorities. The final report of the Treasury Net Zero Review, due later this year, is an opportunity to address this.

² This excludes consideration of the agriculture sector and peatlands.

³ The PCAN (2021) report has a rather higher estimate of investment cost, for the housing sector, rising to £5.4bn, but this includes additional costs for new build and there are likely to be other definitional differences.

⁴ NAO (2020), Achieving net zero.

Box 2.1: A net zero roadmap for Cambridgeshire and Peterborough

We commissioned work for this report from the ESRC Place Based Climate Action Network, at the University of Leeds, to build a roadmap of emission reduction measures across Cambridgeshire and Peterborough, moving towards net zero emissions by 2050.

The approach applies a methodology that has been used for a number of local authorities across the UK – including Leeds, Belfast, and Edinburgh – to identify and evaluate, taking account of local circumstances and opportunities, the wide range of carbon reduction options that are available. It draws on national and local data, for example to take account of local variation in the building or vehicle stock, and structure of the economy. The costs and carbon saving potential of around 130 measures are assessed, against a baseline projection of emissions to 2050, allowing for economic and population growth, and some continued emission reduction reflecting Government commitments (particularly for decarbonisation of electricity) and continuation of current energy efficiency trends.

On this basis, the assessment provides rank orderings of measures in terms of cost effectiveness (cost per tonne of CO₂ saved) and absolute amount of emissions saved. Further outputs relate to the investment requirements to implement these measures and employment opportunities attached to deployment of measures. How the cost might be met, and who by, is dependent on policy as to how measures are implemented, and how behaviour change is induced, and is a further step which is not considered within the report.

Measures are aggregated over 3 combinations:

- *Cost effective measures: these are measures that more than pay for themselves through the energy cost reductions that they generate. Overall, the adoption of these measures can close the gap between projected emissions in 2050 and net-zero emissions by 61%.*
- *Cost neutral package: this is a portfolio of measures, building on the cost-effective measures, that overall has near-zero net cost. This set of measures closes the gap between projected emissions in 2050 and net-zero emissions by 74%.*
- *All technical potential: this adds in further measures to reduce emissions, with costs greater than the energy savings they generate. Overall, this closes the gap between projected 2050 emissions and net zero by 83%.*

On the measures included in the assessment, therefore, there would remain a gap to achieving net zero. There are, however, a number of further innovative or “stretch” measures which might contribute to closing the gap, but which are not currently well enough understood to be clear about their costs or emission-reduction potential. Further afforestation, for example, or greater decarbonisation of heating than in the options included in the assessment, might plug some of the gap.

The assessment suggests profiles for implementation of measures over time, and associated investment costs (and energy savings). We include related summary information in respect of the particular sectors in Chapters 3 (transport) and 4 (buildings).

To be consistent with progress towards meeting net-zero by 2050, the assessment suggests interim targets for emission reduction (as against 2000 levels) of 49% by 2025, 75% by 2030, 87% by 2035, 94% by 2040, and 97% by 2045. There is a substantial need for delivery of emission savings over the next 10 years.

Source: PCAN (2021), A Net Zero Carbon Roadmap for Cambridgeshire and Peterborough, ESRC Place Based Climate Action Network, University of Leeds.

The CPCA also needs to develop its own financing plan. We will develop our advice on this over the coming months, but our initial assessment suggests a need to develop thinking in two different areas, relating to specific, smaller-scale project finance, and to bigger financial vehicles:

- Project finance: for smaller-scale projects finance may be available through a variety of routes:
 - Various pots of funding may be made available from Central Government, for bidding into. Currently, for example, there is the Green Homes Grant Local Authority Delivery Scheme⁵ and the Heat Network Delivery Unit, although at least the former should be reformed to be better aligned with the timescales involved in delivering such projects.
 - More innovative options are emerging. West Berkshire Council recently became the first to issue a Community Municipal Investment Bond, raising £1m from around 600 investors, around 20% from the local area. This will finance projects including solar, LED lighting and cycling routes. Other Councils are looking to issue Bonds;
 - Greater Manchester has established an Environment Fund, aiming to blend public and private sector funding through a charitable vehicle. It envisages leveraged private funding from corporate organisations and institutions that either wish or are required to address their negative environmental impacts. An anticipated £5m annual turnover, growing over time, should be available to finance new habitats, tree planting and peat restoration.
- Bigger financial vehicles: More substantial investment programmes are beginning to develop. The Green Finance Institute is working with the GLA on a London Futures Fund. The Bristol City LEAP (Chapter 4, Box 4.6) will establish a joint venture between the City Council and a strategic partner to deliver an investment programme of more than £1bn covering smart energy, energy efficiency, heat pumps, and district heating. These programmes may allow some economies of scale in project design and management.

The Public Works Loans Board, operated by the UK Debt Management Office on behalf of HM Treasury, provides loans to local authorities for capital projects. Concessionary rates are available for lending to support high value for money infrastructure projects, or (the Certainty Rate) loans to principal local authorities (which has been used by CPCA in the past) providing information on their plans for long-term borrowing and associated capital spending;

CPCA should seek to understand the range of possible sources of finance, including private placement and the public debt markets, the terms on which it could access these sources, and the processes required (which could include the need, for example, to have a credit rating, with its attendant costs and resourcing implications). This is particularly important given how new the authority is and that it currently has neither a significant balance sheet nor income streams to directly support the acquisition of large amounts of new debt.

The UK Government has recently announced the formation of a new UK Infrastructure Bank, to co-invest alongside the private sector and to provide local and mayoral authorities with advice on developing and funding infrastructure projects. The CPCA should monitor progress in establishing the bank with a view to engaging with it at an early stage to understand how it may provide support.

⁵ Cambridge City Council, Cambridge County Council, East Cambridgeshire, Fenland and South Cambridgeshire have successfully applied for funds under Phase 1B of this scheme.

Local authorities have a much bigger role than public investment. It will be crucial to catalyse private sector investment, through promotion of new and emerging financing routes, and public engagement activities. For example:

- Group-buying schemes have developed in recent years. Solar Together, for example, which has been used by Cambridgeshire County Council, offers a route for homeowners and SMEs to purchase solar panels or battery storage. The greater buying-power from bringing purchasers together allows procurement at lower cost.
- New bundling packages from energy suppliers can be expected to come to market. Tariffs rewarding householders and businesses for surplus energy exported back to the grid are available. Wider packages supporting installation of heat pumps, or electric vehicle charging, are beginning to develop. There are expectations that the greater scale of renovation associated with “whole-house” packages for energy efficiency and heat decarbonisation (linked to digital green passports) will further allow new financing mechanisms to emerge. Companies like Octopus Energy are currently in the lead in this kind of thinking.
- A recent Scottish Government consultation⁶ has also referenced the Danish "Heat as a Service" model, where consumers adopt heat pumps as part of a subscription model.
- The Government is seeking to develop new vehicles for private funding through the recently launched Natural Environment Investment Readiness Fund (NEIRF). Delivered through the Environment Agency, this will provide grants of up to £10,000 to environmental groups, local authorities, businesses and other organisations to help develop nature projects to a point where they can attract private investment. Projects aimed at provision of new woodlands, restoration of peatlands, provision of habitats for wildlife and green space for the public and carbon sequestration are eligible. The aim is to develop new funding models, for a pipeline of projects for the private sector to invest in. The CPCA and constituent authorities should explore what use might be made of this fund, which could promote wider learning and opportunity.

These developments are at early stages. There will be learning from the process. But in the immediate term there is a need for local authorities to build understanding of the options and of the finance sector, and consider how best to accelerate the transition – in part through investments for which local authorities are in the lead (such as social housing), in part through enabling and encouraging finance from other sources.

⁶ SG (2021), Heat in buildings strategy - achieving net zero emissions consultation, February 2021, Scottish Government.

There would be considerable duplication and inefficiencies in each of the constituent local authorities of the CPCA doing all of this, so the **CPCA should rapidly assess the current sources and availability of funding for green opportunities (such as Green bonds or other instruments to accelerate housing retrofit, nature-based solutions and peat restoration) and develop an ambitious funding plan, including the use of its borrowing powers.** One of the prime considerations in developing this plan should be to consider fairness, to ensure that decarbonisation is taken forward across all communities, but that finance is secured most from those who can afford to pay.

The financing plan will need to be comprehensive and include a clear articulation of the business model at each phase of development, particularly if private sector funding is being sought. Given the wide-ranging nature of the net-zero programme, this is a complex technical task and will require dedicated resources and suitably knowledgeable specialist input. As a first step, we recommend that a brain-storming session is held with external input from a technical consultant and senior institutional investor with deep experience of both the practical and financial aspects of such projects. This should accelerate the pace and efficiency of delivery and potentially open up areas where the CPCA could pioneer new approaches.

One of the attractions of the Community Municipal Investment Bond route pioneered in West Berkshire, is the potential to generate local engagement and buy-in. There may be other ways to do this.

The Cambridge University Science and Policy Exchange (CUSPE) has been looking at the potential to develop a carbon offsetting initiative within Cambridgeshire (a Cambridgeshire Decarbonisation Fund). The intention would be that businesses that have set, or are interested in setting, long-term Carbon-neutral (or Carbon negative) targets would be provided opportunities to invest in local emission reducing projects in the transition to achieving their targets. They would thereby “offset” some of their emissions and potentially improve their own image with the local community.

The project is currently engaging with local businesses to gauge their interest and whether this would be tied to investment in the Fund overall or to specific projects. Those projects might range from “Avoidance” (e.g. a zero emission housing development), to “Reduction” (e.g. buildings retrofit), to “Sequestration” (e.g. tree-planting).

There is a question about whether local authorities should support this kind of initiative. It would not have to be limited to business – potentially contributions to such a fund could be open to householders, who might also wish to offset their own emissions and contribute to local emission reduction schemes (with potential for benefits beyond carbon emission reduction).

Key to this is (and CUSPE does recognise the concern) is that emission reductions achieved through this route must be additional to what would otherwise be achieved, and must not disincentivise actions by the contributors to reduce their own emissions. It is for this reason that the CCC has recommended that the UK should aim to meet net zero and the sixth carbon budget without the use of carbon emissions credits. Longer term it has indicated that should also be the goal for local authorities:

- Credits might have some value in the transition provided this is in addition to taking all possible actions to reduce emissions.
- Local authorities should prioritise emissions reductions over offsets so that by 2030, offsets are only used for areas where emissions are unavoidable due to the lack of technical alternatives.

- Beyond 2030, offsets should transition to permanent removals, which must demonstrate additionality and promote sustainable development.

These are essential principles should CPCA be interested in further developing the offset proposal.

Nature at the heart of the agenda

Nature-based solutions will play a key role in adapting to and mitigating climate change. The use of nature-based interventions is not an alternative to major systemic reduction of emissions across all sectors. As advised by the Natural Capital Committee⁷, however, when delivered effectively these interventions can deliver carbon reductions at lower cost than engineered solutions, whilst enhancing the stock of natural assets and the ecosystem services they provide – making nature more resilient and making life better for people.

Consistent with the requirements of net zero, building back from the COVID-19 pandemic also requires a focus on nature. CCC advice⁸ has recommended a focus on tree planting, peatland restoration and green infrastructure.

There is considerable public support for such measures:

- The importance of green space has been highlighted by COVID-19. A majority of the public now say that they appreciate green space more since social distancing (53%) and that protecting local green spaces should be a higher priority when lockdown ends (63%). A report for the RSPB found that 89% of the public agreed that increasing the amount of accessible nature-rich green space will help improve people's general health, wellbeing and happiness.
- There is evidence of high levels of support in our own area. Respondents to our public survey indicated that nature should be given the highest priority as an area for the Commission to focus on. In a Natural Cambridgeshire Survey in the summer of 2020, 67% of respondents said that investment in nature recovery should be a priority post COVID-19, and 95% agreed that local authorities in Cambridgeshire and Peterborough should actively work to increase the number and area of accessible nature rich areas.

There is a clear case for CPCA to prioritise actions to maintain and increase tree cover; maintain and increase soil carbon (including through peatland restoration); improve wildlife/diversity; manage freshwaters and wetlands; and increase public access to nature. It should also be recognised that Cambridgeshire and Peterborough are amongst the most nature depleted areas of the country, so the opportunities to make a difference are very real. The evolving regime of environmental subsidies for landowners and tenant farmers also offers potential to accelerate delivery of these ambitions.

In terms of what this means for CPCA, Natural Cambridgeshire has set out an ambition to "Double Nature" across the region – a doubling in the area of rich wildlife and greenspace. In pursuit of this ambition it has described 6 landscape scale projects – as yet not fully funded - to promote nature recovery (Box 2.2), delivering wetland restoration, creation of grasslands and tree planting.

There are also many actions that individuals and communities can take to play their own part and to seek to incorporate doubling nature in local plans. The partners within Natural Cambridgeshire have already launched one pilot local-led nature recovery programme, in the countryside west of

⁷ NCC (2020), Advice on using nature based interventions to reach net zero greenhouse gas emissions by 2050.

⁸ CCC(2020), Building a resilient recovery from the COVID-19 crisis, letter to Prime Minister, May 2020; CCC(2020), Progress Report.

Peterborough, and would like to roll out similar projects across the CPCA area in 2021 and 2022, including in urban areas. These initiatives have the potential to engage residents in a positive and “hands-on” way, helping them to recognise the urgency of the climate change agenda and to take actions themselves (Box 2.3).

Box 2.2: Landscape scale projects promoted by Natural Cambridgeshire

Natural Cambridgeshire has identified 6 landscapes that it believes should be prioritised for nature recovery, working with landowners, tenant farmers and local communities. These have been chosen because of the potential for the creation of significant areas of new woodland, wetland and meadows, as well as the opportunity to enhance access to nature for recreation and health purposes. They are:

- John Clare Countryside
- Connected Fens
- Cambridge Nature Network
- Ouse Valley
- Nene Valley
- Cambridgeshire West Hundreds.

More detail can be found at <https://naturalcambridgeshire.org.uk/docs/doubling-nature-landscape-led-approach.pdf>

Box 2.3: Community nature recovery programmes

A community led nature recovery programme is already underway in the John Clare Countryside, <https://langdyke.org.uk/projects/john-clare-vision/> where 16 parishes are working together to develop resident-led plans for creating new habitats for nature. Over forty projects have been identified, including pond and wildflower meadows creation, and tree and hedgerow planting. Through a combination of grants and parish council contributions, £26,000 has been allocated for their delivery. This pilot is attracting attention due to its success in engaging communities in actions that will in aggregate create significant habitats for nature, improve public access and help capture carbon.

Natural Cambridgeshire would like to roll out similar schemes across the CPCA area and is actively seeking funding to enable this.

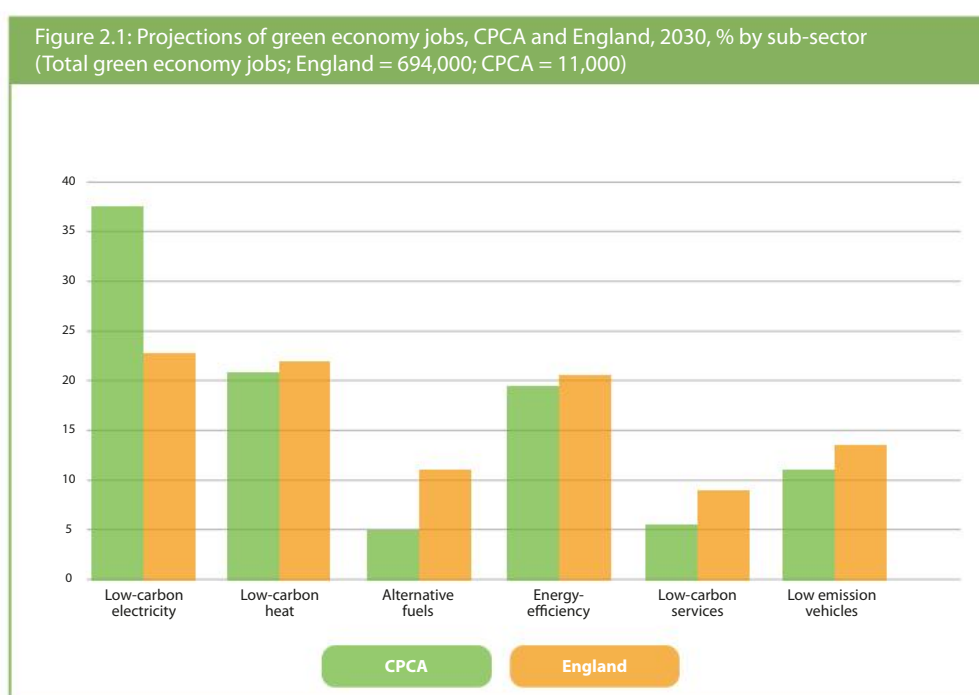
Within the CPCA area, large amounts of land that could be instrumental in helping take forward these initiatives are in public ownership. This includes land belonging to the Forestry Commission, Environment Agency, Drainage Boards, Homes England, schools, local authorities and health bodies. There is also a number of large-scale infrastructure schemes, including road building, railways and housing developments, that should be required to deliver significant biodiversity gains and support carbon capture. The CPCA should create a partnership of public sector bodies to develop and take forward recommendations for how these areas of land and infrastructure projects could help deliver the doubling nature ambition through land-management programmes that help in climate change adaptation and mitigation.

We recommend that the CPCA and its constituent Local Authorities and public sector partners should adopt a leadership role in accelerating the achievement of the Doubling Nature ambition, specifically to create or to conserve habitats such as woodland, grassland or wetlands that can store or absorb carbon; and setting an example on land that they own or control.

Education and skills

Consistent with a move towards a low-carbon economy, Government projections suggest that employment and GVA growth will be faster in the low-carbon and renewable energy sector (LCRES) than for the economy as a whole.

A recent report by Ecuity Consulting for the Local Government Association⁹ has looked at where these jobs might be located. For England as a whole it projects growth in LCRES jobs from 185,000 whole-time equivalent (WTE) in 2018 to 694,000 in 2030 and 1.18m in 2050. Of these, it suggests that 11,000 might be in CPCA in 2030 (Figure 2.1) and 20,000 in 2050. Of course, these are not precise forecasts. They are subject to a high degree of uncertainty, but they are indicative of the potential for substantial growth if demand materialises and if regions are geared up to the provision of education and skills that underpin these jobs.



Note: these are direct jobs, not including jobs in other sectors supported by the LCRES.
Source: Ecuity (2020)

For CPCA many of these jobs are likely to be in installation and maintenance rather than manufacturing. But there is potential also to build on sectors of relative industrial strength, which may also link in to the low-carbon agenda. The Cambridgeshire and Peterborough Independent Economic Review (CPIER)¹⁰, for example, has identified advanced manufacturing and materials, life sciences, IT and digital services, education, and professional services as areas of strength. Agritech and the skills to underpin sustainable farming is another. There is a small but growing Cleantech sector in Cambridge.

⁹ Ecuity (2020), Local green jobs – accelerating a sustainable economic recovery, Ecuity Consulting report for the Local Government Association.

¹⁰ CPIER (2018), Cambridgeshire and Peterborough Independent Economic Review.

An assessment by the Centre for Economic Performance at LSE¹¹ has focused on where short-term areas of strength might be for jobs growth, typically in construction and installation, as the economy recovers from the COVID-19 pandemic. It finds that energy efficiency in buildings, renewables and EV infrastructure are potential high growth areas for at least parts of the CPCA area.

There are likely to be areas of low-carbon growth market beyond those immediately identified above – requirements for adaptation or in application of digital skills, for example.

An earlier review of the evidence base relating to skills has identified key specialisms important (as contributors to employment) in the local authorities within CPCA. Some of these are areas with potential for low-carbon jobs: for example, IT and life sciences in Cambridge; advanced manufacturing in East Cambridgeshire; life sciences in South Cambridgeshire; Construction and utilities in Fenland and Huntingdonshire; Advanced manufacturing, transport and travel in Peterborough.

Much of what is required for the development of skills should be delivered by the private sector. But recent surveys have indicated that many perceive skills gaps for decarbonisation in their occupation or profession. The CPCA and local authorities have considerable roles in promoting and enabling the shift:

- identifying the broad areas of sectoral growth, liaising with and bringing together local employers, supply chains and providers of education to ensure that plans for necessary upskilling and reskilling are in place;
- identifying sources of funding for skills and retraining from public sources, such as the UK Shared Prosperity Fund, and private investment;
- ensuring that training programmes provide routes to recognised skills with certification that provides confidence to industry and consumers;
- leading by example, in investments and purchasing that help develop low-carbon supply chains and champion low-carbon technologies, and defining standards – for example in relation to new build – that provide certainty about what is required.

There are major opportunities in relation to building retrofit, EV technologies and other low-carbon areas. The new Peterborough University is to be employment-focused, with a curriculum designed to meet local employment needs. That suggests a strong focus on the demands of the growing low-carbon sector.

There is also potential to link a low-carbon skills and training strategy to local deprivation and to the distinctive labour markets within CPCA. Deprivation is most pronounced in northern areas of CPCA – Peterborough, Wisbech and parts of Fenland. Peterborough and the surrounding area has a relatively high unemployment rate. Fenland has a poorer labour market performance related to accessibility to jobs and training. Both Peterborough and Fenland rank poorly, across England, on indicators of educational, skills and training, which are key factors contributing to deprivation.

The CPCA should review training and upskilling plans to ensure that these are designed to support the scale and nature of the required transition.

¹¹ CEP (2020), Jobs for a Strong and Sustainable Recovery from Covid-19 – Sam Unsworth et al, CEP, Grantham Research Institute, LSE, October 2020.

Innovation and demonstration

As identified above, businesses in CPCA area have strengths in agritech, advanced manufacturing and materials, life sciences, IT and digital services, education, and professional services. There is a small but growing Cleantech sector in Cambridge.

The CPIER also identifies Cambridge as a centre for innovation – the highest number of patent applications relative to population of any city in the UK. Peterborough also ranks very high on this measure (13th in the UK).

Low-carbon markets, in the UK and globally, should grow rapidly given the commitment to net zero. The academic and business strengths in the area ought to mean that the CPCA area has the potential to be a substantial leader in development of the new technologies required in the transition. But it is not clear to us that the early-stage innovation evident in CPCA area is translating to substantial businesses (in terms of market or employment) within CPCA area.

The CPCA should commission work to understand the fitness of the innovation ecosystem across the region to support the emerging net-zero-aligned agritech and nascent clean tech sectors:

- Mapping the elements and processes that are in place that enable the region's success in biotech and information technology sectors in taking ideas to full commercially viable delivery, to see how these can work for net zero technologies, including:
 - generation and communication of ideas
 - the role of multiple paths of funding across the innovation process from different types of funders and investors
 - company evolution and scale up (including simple organic growth)
 - the roles of universities, networks, technical consultancies, incubators and accelerators, angel investors, institutional investors, regional and national policy and the regulatory environment
- Understanding the differences in all of the above amongst the sectors, and indeed the wide spectrum within the clean tech sector
- Articulating the gaps that exist within the regional innovation ecosystem that could impair the success of net-zero-aligned agritech and cleantech sectors, and making recommendations for filling them to unlock the potential of the subsectors in which the region has or can develop world leading know how and businesses.

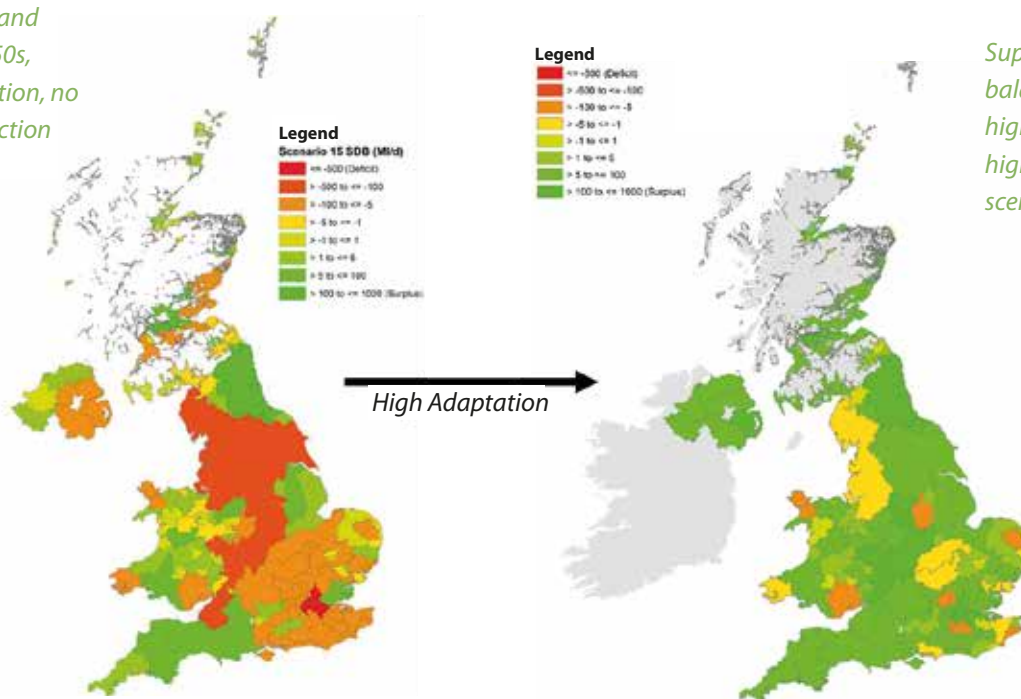
The CPCA should actively broker, and where appropriate, invest in, the creation of demonstration projects for the decarbonisation and resilience of the built environment, both in residential and commercial buildings. These demonstrators will require working with businesses, developers, estate owners, universities, and the finance sector across the region. This should take a portfolio approach so that, ideally, there is a demonstrator for each distinct category of estate/built environment with significant presence in the region. The balance between the scale, number and type of project, and the funding and expertise available, should be driven by the objective to develop locally relevant know-how, learning, business models, and awareness.

Water

The preceding chapter set out the risks of climate change in relation to water. The supply-demand balance shows water deficits by 2050 if no action is taken (left graphic Figure 2.2). However, the Climate Change Committee considers that, provided appropriate adaptation measures are implemented, most of the increased risk from flooding and water scarcity in the 2050's could be managed in a scenario of 2°C warming (right graphic Figure 2.2.).

Figure 2.2: Water supply-demand balance, 2050s, with and without high adaptation measures

Supply-demand balance, 2050s, high population, no additional action scenario



Supply-demand balance, 2050s, high population, high adaptation scenario

Source: Updated projections for water availability for the UK, HR Wallingford

The Commission will look at water issues in more detail in our report later this year.

However, the region is particularly affected by the risks of flooding, overheating in the summer months, potential water deficits, and pressures on river quality and the natural carbon stores in the deep peat of the Fens. It is important that adaptation measures are identified and brought forward as soon as possible. As well as tackling leakage and encouraging more efficient use of water, the water companies are already working towards supply side solutions, as highlighted in their 2019 investment plans.¹² This includes the possibility of transfers of water through new connections and sources of supply such as reservoirs. This would improve the resilience of the system and reduce impacts on sensitive locations (like the chalk streams in the south of the area). The water companies new investment plans will be consulted on in 2022 for approval by the regulator Ofwat in 2024. However, the way in which water investment is regulated means that these measures can take significant time to be developed. The Commission recommends that the Government and Ofwat provide for the investment to allow intercompany trading and water infrastructure improvements by 2025 to enhance water supply, including eliminating Cambridge's dependence on the ground water aquifer. including eliminating Cambridge's dependence on the ground water aquifers. This is likely to require new ways of financing water supply investment, perhaps through green investment bonds or other measures as part of the green economic recovery.

¹² <https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/water-resources-management-plan> and <https://www.cambridge-water.co.uk/about-us/our-strategies-and-plans/our-water-resources-management-plan>

Transport

Recommendations

1. Complete phase-out of the use of cars running on fossil fuels by 2050 within the CPCA area
 - The CPCA, and constituent authorities, should by 2022 develop a plan for the rollout of charging infrastructure, with an initial focus on bringing the lowest district levels of provision up towards those of the best, and providing a 'right to charge' to residents, workers and visitors
 - All new residential and non-residential developments with parking provision (and those undergoing extensive refurbishment) should be equipped with charging points.
2. All buses and taxis operated within the CPCA area, and Council owned and contracted vehicles, should be zero emissions by 2030. Each Council should make its own commitments, reflecting the make-up and age of existing vehicles, but we recommend the following dates:
 - The bus fleet on routes subsidised or franchised by the CPCA should be zero emission by 2025, and the authority should work to facilitate such a shift on all routes by 2030
 - Target 30% of taxis to be zero emission by 2025 and 100% by 2030, achieved through license conditions
 - Council fleet to be 100% zero emission by 2030; procurement rules used immediately promote EV uptake.
3. Reduction in car miles driven by 15% to 2030 relative to baseline
 - Major new developments (>1000 homes) should be connected to neighbouring towns and transport hubs through shared, public transport and/or safe cycling routes
 - 100% of homes and businesses to have access to superfast broadband by 2023
 - CPCA to undertake a trial of electric on-demand buses to increase accessibility and connectivity
 - Development and implementation of the Strategic Bus Review to prioritise affordability and reliability of services
 - CPCA to work with major employers, employment hubs and Liftshare to encourage car-sharing, public transport, walking and cycling for commuting, and Councils to take a lead in respect of their own employees
 - CPCA, with relevant authorities, to explore options to improve cycling infrastructure both within urban areas, and to encourage the use of e-bikes for longer trips to and from market towns and cities
 - Alternatives to road investment to be prioritised for appraisal and investment – from active travel and public transport options, to opportunities for light rail and bus rapid transit or options to enhance rail connections.

4. Diesel vans and trucks to be excluded from urban centres by 2030 and local zero emission options pursued:
 - At least 3 freight consolidation centres to be established outside of major urban areas with onward zero emission deliveries
 - Home deliveries should only be made by zero emission vehicles, including cargo bikes, by 2030
 - UK Power Networks to develop tools and fast-track services to assist companies wishing to convert fleets of vans and trucks to electric to rapidly ascertain grid connection upgrade requirements and costs for charging
 - CPCA to undertake a trial of electrification of short-haul freight from farm to warehouse.

Summary

- The CPCA area transport emissions were 2449ktCO₂e in 2018, 44% of all CO₂ emissions. This covers emissions from surface transport – cars, vans, HGV and rail. It is a significantly higher share than in the UK as a whole (37%).
- Emissions from surface transport in the CPCA area have been rising in recent years and in 2018 were 12% above their level in 2012. This is a greater level of increase than in the UK as a whole, where emissions rose 4% over the same period
- Reaching net-zero across the UK by 2050 requires that transport emissions are reduced close to zero. Options to deliver this have been identified. The Committee on Climate Change's Balanced Pathway¹ gets very close to zero emissions in 2050.
- Many of the levers to achieve this – such as vehicle emissions standards – are at national level. But there is much that the CPCA and local actors can do as well, particularly around development of the charging network for electric vehicles (EVs); improving public transport; active travel measures to reduce demand and switch to cleaner modes (public transport, walking and cycling); improving the ease of working from or near to home; and management of deliveries in urban areas.
- There are range of other benefits from taking these actions – Improved air quality and higher rates of walking and cycling (active travel) will be good for our health; better public transport can help meet transport needs and improve connectedness by linking people up to jobs, opportunities and services.

Transport in the Combined Authority Area

Overall transport emissions

Transport emissions across the Combined Authority were 2449 ktCO₂ in 2018, around 2.9tCO₂ per head of population. This is 50% higher than the average across the UK as a whole (1.9tCO₂ per head) and reflects relatively high level of traffic for each of cars, vans and HGVs:

- Car mileage in 2019 was around one-third higher than would be expected purely on the basis of population.

¹ CCC (2020), The Sixth Carbon Budget, The UK's path to Net Zero.

- Light van mileage in 2019 was 38% higher than expected based on population.
- HGV mileage in 2019 was more than double the level expected purely on population.

A small part of emissions, around 3%, are from rail. Given this small share, the main focus in this chapter will be on road emissions, though there are opportunities for light rail and enhanced rail connections which we consider.

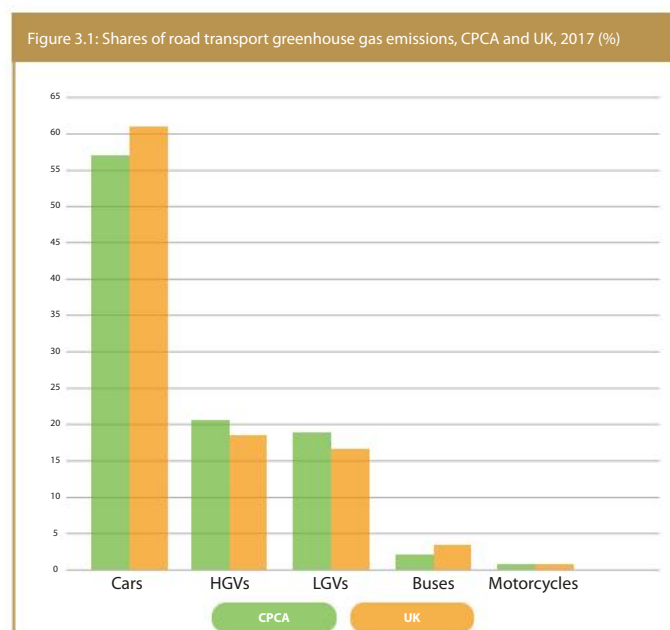
With economic growth and population growth, traffic is expected to rise further. Without policy intervention, the number of daily journeys in the region is projected to increase by around 20% from 2015 to 2031. Aside from carbon emissions, this has implications for a number of other concerns, including air quality and congestion:

- The area within the Cambridge ring road was designated an air quality management area in 2004, mainly reflecting high transport emissions. There have been some improvements in air quality since, but parts of the City continue to experience emissions above legal limits. Projected traffic growth, without actions to tackle this, will increase the need for actions to address poor air quality;
- Congestion is already a concern on specific routes.² Average speed on major roads entering Cambridge during the rush hour is less than 60% of the “free flow” speed. Car journey times in the afternoon peak could increase by up to 18% by 2041, particularly in Cambridge, East Cambridgeshire and South Cambridgeshire. Congestion will increase on the A47 between Peterborough and Wisbech, and in other urban areas, particularly Ely, Wisbech and Huntingdon.

Actions to reduce emissions are likely, therefore, to have considerably wider benefits. But this also emphasises the importance of understanding why emissions are high in the first place.

Why are transport emissions high in CPCA?

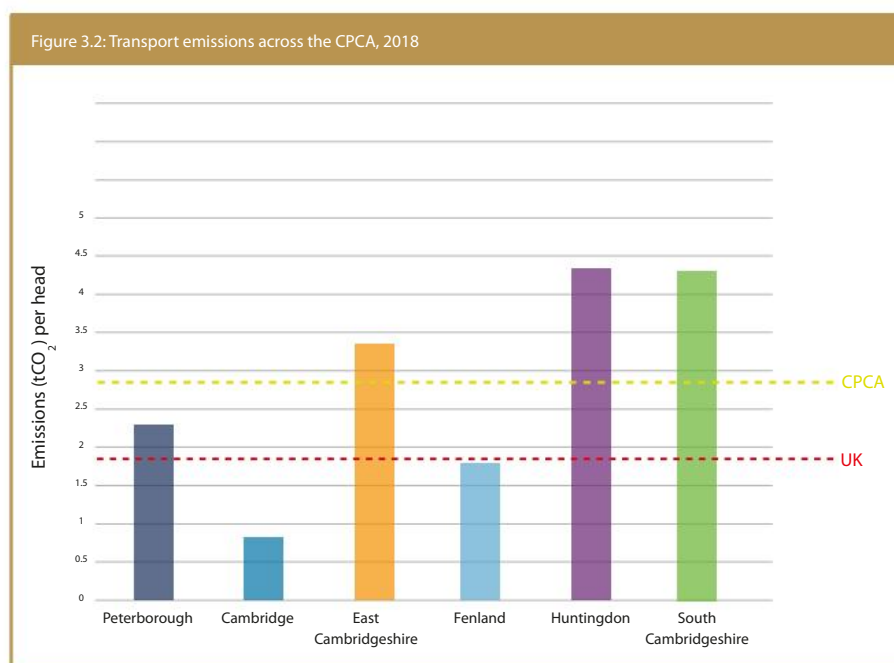
In line with the high level of HGV mileage, the share of road transport emissions from HGVs is a little higher in the CPCA area than the UK as a whole (Figures 3.1). In general, however, the shares by vehicle type are not very different, confirming that high emissions are a reflection of factors across both private car use and movement of freight.



Sources: CUSPE (2019), *Net Zero Cambridgeshire*; Final UK greenhouse gas emissions national statistics, 2017.

² The Cambridgeshire and Peterborough Local Transport Plan, Figures 1.3 and 1.4.

Relatively high emissions in Huntingdonshire and South Cambridgeshire (Figure 3.2) may be partially a reflection of traffic on major A-roads that pass through these districts and the region (some HGV emissions, in particular, will reflect strategic connectivity of the A14, A1(M) and M11, including freight to the ports of Harwich, Ipswich and Felixstowe on the East Coast). Through traffic cannot, however, fully explain the high transport emissions in these districts nor in CPCA as a whole:



- With the exception of Cambridge – which has particularly low emissions – CPCA districts rank badly for car emissions when compared with districts of similar characteristics (Box 3.1);
- Emissions on minor roads are relatively high in all CPCA districts, again with the exception of Cambridge (Table 3.1).

Table 3.1: Local authority rank for road transport emissions per head, UK, 2018 (383 authorities, 1=lowest; 383=highest)

	All road transport	A-roads and minor roads	Minor roads only
Peterborough	246	316	325
Cambridge	26	26	41
East Cambridgeshire	325	368	316
Fenland	174	257	324
Huntingdonshire	363	372	342
South Cambridgeshire	361	375	262

Box 3.1: Car emissions by LA district in England

Analysis by Walker (2020) uses 2011 MOT data to compare car emissions across LAs in England. Districts are classified by ONS indicators of prosperity/deprivation and rurality/urbanity, so that comparisons are made across groups of broadly similar characteristics. On this basis, South Cambridgeshire, East Cambridgeshire and Huntingdonshire are all found to have relatively high emissions within their group.

	Grouping	Ranking for car emissions per head
South Cambridgeshire	Affluent England	9th highest (of 51)
East Cambridgeshire	Town & Country Living	5th highest (of 64)
Huntingdonshire	Town & Country Living	12th highest (of 64)
Fenland	Town & Country Living	Mid-ranking, but noted to have high emissions relative to deprivation level
Cambridge	Business, Education and Heritage Centres	5th lowest (of 29)
Peterborough	Urban Settlements	Mid-ranking (of 54)

Source: Walker, R (2020), *Transport carbon emissions variation by LA districts in England: Analysis of MOT data, Decarbon8 working paper 2.1.*

Other factors, whether linked to need or affluence, must play a big part in the observed high level of emissions:

- Car ownership is high. The number of licensed cars was 620 per 1000 population across the CPCA at the end of 2019, compared with an average 495 for the UK as a whole;
- Emissions in Cambridge and Peterborough are relatively low. These urban areas benefit from better transport networks, with alternatives to the car. They also have more compact geography, with denser provision of services.
- There is variation across districts, but a substantial part of the population is rural, with 43% living in market towns and 20% in rural settlements and villages, where car dependency is
 - Relative to population, the number of licensed cars is low in Cambridge, but above the national average in the other 5 districts within the CPCA;
 - The data are somewhat old now (Census 2011) but the proportion of households with a car is low in the urban areas of Cambridge (66%) and Peterborough (75%), but higher than 80% across the rest of the CPCA;
 - 58% of the population of Cambridge and Peterborough are within 30 minutes of a major employment centre by public transport, but many in rural areas have longer journey times which makes access to jobs and services more difficult without a car;³

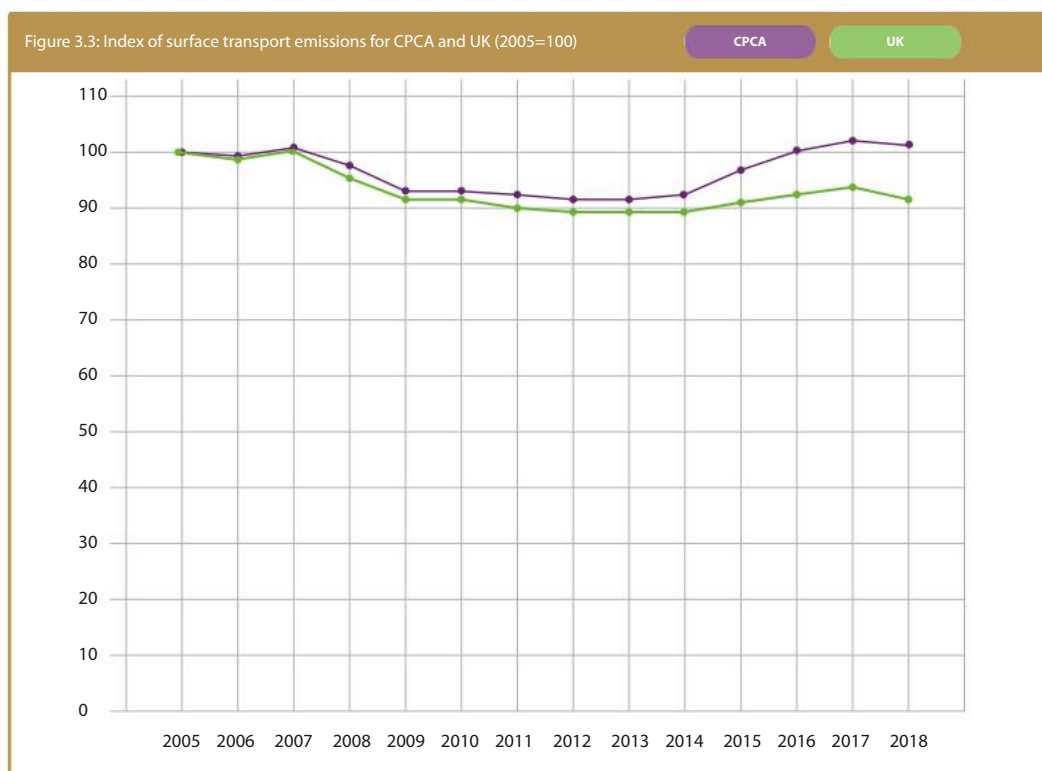
³ See, for example, Local Transport Plan, Figure 1.6, which illustrates accessibility across CPCA.

- Around 80% of employed residents of East Cambridgeshire and Fenland travel to work by car, van or motorcycle, possibly with relatively long journeys; as against below 40% in Cambridge.⁴

Recent trends

Emissions from surface transport in the CPCA area have been rising in recent years and in 2018 were 12% above their level in 2012. This is a greater level of increase than in the UK as a whole, where emissions rose 4% over the same period (Figure 3.3). Increases in vehicle-miles driven have outweighed the improved efficiency of vehicles, with uptake of ultra-low emission vehicles still low:

- Demand has increased steadily over the period. Since 2012 vehicle-miles driven have increased in CPCA area by 15% for cars, 34% for LGVs and 20% for HGVs (as compared with GB increases of 13%, 32% and 11% respectively).
- The efficiency and carbon-intensity of new cars and vans has improved under EU Directives. But petrol and diesel have remained the predominant source of fuel.
- Across Cambridgeshire the number of Ultra-low emission vehicles (ULEVs)⁵ at the end of Q2 2020 is a similar proportion of the car stock as for the UK as a whole (just less than 1%);
- This proportion is relatively high in Cambridge (1.3%) and South Cambridgeshire (1.2%), but low in Fenland (0.3%);
- A high number of ULEVs are registered in Peterborough (7.4% of the car stock), but this number is dominated by vehicles owned by companies with a registered address in Peterborough – this does not necessarily reflect that the vehicle is used there.



⁴ Travel to Work dataset, 2011 Census.

⁵ ULEVs are vehicles emitting less than 75gCO₂/km.

The Cambridgeshire and Peterborough Local Transport Plan (LTP)⁶ records that public transport is good in urban areas, but acknowledges that wider links within and across the Combined Authority area can be poor (note that data are for periods before the COVID-19 pandemic):

- In common with trends across England as a whole, bus use has fallen significantly in recent years – relative to population, passenger journeys fell by 21% from 2009-10 to 2019-20 in Cambridgeshire and 28% in Peterborough (down 18% across England).
- A broadly similar proportion of bus mileage is on routes supported by the local authority as across England – 10% in Cambridgeshire and 12% in Peterborough, in 2019-20, as compared with 12% in England (outside London). Given the high rural population in CPCA a higher proportion of supported routes might have been expected.

The LTP vision is to “*deliver a world-class transport network for Cambridgeshire and Peterborough that supports sustainable growth and opportunity for all*”. In respect of the environment, it includes the goal to “*protect and enhance our environment and implement measures to achieve net zero carbon*”. There are supplementary documents in relation to delivery and policies which outline projects and measures on which progress will be important to review.

Whilst there are specific good examples, progress on emission reduction measures to date is limited and requires further development in order to become a coherent strategy across the area.

- Provision of an adequate charging infrastructure for electric vehicles (EVs) is key to providing confidence to incentivise their purchase. Across the CPCA as a whole, 172 standard public charging devices have been installed at October 2020, and 43 rapid charging devices. Relative to population, however, this is below the national average (Figures 3.4a and 3.4b). There is also big variation within CPCA. Provision in South Cambridgeshire is above national average; provision in Fenland is the lowest in the country. Funds have been available from the on-street residential charge-point scheme since 2018-19, but none of the districts within CPCA have received funding from this source up to 2020-21.
- Plans in Greater Cambridge are relatively ambitious (Box 3.2). A feasibility study for a Clean Air Zone has also been conducted, funded by the Greater Cambridge Partnership with the participation of Cambridgeshire County Council. Feedback was sought in 2019, but plans currently appear stalled, though the COVID-19 pandemic will undoubtedly have made consideration more difficult in 2020.
- The Local Transport Plan commits to the provision of Local Cycling and Walking Infrastructure Plans (LCWIPs) to provide evidence for infrastructure investment.
 - The level of cycling in Cambridge is very high. More than a quarter of journeys to work are undertaken by bike – the highest share in the country.
 - Peterborough has a good network of cycling lanes, and has plans for an expanded network. The City Council was successful in 2019 in securing technical support from the Department for Transport to produce a LCWIP, and this will be released for public consultation shortly. The City Council has also been taking schemes forward with local schools to encourage cycling and active travel (Box 3.3).

⁶ CPCA (2020), The Cambridgeshire & Peterborough Local Transport Plan.

- East Cambridgeshire has been developing a Strategic Cycle/Footpath Network, identifying gaps in the current network, and seeking funding opportunities for improvements.
- An e-scooter trial began in Cambridge in October 2020, with 50 e-scooters connecting the city centre, key transport hubs (train and bus stations) and shopping centres (Box 3.4).

Box 3.2: Cambridge transport decarbonisation

Measures implemented by Cambridge City Council (some in conjunction with South Cambridgeshire) include:

- *Provision of rapid charging points for taxis – including 8 installed in 2019-20*
- *Provision of charging points in car parks and at park and rides sites, with more planned*
- *Use of licensing requirements to shift towards electric taxis – the number of electric taxis has increased from 2 in 2017-18 to 35 now*
- *Use of planning policy to require installation of electric charging points in new developments with parking provision*
- *Pilot provision of an electric bus.*

Other plans include commitment to procure ULEVs when replacing Council vehicles; work with Cambridgeshire County Council to secure funding for 30 e-cargo bikes, and to secure OLEV funding for on-street residential charge points.

The Greater Cambridge Partnership (GCP) – the delivery body for the City Deal – has been looking at the potential for bus priority schemes and development of the evidence base to inform consideration of measures aimed at reducing freight deliveries from high-carbon vehicles.

A feasibility study for a Clean Air Zone was funded by the GCP, with the participation of Cambridgeshire County Council.

Sources: <http://www.cambridge.gov.uk> ; Cambridge City Council (October 2020), Priorities for a new Climate Change Strategy 2021-26 and annual Climate Change Strategy Update Report.



Box 3.3: Working with schools in Peterborough

Peterborough City Council has been working with schools to provide a safer environment encouraging active travel and practical cycling skills:

- **School Streets:** Roads around schools are frequently dominated by cars at drop-off and pick-up times, contributing to congestion and pollution, and making the school journey feel unsafe. By providing a vehicle free space around school gates, School Streets create a safer space enabling more parents and children to switch to sustainable and active travel. Schemes have been implemented outside 10 schools and nurseries, with a significant increase in walking, scooting and cycling to and from school as a result. The City Council is looking to implement several new schemes in coming months.
- **Bike It:** The City Council and Sustrans have been delivering “Bike It” in schools since 2012. The project offers a range of activities, from curriculum-based lessons through to practical skills lessons that include balance bike training with early year’s children and school staff, learning to ride, cycle skills, scooter skills, bike mechanics and road safety assemblies. On average, the percentage of pupils reporting that they regularly cycle to school increases by over 8% after one year of engagement with Bike It. The 2019 Sustrans “Big Pedal” competition recorded over 81,000 active journeys from schools in Peterborough. St Thomas More finished 9th out of nearly 800 large primary schools with over 94% of pupils taking part. A further 7 Peterborough schools finished in the top 100.



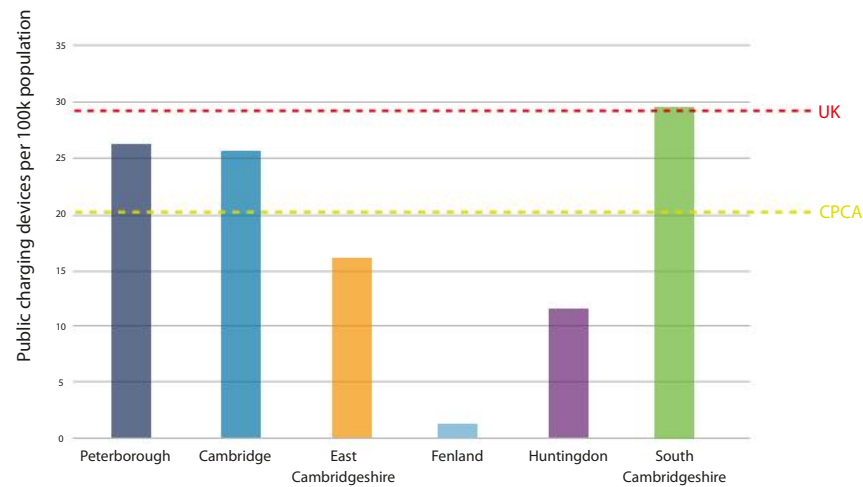
Box 3.4: E-scooter trial, Cambridge

An e-scooter trial began in Cambridge in October 2020, initially with 50 e-scooters, rising to 150, connecting the city centre, key transport hubs (train and bus stations) and shopping centres. More than 10,000 journeys were taken in the first month, with just over 6,000 users. Safety issues are being monitored, and research undertaken to understand the extent to which usage is replacing car use. It is planned to broaden the trial to introduce E-bikes, and E-bike use is also being considered for Peterborough.

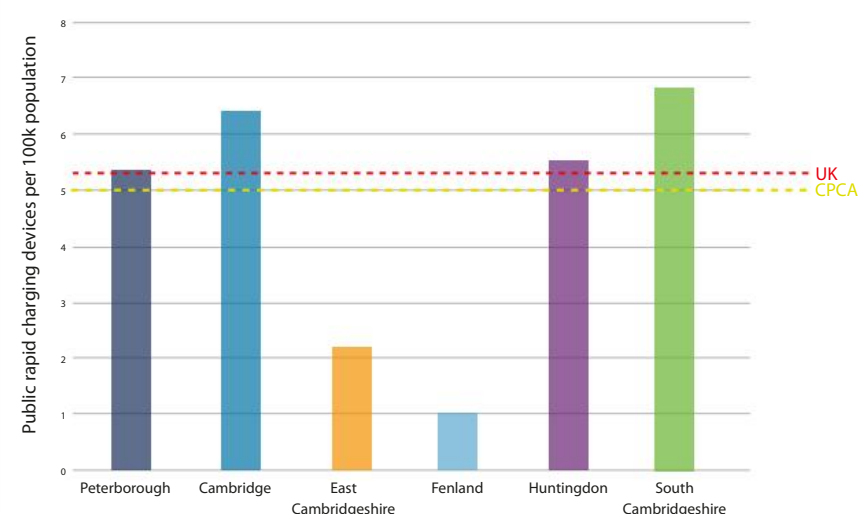
Traffic in 2020, with the COVID-19 pandemic, experienced similar impacts as in the UK more widely. Overall traffic levels fell by 50% or more in the first lock-down, but recovered by September towards or even above pre-lockdown levels. Park and ride usage has remained much reduced. Bus usage fell dramatically and remains considerably below pre-lockdown levels.

COVID-19 experience will undoubtedly have implications to be considered for future policy. But the clear message from climate policy measures to date is that they have been insufficient to reverse the increase in emissions, let alone begin to achieve the reductions that are required.

Figures 3.4a: EV infrastructure, Charging devices, October 2020



Figures 3.4b: EV infrastructure, Charging devices, October 2020



What has the Climate Change Committee recommended?

The national Climate Change Committee (CCC) has developed scenarios for sectoral emissions in 2050 consistent with achievement of net-zero emissions overall.⁷ More recently it has made recommendations for the pathway to net-zero.⁸ To be on track to net-zero emissions from surface transport its key recommendations include:

- Sales of new petrol and diesel cars, vans and motorbikes to end by 2030. Given the rate of stock turnover this would mean close to a petrol/diesel free fleet by 2050.
- The setting of regulations requiring a progressive increase in sales of zero emissions vehicles by vehicle manufacturers until the target of 100% sales of zero emission vehicles is reached in 2030.

⁷ CCC (2019), Net Zero - The UK's contribution to stopping global warming.

⁸ CCC (2020), The Sixth Carbon Budget – The UK's path to Net Zero.

- The development of charging infrastructure to allow the growth of EVs, consistent with the phase-out of petrol and diesel cars and vans. This should include infrastructure for those without individual off-street parking.
- Investment in walking and cycling infrastructure and strengthening of other schemes to support active travel modes.
- Investment in public transport and other measures to reduce car travel demand. These other measures could include incentives for car sharing and mobility as a service, and improved infrastructure connectivity to lock-in positive behaviours that reduce travel demand:
 - These demand reduction and public transport measures reduce car km driven, against baseline, by 7-16% by 2030;
 - The CCC notes that the Confederation of Passenger Transport has set a target for all new buses to be ultra-low or zero-emission by 2025; it assumes that all sales of new buses are zero-Carbon by 2035.
- In relation to freight the CCC proposes:
 - The development and implementation of a strategy to transition to zero-carbon freight, including stronger purchase incentives, infrastructure plans and clean air zones.
 - Schemes should be implemented and evaluated to reduce HGV and van use in urban areas (e.g. e-cargo bikes and use of urban consolidation centres), to reduce traffic and improve safety of active travel.
 - Zero-emission HGVs should be trialled to establish the most suitable and cost-effective technology for UK. Evaluate existing and increase support for HGV logistics improvement schemes. Incentives to buy more efficient and zero-carbon HGVs should be increased.

Government policy

The UK Government recognises that policies are not currently in place to deliver net-zero emissions, but has set out substantial ambition for transport within its recent 10-Point Plan:⁹

- Electric vehicles: an end to the sale of new petrol and diesel cars and vans by 2030, with all vehicles required to have significant zero-emission capability by 2030, and 100% zero-emissions from 2035.
 - Funding of £1.3bn to accelerate the roll-out of charging infrastructure – rapid charge points on motorways and major roads, and on-street charge points near homes and workplaces.
 - Continued funding to 2022-23 of purchase incentives through the Plug-in Car and Van grant.

⁹ HMG (2020), The Ten Point Plan for a Green Industrial Revolution, November 2020.

- A consultation on the phase out date for sales of new diesel HGVs, with £300m funding next year for trials of hydrogen and other zero-emission lorries.
- Increased funding for public transport and the provision of active travel infrastructure.
 - Integrated bus and train networks in more places, with smart ticketing, more frequent services and provision of bus lanes;
 - Funding for zero emission buses (£120m in 2021-22, sufficient to switch 12% of the local operator bus fleet in England);
 - More rural on-demand services and restoration of some rail links;
 - More segregated cycle lanes and low-traffic neighbourhoods, with a new body Active Travel England, to hold the budget and assess local authority performance.
 - Over 1,000 miles of cycling and walking networks to be delivered by 2025, with network plans developed and built out in every town and city in England.

Further elaboration of these commitments and development of policy will be required to deliver net zero ambition. Both a National Bus Strategy and a Transport Decarbonisation Plan are due to be published in 2021.

Evidence base for the emissions reduction requirement to 2050 and assessment of options

In assessing the scale of the challenge for CPCA in moving towards net-zero, and the available options, we have considered evidence from a range of sources. This section summarises some of the key sources.

CCC Net Zero Technical Report / CCC CB6 recommendation

The CCC's Net Zero Report and Net Zero Technical Report¹⁰, published in May 2019, provide an assessment of options to take the UK to net zero emissions by 2050. The Sixth Carbon Budget Report and Methodology Report¹¹ update this analysis, with a focus on the pathway for emissions through the 2020s and to the sixth carbon budget period (2033-37). This includes a pathway for emissions from surface transport – covering vehicle efficiency, zero-emission vehicles, demand reduction and modal shift.

Net Zero Cambridgeshire (CUSPE) report

The Net Zero Cambridgeshire (CUSPE) report¹² considers the make-up of emissions in the CPCA region and provides projections to 2050 for a number of possible scenarios. Reflecting an increasing population and employment growth, road traffic is projected – without policy interventions - to increase 30% by 2031. Nevertheless, allowing for the gradual electrification of the car and LGV fleets (in line with national measures), a baseline projection shows emissions falling by 43% between 2017 and 2050.

Applying assumptions consistent with the CCC's Further Ambition scenario, which informed the CCC's net-zero recommendation to the UK Government, CUSPE's assessment finds CPCA area transport emissions are reduced by 96% to 2050. Important to this reduction are provision of an

¹⁰ CCC (2019), Net Zero – Technical Report.

¹¹ CCC (2020), The Sixth Carbon Budget – Methodology Report.

¹² CUSPE (2019), Net Zero Cambridgeshire.

EV charging infrastructure, local incentives for EV purchase, and measures to reduce demand for car travel.

Local Transport Plan

The Cambridgeshire and Peterborough Local Transport Plan (LTP) reflects the role of the Combined Authority as Local Transport Authority and sets the policy framework for the development, design and implementation of transport interventions across the area. It provides a vision to “develop a world-class transport network for Cambridgeshire and Peterborough that supports sustainable growth and opportunity for all”.

Beneath this vision the plan includes goals for the economy, for society, and the environment – specifically, in the latter case, to “protect and enhance our environment and implement measures to achieve net zero carbon”.

The LTP draws on a wide evidence base and consultation with the public and wider stakeholders. It contains a mix of proposals for public transport, active travel and road improvements. In practice, however, it over-emphasises road building as a transport solution to increasing population and work commuting, with insufficient emphasis on measures to reduce demand. A considerable number of schemes are suggested, each to be subject to an individual business case if and when taken forward. The LTP does not quantify¹³ the overall impacts on traffic and emissions, and so does not include a pathway of how the net zero aspiration is to be met. An overarching transport model would enable this assessment to be undertaken – CPCA should consider investment and development of scenario planning in a refresh of the LTP and in assessing the results from scheme implementation.

Place Based Climate Action Network

We commissioned work on a net zero carbon roadmap for the region from the Place Based Climate Action Network (PCAN)¹⁴ (Chapter 2). This found that many emission reduction measures within the surface transport sector are cost-effective – they would more than pay for themselves through the energy cost reductions they would generate. Overall, these cost-effective measures could close the gap between projected transport emissions in 2050 and net zero by around 77%. This is a bigger reduction than in other sectors of the economy (housing, public and commercial buildings, industry).

Other measures are identified that could close a further 15% of the gap.

Amongst the cost-effective options are measures to achieve mode shift (from use of the car to public transport, walking and cycling), and the shift to electric vehicles.

COVID-19 impacts

Under a Restart monitoring programme, the CPCA has been monitoring traffic levels in response to the COVID-19 pandemic. Bus usage has been in decline for some years, but probably the most striking aspect of transport experience under the pandemic has been the decline in public transport use. In common with policy nationally, measures to restore public confidence in public transport are likely to be a priority area of focus as – with vaccines – we come out of the pandemic.

13: Risk appraisal of emissions impact can be found in the LTP Strategic Environmental Assessment - Environmental Report, May 2019

14 PCAN (2021), A Net-Zero Carbon Roadmap for Cambridgeshire and Peterborough, Sudmant, A., Duncan A., Gouldson, A., ESRC Place Based Climate Action Network, University of Leeds.

Public engagement

It is essential that emissions reductions are delivered in ways that work for people.

Evidence from public engagement activities suggests that, presented with evidence about the impacts of climate change and options to reduce emissions, people are very willing to engage and to consider, and support, a range of actions (Box 3.5). In relation to transport there is strong support for the switch to electric vehicles, for improved public transport and measures to support active travel. Our own survey results are consistent with this.

There were some differences between those who responded direct to our survey, and those recruited ("targeted") through a survey company:

- Both groups tended to be positive about use of residential parking zones and zones used to limit vehicle access. But the targeted respondents were much less positive about tolls or other motoring charges;
- High numbers expected their next car to be an electric or low-carbon vehicle. But this was lower amongst the target respondents (41%) than the direct respondents (60%);
- Both groups were strongly in favour of measures to consolidate deliveries.

The differences are likely to reflect that those who responded directly to our survey are weighted towards those who are most committed to act. In general, however, responses to our survey provided strong support for action and indicate a willingness to consider a wide range of options, though there may still be more work to do to convince more people of the benefits of EVs and the need to switch (many respondents highlighted cost as an issue, so this may change as the EV market expands and costs become more competitive).



Box 3.5: Evidence from public engagement

The Climate Assembly UK was commissioned in 2020 to examine the question, “How should the UK meet its target of net zero greenhouse gas emissions by 2050?”. The Assembly did not consider freight, but key aspects of their advice in relation to surface transport included:

- An emphasis on a shift to EVs and to improved public transport, rather than restrictions on travel and lifestyles (with large reductions in car use).
- Specific recommendations to ban the sale of new petrol, diesel and hybrid cars by 2030-35, and to reduce car use by an average 2-5% per decade.
- Broad desires to ensure solutions are accessible and affordable to all sections of society, and to help create significant change at the level of the individual, through education and appropriate incentives.

A **Greater Cambridge Citizen's Assembly** was convened in 2019, to develop recommendations on how to reduce congestion, improve air quality and provide better public transport. The Assembly was made up of 53 randomly selected residents from Greater Cambridge and the wider travel to work area.

Outcomes commanding the highest support from assembly members were to:

- Provide affordable public transport
- Provide fast and reliable public transport
- Be environmental and zero carbon
- Restrict the city centre to only clean and electric vehicles
- Be people centred – prioritise pedestrians and cyclists
- Manage as one consolidated system
- Enable interconnection.

Specific supporting measures attracting support included: franchising of buses; use of electric bikes; a lollipop bus service with low emission EVs; explore the viability of long-distance buses using the Park and Ride; establishment of a heavy-duty depot outside Cambridge, with last-mile delivery through electric van/pedal power.

Individual measures attracted a range of views, but there was in general a high level of support for action and ambition. Key messages developed by the assembly included recommendations for decision-makers to “be brave, be bold and take action” and that “improvements in public transport need to come first”.

The CPICC Survey included a number of transport-related questions. A high proportion of respondents (88% of direct respondents; 85% of targeted respondents) viewed transport as an important area for the Commission to focus on. Measures attracting most support were improved quality of public transport (43% of direct respondents; 51% of targeted respondents) and encouragement of active travel (34% of direct respondents; 28% of targeted respondents).

Specific measures attracted varying levels of support. The balance of respondents supporting or tending to support consideration of measures was as follows:

Measure	Balance supporting (+ve) or against (-ve) consideration	Balance supporting (+ve) or against (-ve) consideration
	Direct respondents	Targeted respondents
Road tolls	- 4%	- 36%
Charging to travel within a zone	+ 22%	- 8%
Limiting vehicle access to a zone	+ 53%	+32%
Increased parking costs	- 14%	-56%
Residential parking zones	+ 19%	+27%
Requiring deliveries to be gathered (thereby reducing van and lorry trips)	+ 67%	+54%

The targeted respondents were considerably less favourably inclined to measures including an element of financial charge than the direct respondents. They were more positive about residential parking zones. Both groups were very positive about measures requiring consolidation of deliveries.

Opinions were more favourable to options involving road user charging if the money raised would be invested back to improve public transport or cycling and walking infrastructure.

A high number of direct respondents (60%) were planning to switch to an EV or low-carbon vehicle on their next purchase (and 9% already owned an EV). Support was lower amongst the targeted respondents – 41% thought their next vehicle would be low-carbon and 4% already own an EV, leaving 55% not likely to switch at present. The biggest barrier to switching, for both groups, was cost. But almost one third of each group also felt that there was a lack of access to charging where they lived and park.

Sources: Climate Assembly UK – The Path to Net Zero (September 2020); Greater Cambridge Citizen's Assembly on Congestion, Air Quality and Public Transport, Report and Recommendations (November 2019), Greater Cambridge Partnership, Involve Foundation, Sortition Partnership; CPICC.

Key areas for action

Many of the actions required to deliver net zero transport are for national Government. But this still leaves the CPCA and local authorities with substantial powers and influence in many areas.

Electric vehicles

There is evidence that the provision of charging infrastructure has an impact in inducing EV demand.¹⁵ Clearly, to support the switch to electric vehicles envisaged by national policy, a substantial infrastructure will be required. The CUSPE report suggests the need, consistent with net zero, for 60 rapid chargers near main roads and 3500 public chargers in towns and cities in the region, a 20-fold increase on today.

15 Morton, C, Anable, J, Yeboah, G and Cottrill, C (2018), The Spatial Pattern of Demand in the Early Market for EVs: Evidence from the UK, Journal of Transport Geography.

Currently, the level of provision of electric vehicle charging points varies significantly within the CPCA area and overall is below national average. The CPCA has plans to develop an Electric Vehicle Strategy. Developing the public charging network should be core to this strategy – much of this will be on-street, but also at sites such as car parks and park and ride. The early ambition for this strategy should be to bring the areas in the CPCA region with below average provision, such as Fenland and Huntingdonshire, up to the levels of the best. We have written to the CPCA and constituent authorities to emphasise the importance of this charging network and seek commitments to extend provision.

Cambridge is currently trialling the provision of an electric bus. Switching to electric buses should be expected to become the norm. The Government has announced funding to accelerate the switch (£120m in 2021-22 to fund at least 4,000 zero emission buses nationally, around 12% of the local operator fleet in England). The authorities in CPCA should aim to be in the vanguard, and – in conjunction with the electricity network provider and Ofgem - develop plans and a timeline for this transition. We have, for example, seen proposals for Cambridge beginning with electrification of the buses from the park and ride sites (Box 3.6) – use of opportunity charging at the start and end of the route reducing the peak demand on the grid. It is not for us to specify details of how the transition is best achieved, but the end-point of a fully decarbonised bus fleet should now be the accepted goal.

The planning system can also prioritise provision of charging points. The Government has consulted on potential requirements for new-build, but not yet announced conclusions. In the meantime, planning authorities in the CPCA should not hold back - Cambridge City Council has introduced requirements for new residential and non-residential developments that should, at minimum, be replicated more widely. It will be lower cost to progress such measures now than have to retrofit later.

Box 3.6: An example scheme for park and ride bus electrification in Cambridge

A case study for bus and road freight electrification in Cambridge has been proposed by Nicolaides et al (2018).

Previous assessments of bus and freight electrification have assumed overnight charging at depots. This requires large, expensive on-board batteries, which run-down their charge over the course of the day. There are also implications for the electricity supply network, which may need upgrading to meet considerable charging demand.

Nicolaides et al provide cost estimates for an alternative “opportunity charging” option, starting with provision of charging infrastructure at either end of a Park and Ride bus route. With the bus topping up its battery at these points, a much smaller battery is required and peak demand on electricity supply much reduced. Overall costs are estimated much lower.

It is suggested that the principle of opportunity charging could be extended to freight deliveries, and to refuse vehicles, with top-up charging at key locations on routes (e.g. at depots, bus stops, or when unloading at major stores).

Source: Nicolaides, D, Cebon, D, Miles, J, An urban charging infrastructure for electric and freight operations: A case study for Cambridge, UK, IEEE System Journal, August 2018.

In relation to purchase incentives for EVs, the Government has committed to continuation of the Plug-in Car and Van grants for at least another couple of years. Whilst the up-front cost of an EV is likely to remain above that of the conventional alternative for some time,¹⁶ we can soon expect to see the lifetime costs of EVs approach parity with that of conventional fossil-fuelled vehicles. Local measures to help incentivise EV purchase and use could supplement national measures:

- Cambridge has been developing understanding of the case for a Clean Air Zone, primarily aimed at meeting targets for Air Quality and reductions in traffic. As it returns to consider such plans, design measures which would incentivise the use of electric vehicles should be examined – such as higher levels of access. There is supporting evidence from experience with the London congestion charge that exemption for EVs increased levels of adoption;
- The CPCA and local business organisations should promote the use of the salary sacrifice scheme for EV purchase (Box 3.7). Cambridge Ahead is known to have brought the scheme to the attention of its members. The tax relief provided through this scheme makes a significant difference to purchase costs (a 32% saving for a basic rate taxpayer).

Box 3.7: EV Salary Sacrifice Scheme

The salary sacrifice scheme allows the cost of a qualifying EV to be met from salary before tax, thereby providing a considerable saving to the employee (32% for a basic rate taxpayer and 42% for a higher rate taxpayer).

The employer has to be willing to set up the scheme – in effect, the employer leases the car from a supplier, and the employee leases it from the employer. The monthly payment made by the employee covers road tax, insurance, breakdown cover and servicing costs as well as the lease.

Prior to April 2020 the EV would have been taxed as a benefit on kind, removing much of the financial gain. Under the current scheme, from April 2020, the benefit in kind tax has been reduced to zero (and will be only 1% in 2021-22 and 2% in 2022-23).

The financial gain is therefore very considerable.

We do not rule out that hydrogen may provide an option for decarbonisation of some vehicles, particularly buses on longer routes and long-haul lorries. But what hydrogen is available is likely to be costly and have limited availability locally, and should therefore be reserved for uses which are otherwise the most difficult to decarbonise. Electrification must currently be regarded as the priority.

Public transport

As well as use of electric cars and buses, it is important to increase the capacity for 'modal shift' – where less people are using their cars and public transport is an affordable, reliable and feasible option for many of our citizens. In order to do this, the public transport available must be green, but also affordable, reliable and meet peoples' needs.

The strengths and weakness of public transport provision in the area are widely recognised. In the major cities of Cambridge and Peterborough, the bus networks are relatively good, and extend to direct links with neighbouring towns. Outside these cities, however, the network is weak with poor access to key services and amenities.

¹⁶ The CCC expects price parity by 2030.

From the perspective of the user, the key to transforming public transport for the better lies in cost competitiveness with use of the car, but also in making the service more convenient – a reliable service; knowing where the vehicle is and when it can be expected; being able to book and pay for a service easily (for most, this is likely to mean with a hand-held device). It will also, post-COVID-19, have to feel safe again.

An improved public transport network has the potential to induce mode shift away from cars, with benefits in reduced greenhouse gas emissions. If the public transport provision shifts further away from fossil fuelled vehicles towards low-carbon vehicles, this benefit can be further increased. The case for public transport investment, however, rests on wider arguments than mode shift: accessibility/opportunities; air quality improvement; congestion reduction; and economic growth. It is particularly important that public transport plans ensure affordability, and that more deprived communities are thereby able to access services and opportunities.

The Strategic Bus Review will need to take a holistic view of these benefits. Part of this consideration, however, should be to look at the opportunities for an expansion of on-demand provision. Many rural routes are currently subsidised. There is potential to shift this subsidy towards provision of on-demand services, with benefits in terms of convenience and service quality to users, and emissions savings from the use of electric vehicles. Provided average vehicle occupancy can be maintained at reasonable levels there is potential for savings in subsidy payments once services become established.

One option that could be actively considered is an on-demand service connecting isolated locations with traditional bus services operating along the main roads connecting major towns. This could be complemented by secure bicycle parking at bus stops on linking routes, to enable people to use bikes or e-bikes to connect with bus services. Making buses more accessible will make bus services more attractive and could also induce some mode shift away from cars (and cost savings for the user).

The CPCA is currently exploring the possibility of a pilot on-demand service in Huntingdonshire, to run on top of existing services. This seems an appropriate next step.

Other options for autonomous public transport systems are being developed. The most significant of these currently is the proposed Cambridgeshire Autonomous Metro (CAM),¹⁷ connecting St Neots, Alconbury, Mildenhall and Haverhill with Cambridge, and including tunnels beneath Cambridge city centre. This aims to deliver high quality public transport with electric vehicles, and active travel links to feed the wider area into the service. It would also connect through the major new developments already allocated in Local Plans, supporting economic growth and the delivery of future new jobs, with connections to new homes and to key railway stations.

In the long-term, it has been suggested that the CAM network could be expanded beyond the current proposal. The wider use of autonomous mass transit systems has been explored in a paper for the Greater Cambridge Partnership.¹⁸ This suggests that such systems have potential to be significantly lower cost than rail, and that the Cambridge guided busway (north and south sections) could be the starting point for further demonstrations and development.

¹⁷ <https://cam-metro.co.uk/>

¹⁸ CAPIER (2018), Cambridgeshire & Peterborough Independent Economic Review, Final Report.

Schemes like the CAM could play a role in improving connectivity and encouraging the shift away from car use, providing they are part of a holistic approach to encouraging the use of public transport and active travel through the location of essential services and the location and layout of new development. A substantial part of the case for such schemes is around the contribution to the economy of the region. If they go forward then construction should aim to minimise impacts on emissions, and the operations must be designed to be zero carbon.

Active travel and reducing the demand for travel

The area is a growth location. The LTP sets out infrastructure improvements that are underway, focused on road, rail and other public transport projects. It has a heavy reliance on additional road building to meet projected future demand and it is important that there is a change of emphasis to reducing the demand for travel - to minimise the need for further infrastructure.

The Cambridge and Peterborough Independent Economic Review (CPIER) identified a package of infrastructure projects, including for transport, as the single most important priority to alleviate what it called “the growing pains of the Greater Cambridge area”. There is a welcome commitment in the LTP that all new public transport and highway infrastructure should be designed to include parallel walking and cycling corridors. However, in assessing needs to cope with a growing population, it is important to recognise that physical infrastructure (roads) may not always be the answer. It is proven that road-building programmes, in the long-run, attract more traffic, adding to the congestion and other costs they were designed to alleviate. All proposed road projects should consider if the objectives, particularly where proposed to meet rising demands, could be met in other ways – through measures to reduce demand, such as broadband, or to meet demand in other ways, such as public transport and active travel. There is a need to reallocate road space to bus and cycle lanes to encourage more use of these modes.

The Government’s 10-Point Plan includes provision for expanded infrastructure related to cycling and walking. It envisages increased provision of segregated cycle lanes and low-traffic neighbourhoods. A new body, Active Travel England, will hold the budget and assess local authority performance.

Our survey responses indicate strong support for active travel measures. There is a need to build on the existing and planned cycling infrastructure in Cambridge and Peterborough, and consider how this can usefully be extended. Linking up other areas, towns and villages has potential for significant community and health benefits, but requires investment to ensure safe routes, segregated from motor vehicles, whilst able to cope safely with electric bikes and potentially electric scooters as well.

We have also seen over the past year, in the response to COVID-19, the high value that people put on nature and green spaces for their well-being, and the benefits that can come from increased home-working:

- Home working is not suitable for all jobs, but increased priority should now be given to measures that will help maintain and encourage this shift, where it is wanted by employees, through improved broadband coverage for example.
- Digital and mobile connectivity, as well as green space and public transport links, should be key priorities in considering the siting and design of new developments.

Freight

It is clear from the traffic and emissions data for CPCA that the area has a strong interest in freight decarbonisation. Indeed, the logistics and distribution industries are important within the local economy:

- wholesale and retail distribution are substantial contributors to output in Fenland and South Cambridgeshire;
- with connections to ports on the east coast and to the A1, Peterborough is close to the location of substantial distribution centres.

The greatest contribution to decarbonisation will be through the decarbonisation of the vehicles themselves, HGVs and LGVs. In relation to this, it is significant that the Government recently announced, as part of its 10-Point Plan, that it would consult on a phase-out date for the sale of new diesel HGVs. This adds to the existing commitment, now brought forward to 2030, to end the sale of new fossil-fuelled vans.

The scale of emissions attached to the movement of freight in the CPCA area gives the area an interest in moving faster. There are also a number of wider benefits to such actions, from improved air quality and health, and reduced congestion. The presence of the logistics and distribution industries may also give CPCA an influence and leverage in encouraging actions by others.

We have therefore been keen to look at potential for measures that could be taken locally.

There is potential for development of consolidation centres, to receive goods brought in by heavy vehicles, and transferring these to electric vehicles – or even cargo bikes - for the final few miles to the purchaser. An important element in their success is likely to be an understanding amongst their users of how their costs and benefits will be shared (for example, the opportunity to combine loads of different carriers for final delivery can lead to better utilised trucks). Experience is limited, but trials reported by the Transport System Catapult¹⁹ have suggested cost-effective reduction in vehicle movements of 50-85%. Cambridge and Peterborough could be useful locations for wider trials.

Use of electric vans for last mile delivery will be dependent on the provision of convenient fast charging facilities in urban areas, allowing vans to charge quickly and conveniently during the day. It will also require charging for vans at night, so affordable grid connections for depots or the provision of kerbside charging for vans located at drivers home overnight will be important. The use of electric HGVs will also necessitate charging at depots and distribution centres. The costs of grid connections for this infrastructure can be prohibitively expensive and solutions need to be developed at a national government level (Chapter 2). It would be helpful for the local Distribution Network Operator (DNO – UK Power Networks) to develop tools to assist charge point operators identify where there is capacity in the local electricity grid to which new charging can be connected (and thereby minimise these costs).

¹⁹ Transport Systems Catapult (2018), Consolidating public sector logistics operations.

The region should explore opportunities in relation to short-haul freight, such as the movement of agricultural products from farm to warehouse or distribution centre. Opportunity charging of the kind proposed for electric buses, with charging at the warehouse, could be a suitable option for electric lorries making trips of up to 100 miles.

What does it mean if we take these actions?

There will be an upfront cost to the switch towards electric vehicles, reflecting the higher initial cost of the vehicles and the development of electric charging infrastructure. This will, however, produce cost savings in future years, as EV purchase costs move towards parity with conventionally fuelled vehicles and lower running costs then dominate the comparison. Longer-term this is a switch that will both reduce emissions and reduce costs.

This is an assessment that is shared by the PCAN analysis that suggests an investment requirement, across the region, of £1.4 billion over the next couple of decades, but indicates that much of this is cost-effective and will pay for itself in energy savings (even before allowing for the emission reduction and other benefits).

To the extent that there is an initial cost, much of this will be met by the private sector, with Government contributions towards the cost of infrastructure. In making the transition, however, it is important that different areas are treated fairly and not left behind. There is an argument, inevitably, for infrastructure development to be concentrated initially in more affluent and denser urban areas, where EV demand may begin higher. Government policy, however, is for the sale of new petrol and diesel car and vans to end by 2030. The required infrastructure needs to be in place across the entire region, and the levelling up agenda also calls for towns and villages in rural areas to be part of this network as soon as possible. An initial focus on bringing areas with lower levels of provision up towards the levels of the best is justified.

Beyond these economic impacts there are a range of synergies with other issues such that actions to reduce our emissions should have substantial co-benefits:

- development of the public transport network, and extension into schemes such as on-demand buses, will help connect people, so our communities are more inclusive, with enhanced links to jobs, training opportunities and services, such as hospitals;
- transport as a service model, such as car sharing, can be lower cost;
- switching away from fossil fuels will produce physical and mental health benefits from improved air quality in our urban areas and from greater active travel;
- there is potential to direct new investment into walking and cycling to more deprived areas, where existing air quality may be worse and health benefits highest;
- measures to expand public transport and to consolidate deliveries will reduce congestion;
- the planning of new developments to link into public transport and incentivise active travel, alongside access to nature and greenspace, will improve health and increase inclusion.



Buildings

Recommendations

Our assessment leads us to make the following recommendations. We recognise that these will have financing and equity implications, which we begin consideration of in Chapter 2, but require further consideration in working up implementation plans.

1. The CPCA and constituent authorities should support local area energy planning that identifies heat zones for buildings (e.g. suitability for heat pumps or district heating) and retrofit priorities.
 - Develop local energy plans, working with stakeholders, to have a key role in preparing for the decarbonisation of heat in buildings: identify which heat and energy efficiency options and national policies are particularly suitable in different areas; consider zoning areas for specific heating solutions; throughout the process, engage and communicate with the local communities to develop a good understanding of issues and foster awareness and willingness to take action
2. All new buildings should be net zero ready by 2023 at the latest and designed for a changing climate.
 - Adopt a net zero ready standard for new homes (requiring “world-leading” energy efficiency and low-carbon heating in new homes) by 2023, and adopt a similar standard for non-domestic buildings;
 - All new residential and non-residential developments with parking provision should be equipped with charging points;
 - All planning applications to require overheating calculations and mitigation measures, and testing against climate projections to 2050;
 - New buildings should meet tighter water efficiency standards of 110l/person/day, and below this when building regulations allow;
 - All new build must have effective ventilation in use and safeguard indoor air quality;
 - All new build to incorporate sustainable urban drainage systems;
 - Where appropriate, new build to incorporate property level resilience measures;
 - The CPCA and constituent authorities should consider developing new build guidance to address embodied emissions (for example, a template for embodied emissions similar to the GLA), with targets strengthening over time.
3. New developments must be considered within a spatial strategy that prioritises sustainable development, low emissions and low risks from climate change.
 - New developments to be sited to minimise emissions implications, including through making them attractive for walking and cycling, and access to wider transport infrastructure;
 - All new build must have access to green space and nature;
 - Developers must identify biodiversity assets and potential to enhance these as part of the development and future management of the site.

Recommendations

4. All existing buildings achieve high energy efficiency standards, and are heated from low-carbon sources
 - Every building should, starting by 2025 with those below EPC "C", have a renovation plan (digital green passport, extended to include water efficiency, incorporating passive cooling measures and property level flood resilience measures where appropriate), setting out a clear pathway to full decarbonisation;
 - Home retrofit will need to be rolled out across the building stock, incorporating cooling measures as well as energy efficiency, water efficiency and heat decarbonisation. The CPCA should take a lead in encouraging home-owners to move towards net zero, including by finding innovative ways to encourage behaviour change and support financing;
 - The CPCA and constituent authorities should prioritise achievement of net zero emissions for social housing. Digital green passports could be piloted in social housing first;
 - Electric charging points required for buildings with parking provision undergoing extensive renovation
 - Make full use, in the short-term to 2021-22, of Green Homes Grant funding, especially in relation to "no regrets" energy efficiency improvements, and in the medium-term of successor funding schemes available from central Government;
5. Performance is actively monitored and standards fully enforced
 - Performance measurement must reflect real-world energy use;
 - Resources for enforcement of new build standards and minimum private rented standards must be prioritised.
6. CPCA and local authority own estate is net zero by 2030 at the latest.
 - Public sector estate should by 2025 have a plan to achieve best practice energy use
 - Energy use and emissions on public sector estate should be monitored and reported.

Summary

- CPCA emissions from energy use in domestic buildings were 1193ktCO₂ in 2018, 21.6% of all CO₂ emissions. This is a lower share than across the UK (28.0%). This covers emissions for space heating and for hot water, as well as emissions attached to the generation of electricity for heating and appliances.
- There are also emissions associated with use of buildings in the commercial, industry and public sectors. These are smaller than emissions from domestic buildings, but must also be addressed.
- Around 73% of CO₂ emissions from domestic buildings are direct emissions attached to the use of gas, principally, and oil; 27% are indirect emissions attached to the generation of electricity used in buildings. Our main focus is on these direct emissions. These were 14% lower in 2018 than 2005, but not falling at a rate consistent with meeting future targets.
- Reaching net-zero across the UK by 2050 requires buildings emissions reduced very close to zero. Options to deliver this have been identified. The Climate Change Committee's latest scenarios are based on pathways to zero emissions from buildings in 2050.
- Many of the levers to achieve this – such as buildings standards – are at national level. But within a national framework for emissions reduction, there is likely to be significant variation in the balance of solutions across regions. There remains much that the CPCA and constituent authorities can do to identify and apply appropriate options.

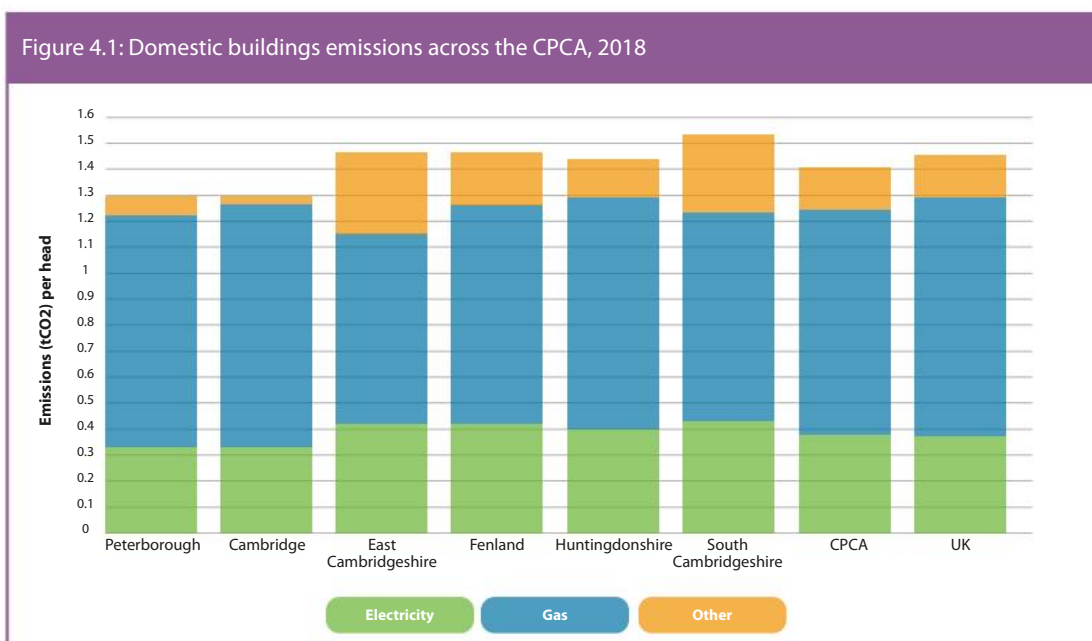


- There is a range of other benefits from taking these actions – reduced energy bills; enhanced protection from the risks of climate change, including flooding and over-heating; more comfortable homes and buildings to live and work in; health benefits, especially in winter from living in better heated buildings; biodiversity gains; physical and mental health benefits from improved access to green spaces and nature.

Buildings in the Combined Authority Area

Domestic buildings

Direct and indirect emissions¹ from domestic buildings across the Combined Authority were 1193ktCO₂ in 2018, around 1.4tCO₂ per head of population. This is similar to the average across the UK as a whole (1.45tCO₂ per head). The split across fuels is also similar to the national average. There are, however, significant differences within the region (Figure 4.1). Relative to population, emissions are relatively low in Cambridge and Peterborough. This is likely to reflect higher numbers of households off the gas grid outside the main urban areas, and greater use of oil for heating.

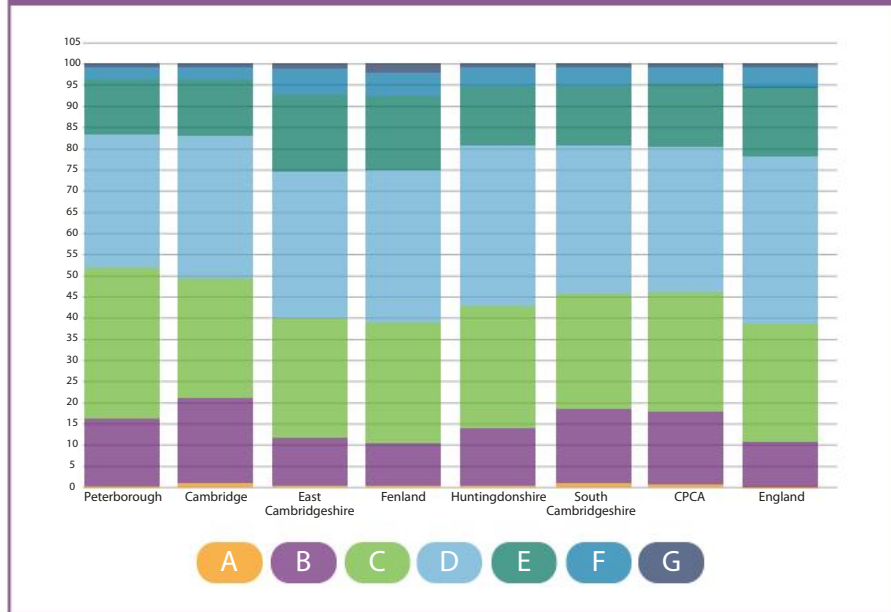


The quality of the building stock is also likely to be a factor. In terms of Energy Performance Certificate (EPC) energy efficiency rating², a higher proportion of dwellings in CPCA are rated C or above (46%) than in England (40%). There is significant variation within the authority area, however, with 52% C or above in Peterborough, but only 40% in East Cambridgeshire and 38% in Fenland (Figure 4.2).

¹ Direct emissions are from the burning of fossil fuels, principally gas, and indirect emissions are emissions from the generation of electricity which is then used in buildings.

² Energy Performance Certificates rate the energy efficiency of a building from a rating of A (very efficient) to G (inefficient). They are not available for all buildings – they are required when a property is built, sold or rented.

Figure 4.2: EPCs by energy efficiency rating across the CPCA (% of EPCs issued 2008Q4 – 2020Q2)



Information on the breakdown of ownership or tenancy type is quite dated, but appears very similar as for England as a whole (Figure 4.3), though the social rented stock rented direct from local authorities is relatively low.

Figure 4.3: Ownership and tenancy across the CPCA and England, 2011, %



Indirect emissions from electricity use in CPCA have fallen in line with the decarbonisation of power generation across the UK and the greater efficiency of appliances. Direct emissions from burning fossil fuels were 14% lower in the CPCA area in 2018 than in 2005, but there is year to year variation in emissions depending on temperatures. The reduction over that period was a little below that for England as a whole (-20%), which may partly reflect relatively higher population growth in CPCA.

Progress in moving towards low/zero carbon options has been slow:

- There has been an increase in the proportion of buildings rated at EPC C or above, but not at a rate to achieve Government targets for 2030 or 2035;
- Around 4,000 new homes are being built annually in the CPCA area. These are not net-zero emission homes, but will tend to have better energy performance than the existing stock. Indeed, EPC ratings for new dwellings (new build and conversions) are relatively good for CPCA. For new dwellings in 2019, 92% were rated A or B, as against 83% across England;
- Relative to population, the number of installations under the Renewable Heat Incentive (1,613 since April 2014³) is a little above the national average. Nevertheless, this amounts to only around ½ % of the housing stock.

There are some good examples of new developments or schemes, for example at Marmalade Lane, Cambridge (Box 4.1) The Combined Authority has also recently announced the provision of start-up grants to support community-led housing projects. But the underlying picture remains that considerable further actions will be needed to reduce emissions consistent with net zero.

Box 4.1: Recent developments

Marmalade Lane, Cambridge is an award-winning sustainable neighbourhood of 42 newly built homes, built to close-to-Passivhaus standards, with community facilities and shared gardens:

It is a cohousing development where residents have a stake in common areas – including a “common house” with kitchen, areas to socialise in, meeting rooms, and a separate small gym – and contribute to their management;

The homes, built to the Trivselhus Climate Shield building system, are highly energy efficient. They are precision made in wood from sustainably managed forests and have a small environmental footprint;

All properties have mechanical ventilation and heat recovery (MVHR) to deliver clean air whilst reducing heat loss, and renewable energy from air source heat pumps;

The Lane is a child-friendly, car-free street running through the development. Car parking is kept to the periphery. The location is close to the Cambridgeshire Guided Busway and cycle ways. All residents have access to secure cycle parking.

Source: Marmalade Lane – Cambridge’s first cohousing community, <https://marmaladelane.co.uk>

Non-residential buildings

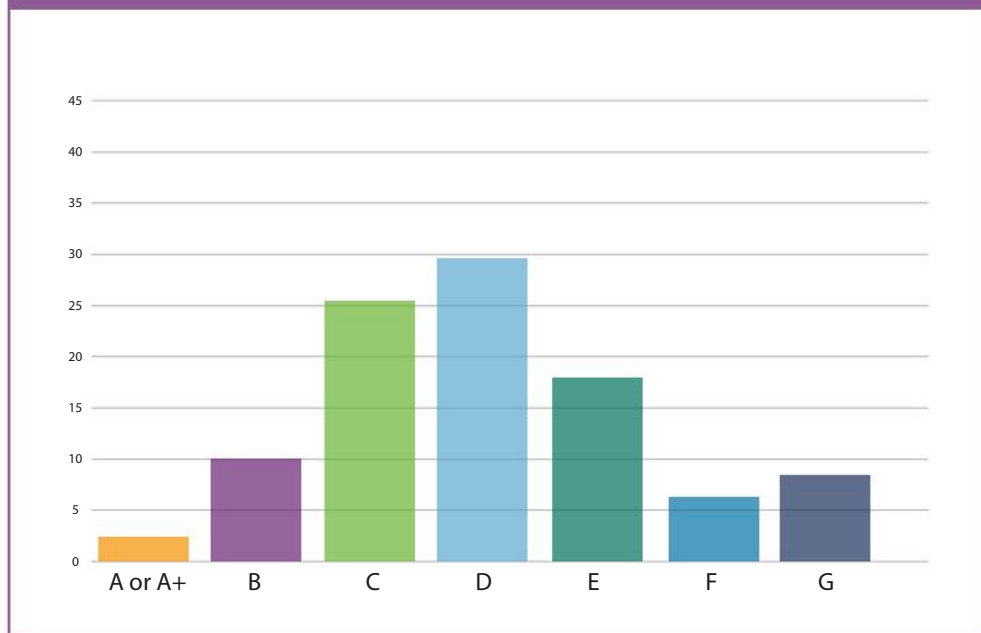
We do not have good data on emissions from non-residential buildings. At local authority level, these are included within national statistics in the wider category of the industry and commercial sector, which includes industrial processes.

The scale of emissions is not so large as for domestic buildings. For the UK, direct emissions from energy use in commercial buildings are around 18% and in public buildings around 12% of domestic buildings.

There are a total of 13,701 non-residential buildings with EPCs across CPCA. The distribution of these by Energy Performance Rating (Figure 4.4) is very similar to that across England as a whole – over 60% are below EPC C.

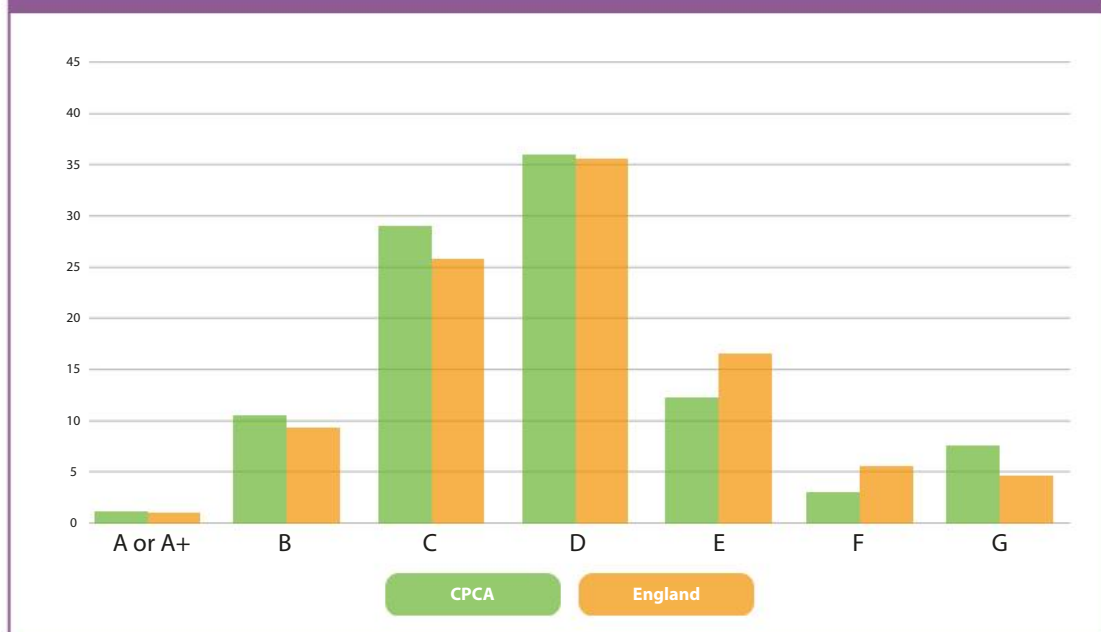
³ Data as at end September 2020.

Figure 4.4: EPC Energy Performance Rating, Lodgements in CPCA since 2008 Q4, %



We can see from Display Energy Certificate (DEC)⁴ data that performance is similar to England as a whole. For DEC's issued in 2019 (Figure 4.5), 39.9% were rated C or above (36.7% in England). A higher proportion attracted the worst (G) rating.

Figure 4.5: Display Energy Certificate Energy Performance Operational Rating, 2019, %



⁴ DEC's are required for buildings with useful floor area over 250m² that are occupied in whole or in part by public authorities and frequently visited by the public. The operational rating reflects actual energy consumption over the last 12 months within the validity period of the DEC.

Adaptation

Work commissioned for this report⁵ has examined the key climate change risks facing the region:

- **Flood risk:** large parts of the area are vulnerable to flooding – nearly 40% of the land is below sea level and much of the Fens is in flood zone 3.⁶ Changes in seasonal and annual precipitation mean that without further measures to address these risks:
 - Nearly 1 in 10 homes and nearly 1 in 4 agricultural and industrial production facilities may face flooding risk from rivers by the end of the century;
 - The region may face tidal flooding from storm surges, particularly at high tide if the Ouse and/or Nene rivers are already in flood.
- **Water supply:** the East of England is a water-stressed region, with growing water demand. With changes in the character of summer precipitation and increased summer temperatures, the region may experience seasonally lower river and aquifer levels than in past years.
- **Overheating:** the region will face increased overheating issues, particularly in the summer months, likely to be associated with health issues, higher excess deaths, and reduced productivity. Even under a stringent mitigation scenario⁷ maximum summer air temperatures across the region are likely to exceed an average 36°C in 1 year out of 20 by the middle of the century. Temperatures in some locations will be higher than the average across the region.

Current actions to address these risks include:

- Building of new homes is generally steered away from the highest flood risk zones. Nationally there is low uptake of low-regret actions to reduce flooding impacts, such as property and flood resilience measures.
- Water: Guidance in Greater Cambridge (Cambridge City Council and South Cambridgeshire) stipulates a minimum water efficiency standard for new residential developments of 110l/per person/per day, and registers a desire for developments to go further. Non-residential developments are expected to show improvements of 55% over baseline water consumption (Cambridge) or 25% (South Cambridgeshire). The latter can probably be met by efficiency measures; the former is likely also to require water harvesting or recycling.
- Overheating: nationally, evidence suggests that around 20% of homes experience overheating in the current climate. The issue is not addressed in current building standards, nationally though there are plans to do so. Guidance in Greater Cambridge recommends that thermal modelling be undertaken to understand the performance of proposed new developments, with buildings designed and built to meet CIBSE's latest overheating standards, and consideration given to future climate scenarios. References to further guidance include that provided by the Good Homes Alliance.⁸

5 CZ (2021), Aines, E.D., Simpson, C., Munro-Faure, A., Shuckburgh, E., Preliminary report on climate risk in the Cambridgeshire & Peterborough region, 2020-2099, Cambridge Zero: University of Cambridge.

6 Flood zone definitions are set out in National Planning Policy Guidance. Land in flood zone 3 has a 1 in 100 or greater annual probability of river flooding, or 1 in 200 or greater annual probability of flooding from the sea.

7 RCP2.6: an emissions pathway likely to keep global temperature rise below 2 degrees C by 2100.

8 Good Homes Alliance (2019), Tool and guidance for identifying and mitigating early stage overheating risks in new homes.

- Green Spaces: the Future Parks Accelerator Project (Box 4.2) is a good example of a collaborative project with potential gains for public amenity and health, biodiversity and reduced overheating.

Box 4.2: Cambridgeshire and Peterborough Future Parks Accelerator

The Future Parks Accelerator (FPA) project is a collaboration between the 7 local authorities of Cambridgeshire and Peterborough and the Local Nature Partnership, including Natural Cambridgeshire.

Scheme objectives include to map existing open space, develop long-term plans for its management, and identify sustainable long-term funding and governance models for new and existing parks. The scheme emphasises community engagement, and will look to provide skills and training to develop our green spaces.

The project has £700,000 funding from MHCLG, the National Lottery Heritage Fund and the National Trust. The Cambridgeshire and Peterborough project was chosen for funding in 2019 from more than 80 projects submitted by councils and communities across the UK.

What has the Climate Change Committee recommended?

The national Climate Change Committee (CCC) has developed scenarios for sectoral emissions in 2050 consistent with achievement of net zero emissions overall.⁹ More recently it has made recommendations for the pathway to net zero.¹⁰

To be on track to near zero emissions from buildings by 2050, the CCC's balanced pathway has 4 priorities over the next decade or so:

- Deliver on the Government's energy efficiency plans to upgrade all buildings to EPC C over the next 10-15 years;
- Scale up the market for heat pumps, as a critical technology for decarbonising space heating;
- Expand the roll-out of low-carbon heat networks in heat dense areas like cities, using anchor loads such as hospitals and schools;
- Prepare, through a set of trials, for a potential role of hydrogen in heat.

In delivery terms, this means:

- Efficiency of existing buildings:
 - By 2028, rented homes achieve EPC C, such that all practicable lofts and cavities are insulated, alongside other low-regret measures, with solid wall insulation deployed where this supports low-carbon heat and wider (social) benefits.
 - Homes with mortgages (a little under half of all owner occupied homes) achieve EPC C by 2033, such that all practicable lofts and cavities are insulated, alongside other low-regret measures, with solid wall insulation deployed where this supports low-carbon heat and wider (social) benefits. This is achieved through standards for lenders.
 - By 2028, no dwellings can be sold unless they meet a minimum EPC C standard.

⁹ CCC (2019), Net Zero – The UK's contribution to stopping global warming.

¹⁰ CCC (2020), The Sixth Carbon Budget – The UK's path to net zero.

- For non-residential buildings, energy efficiency improvements in the commercial sector are made by 2030 to meet the Government's target of reducing business and industrial energy consumption by 20%, and by 2032 in the public sector, to meet the target to reduce public sector energy consumption by 50% (against levels in 2017).
- Heating for existing buildings:
 - By 2028, all heating system sales off the gas grid are low-carbon (with exemptions for any buildings in zones designated for low-carbon district heat).
 - By 2033 (or earlier, 2030, for public buildings) all heating system sales are low-carbon (with exemptions for any buildings in zones designated for low-carbon district heat or hydrogen).
- New build:
 - By 2025, at the latest, all buildings are built with ultra-high levels of energy efficiency and low-carbon heating (e.g. heat pumps or low-carbon heat networks).

In policy terms, this leads CCC to recommend:

- Heat and Buildings Strategy (due from the Government soon): an ambitious heat strategy which sets the direction for the next decade, with clear signals of the phase out date of fossil heating and commitment to funding. This must include a clear set of standards; plans to introduce green building passports; and a role for area-based energy plans.
- Standards for existing buildings:
 - Bring forward the date to reach EPC C in social homes to 2028, in line with the Private Rented Sector (PRS) proposals, and finalise the delivery mechanism.
 - Implement PRS proposals.
 - Implement improvements to the EPC framework, including ensuring they drive the energy efficiency measures that are needed.
 - Develop options to cover the regulatory policy gap for owner-occupied homes, looking at trigger points at the point of sale and through mortgages.
 - Publish proposals for standards to phase out fossil fuels, and in-use standards in commercial buildings.
- New build standards:
 - Implement a strong set of standards – with robust enforcement – that ensure buildings are designed for a changing climate and deliver high levels of energy efficiency, alongside low carbon heat.
 - Publish a robust definition of the Future Homes Standard and legislate in advance of 2023, for implementation by 2025 at the latest.

In relation to adaptation, the CCC has also recommended:

- Introduction of a new standard or regulation to ensure that overheating risk is assessed at the design stage of new-build homes or renovations. This should ensure that passive cooling measures are prioritised over active cooling
- A national target for increasing the area of urban greenspace
- Review new build regulation standards to allow local authorities to set more ambitious standards for water consumption, especially in current and future water-stressed areas
- Resources and support for local authorities to ensure measures are being put in place to increase the area of greenspace and the area of permeable surfacing in all urban areas
- A statutory consultee be put in place for assessing new developments in areas of surface water flood risk.

What is Government policy?

The UK Government recognises that policies are not currently in place to deliver net-zero emissions, but has set out some policies, is consulting on others and has set out strengthened ambition within its 10-Point Plan:

- The Government aims to improve EPCs in private rented homes to a rating of C by 2028, in fuel poor homes by 2030, and in other (owner occupied) homes by 2035
- The Minimum Energy Efficiency Standard (MEES) took effect in April 2018 and sets a minimum energy efficiency standard of Band E for properties let out by residential and commercial landlords, to be met - subject to cost limits - by April 2023.
- The Green Homes Grant scheme has been extended for a further year (to end-March 2022). This provides grants for householders to cover up to two-thirds of the cost of insulation or low carbon heating improvements (maximum value £5000) or 100% of cost for those in receipt of a qualifying means-tested benefit. An element of funding is also available to local authorities to support low-income households through the Green Homes Grant Local Authority Delivery Scheme – a second round of this scheme closed for applications in December 2020, but a further £300m is to be allocated through Local Energy Hubs in 2021.
- The Government has recently announced its response to consultation on a Future Homes Standard, with CO₂ emissions 75-80% lower than current standards.
 - It has committed to set a level of performance standard meaning that new homes will not be built with fossil fuel heating, and that homes built to the standard will be “zero-carbon ready” – with high energy efficiency such that further energy efficiency retrofit will not be required for them to be zero-carbon as electricity decarbonises.
 - To meet the “zero-carbon ready” pledge it is widely believed that the standard will have to go further than levels previously suggested by the Government, but consultation on the technical standard will not begin until 2023.

- Performance-based ventilation standards are to be implemented.
- Implementation in new build will be from 2025.
- Local authorities will retain, in the short-term at least, powers to set local energy efficiency standards for new homes that go beyond the national level.
- It is proposed, following consultation, to introduce a Future Buildings Standard for new non-residential buildings from 2025;
- It is proposed that all non-residential private-rented buildings should, where cost-effective, meet EPC B by April 2030.
- The Renewable Heat Incentive (RHI) is to be replaced from April 2022 with a Clean Heat Grant for households and small non-domestic buildings. Subject to the budget and time-limited nature of the proposal (so far), this would enable the installation the installation of heat pumps and in limited circumstances biomass.
- A Renewable Heat Strategy is to be published. In the meantime, the 10-Point Plan has indicated a target for 600,000 heat pump installations by 2028, and there is a commitment to phase-out installation of high-carbon fossil fuel heating (coal and oil) in homes off the gas grid in the 2020s.
- An over-heating mitigation requirement in Building Regulations is to be introduced for new homes.

The main regulatory policy gaps relate to efficiency standards for 15.5m owner occupiers (of which over 65% are below EPC C), owner occupied commercial buildings, and plans for phasing out natural gas heating.

The role of local and combined authorities

Emissions reductions in the UK to date have been mainly driven by reductions in emissions from the power sector. Much of that has happened without the need for significant public engagement – a supportive policy framework has allowed generation companies to make the low-carbon investments in renewables and switch away from coal and gas.

Improving the efficiency of our building stock and switching to zero-carbon heating presents a substantial and different challenge. Millions of households will need to make decisions to allow changes within their own homes, whether investments in energy efficiency or to change to low-carbon heating. Co-ordination of actions will help to bring down costs and will be required to take forward some of those measures (such as district heating). Public engagement and support will be essential to making progress.

A national policy framework to support decarbonisation of buildings is required, and provide resources where required to supplement private funding. But policy will need to be flexible to allow different choices according to local circumstances. Local authorities are well-placed to help drive the changes that are required:¹¹

- Facilitation – convenor to bring people and groups together to help develop and implement retrofit programmes and local energy planning;

¹¹ These bullets draw on the UK Green Building Council Retrofit Playbook, but there are many similar assessments.

- Understanding – local authorities have and can further develop understanding of the quality of the building stock in their area, the social and economic characteristics of the occupiers, and viability of different options in different areas;
- Communication – provision of information to residents and business on the benefits of efficiency improvements, on low-carbon heating options, and use of accredited installers and suppliers;
- Coordination – local authorities can take a central role in coordinating action. They can set up or support “one stop shops” to support residents on their retrofit journey. They can liaise with finance providers and look to pilot new financing mechanisms;
- Being a “trusted partner” – research shows that local authorities are consistently more “trusted” than national government and other stakeholders. They can use this status to help build community consensus, particularly where that is needed on plans for heat decarbonisation;
- Supporting the growth of local skills and supply chain. Local authorities can take a leading role in supporting skills providers to ensure that local supply chains gear up to deliver. They can work with the supply chain to promote accreditation.
- As developers and in delivering retrofit on social housing. Local authorities can take a lead on delivery for their own social housing and own estate more widely, and working with other social housing providers.

The evidence base for emission reduction requirements to 2050 and assessment of options

In assessing the scale of the challenge for CPCA in moving towards net zero, and the available options, we have considered evidence from a range of sources. This section summarises some of the key sources¹².

CCC Net Zero Technical Report / CCC CB6 recommendation

The CCC’s Net Zero Report and Net Zero Technical report¹³ provide an assessment of options to take the UK to net zero emissions by 2050. The Sixth Carbon Budget Report and Methodology Report¹⁴ update this analysis, with a focus on the pathway for emissions through the 2020s and to the sixth carbon budget period (2033-37). This includes a pathway for emissions from buildings – covering energy efficiency and low-carbon options for heat.

Net Zero Cambridgeshire (CUSPE) report

The Net Zero Cambridgeshire (CUSPE) report considers the make-up of emissions in the CPCA region and provides projections to 2050 for a number of possible scenarios. Reflecting an increasing population, significant new build is projected.

In a scenario where all new homes are built to the highest energy efficiency standards from 2020 and existing homes are retrofitted to EPC “C” over the 10 years to 2030, emissions are reduced by around 50% by 2050.

¹² This is necessarily selective. Some of the evidence is locally focused; some is national with potential application locally.

¹³ CCC (2019), Net Zero – Technical Report.

¹⁴ CCC (2020), The Sixth Carbon Budget – Methodology Report.

¹⁵ CUSPE (2019), Net Zero Cambridgeshire, October 2019.

This illustrates the critical need for appropriate energy efficiency measures to be deployed in existing buildings, in conjunction with efficient non-fossil heating technologies. Applying assumptions consistent with the CCC's Further Ambition scenario, which informed the CCC's net zero recommendation to the UK Government, CUSPE's assessment – including that all but 10% of homes move off the gas grid – finds CPCA emissions from the domestic building stock fall around 92% by 2050.

Place Based Climate Action Network

We commissioned work on a net zero carbon roadmap for the region from the Place Based Climate Action Network (PCAN)¹⁶ (Chapter 2). This found that many emission reduction measures within the buildings sectors are cost-effective – they would more than pay for themselves through the energy cost reductions they would generate.

Overall, for housing these cost-effective measures could close the gap between projected emissions in 2050 and net zero by around 53%. For public and commercial buildings, they could close the gap by around 39%. Other measures are identified that could close the gap for housing by a further 25% and for public and commercial buildings, also by a further 25%. These measures would have higher up-front costs, not fully paid back in energy savings, but would have emission reduction and other benefits.

Amongst the cost-effective options are insulation, draught-proofing and (some) heat pump installations in domestic buildings; and fabric, lighting and heating improvement measures in public and retail buildings. The highest emission savings come from improved insulation and installation of heat pumps in domestic buildings. The report provides indicators for the rates of installation needed over time to meet the estimated emission reductions – ranging in homes, for example, from 3,000 cavity wall insulations to 15,000 heat pump installations a year.

Carbon Neutral Cambridge

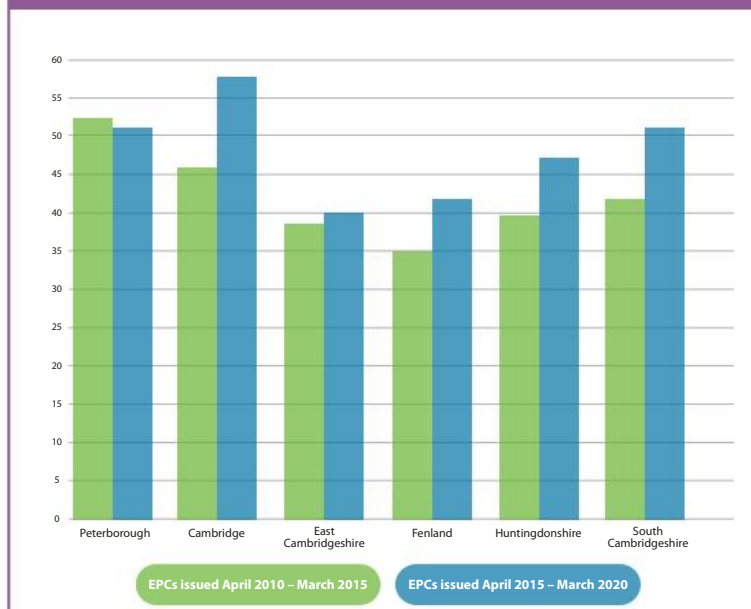
Recent analysis by Carbon Neutral Cambridge (Box 4.3) suggests significant numbers of homes across CPCA would benefit from basic energy efficiency measures – 31,000 homes with roof insulation below 20% of recommended levels; 31,000 homes with uninsulated or partially insulated cavity walls.

¹⁶ PCAN (2021), A Net-Zero Carbon Roadmap for Cambridgeshire and Peterborough, Sudmant, A., Duncan A., Gouldson, A., ESRC Place Based Climate Action Network, University of Leeds.

Box 4.3: Hot Numbers – energy upgrade opportunities in the CPCA

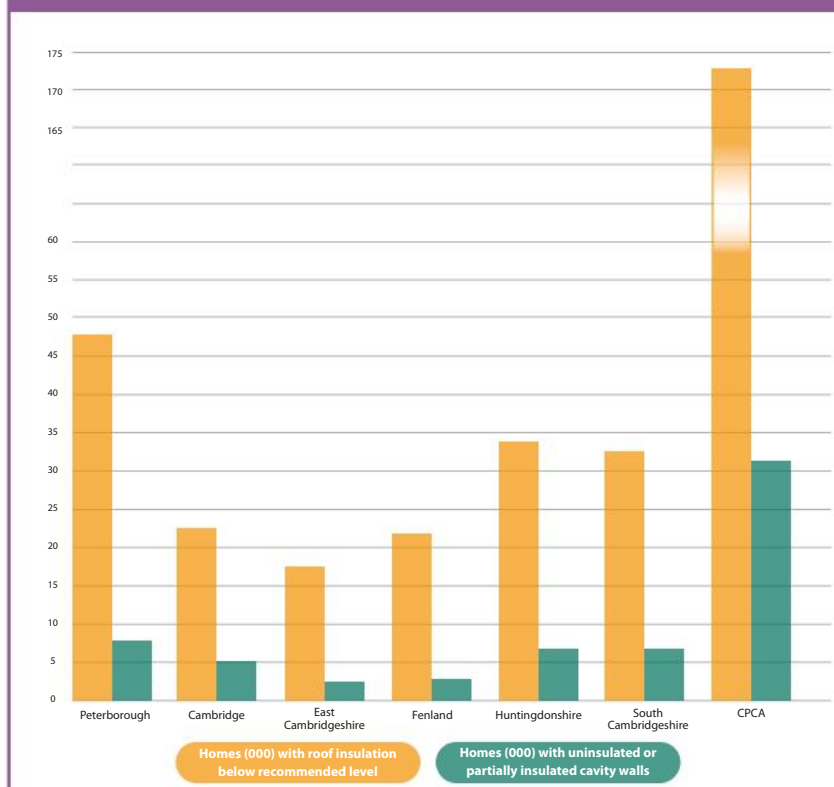
The “Hot Numbers” report by Carbon Neutral Cambridge (CNC) uses EPC data to quantify the scale of improvement needed to meet EPC C by 2035. It shows an increase in the proportion of EPCs at C or above over the last decade, but that there remain around 130,000 homes across CPCA that need improvement to reach EPC C.

Table B4.1: Proportion of EPCs at C or above (%)



The report identifies around 175,000 homes with roof insulation below recommended levels (of which 31,000 are below 20% of the recommended level) and 31,000 homes with uninsulated or only partially insulated cavity walls.

Table B4.2: Homes with inadequate levels of insulation



Source: CNC (2020), Hot Numbers: an overview of home energy upgrade opportunities in the CPCA.

Adaptation

We draw on work by Cambridge Zero, published with this report.¹⁷ This examines climate change risks facing the region (summarised above).

Public engagement

Evidence suggests that relatively small numbers of people identify heating their homes as a major contributor to emissions, and few are familiar with low-Carbon options as a means of moving away from fossil fuels for home heating.¹⁸ Faced with information about options, however, they are very willing to engage (Box 4.4).

Box 4.4: Public engagement – buildings

The Climate Assembly UK has shed light on public support for different heating solutions and priorities:

In relation to low-Carbon heating, Assembly Members supported the use of hydrogen, heat pumps and district heating. They stressed the importance of local areas being able to choose the options best suited to their needs. Most supported a ban on new gas boilers coming in around 2030 to 2035;

For home retrofits, they emphasised the need to minimise disruption to the home, put in place support for costs, and offer flexibility and choice to householders.

A high proportion of respondents to the CPICC Survey (76% of direct respondents; 58% of targeted respondents) viewed buildings as an important area for the Commission to focus on. A high proportion (71% of direct respondents; 64% targeted) said that they would be prepared to change how they heat their home.

More than half of the direct respondents (53%) agreed that they were currently considering a switch to a low-Carbon energy system. They were clearly a group with high motivation to consider change.

The proportion amongst the targeted respondents was considerably lower (26%). Many, however, said they would be encouraged to switch by grant funding towards the cost (70% of direct respondents and 79% of targeted respondents). Others might be motivated as part of a community scheme (35% and 24% respectively), or clear online advice (23% and 33% respectively).

Respondents were keen to see new homes located on public transport routes.

Our own survey provides support for this conclusion as well, though there were differences between those who responded direct to our survey and those recruited (“targeted”) through a survey company:

- both groups regarded buildings as an important area of focus, but more of the direct respondents (76%) than the targeted (58%);
- high numbers said they would be prepared to change how they heat their homes (71% of the direct respondents; 64% of the targeted). This still leaves a significant minority who need to be reached;

¹⁷ CZ (2021).

¹⁸ e.g. Eftec (2020), Heating our homes in a Net Zero Future: Understanding what matters to consumers, Eftec, ICS, for National Grid.

- fairly high numbers, particularly in the direct group, were actively considering switching to low-carbon heating. Amongst those who were not, particularly in the targeted group, many said that they could be motivated to do so by financial support. Others might be encouraged by community schemes or online advice.

These results suggest that well designed policies, including those that can reduce the potential hassle of arranging installation, have the potential to motivate householders towards consideration of low-carbon heating options.

We had a range of discussions with others, including UK Power Networks (UKPN), the local electricity network operator, who are working to understand implications for the grid of rising power demand attached to the growth in EV ownership and use of heat pumps.

Key areas for action

There is a growing consensus on the actions that need to be taken to shift buildings towards net zero (Box 4.5).

For retrofit of existing buildings the essential elements of the approach (developed further for CPCA in the section below) are to:

- Adopt a whole house approach: understand that a package of measures will be necessary and this package – covering improved energy efficiency and heat decarbonisation - must be appropriate for the individual building. Whilst a piecemeal approach to application of measures is likely to be inadequate, there are some low-regret or known cost-effective measures, to include cavity wall insulation and loft insulation, which should be implemented immediately.
- Develop the evidence base to provide in-depth understanding of the nature and quality of the building stock. In considering adoption of measures, it is useful to link this with understanding of the socio-economic characteristics of the residents (in terms, for example, of fuel poverty and ability to pay for measures). This can then inform understanding of the whole house measures that are needed and the potential for zoning areas for particular solutions.
- Provide advice in the form of a digital Green Building Passport, which covers the measures required for the building, how quality assurance on measures and installation can be achieved, (e.g. accredited installers), and potentially information on funding sources. This passport rests with the building, transferable with changes in owner. It can be updated as specific measures are implemented, and record impacts, such as on energy bills.
- Encourage householders and landlords to take action, through policy at key trigger points (such as when buildings are renovated or sold) and a rising trajectory of standards. Depending on how the policy framework develops, a time could be reached when actions become mandatory, but progress in advance of that will help to build supply chains.
- Consider the need for development of skills in relation to assessment of need for and delivery of energy efficiency measures and installation, maintenance and control of new heating systems.

Box 4.5: Components of an approach to decarbonising homes

Heat and energy-efficiency zoning

The Association of Decentralised Energy (ADE) has set out the case to adopt a “zoning” approach to specify a local area for active deployment of particular solutions. The method has also been developed in advice to Ofgem by the Centre for Sustainable Energy (CSE) and Energy Systems Catapult (ESC).

The case for “zoning” rests on there being no single solution for heat decarbonisation, but that specific options (including heat networks from a low-carbon source, heat pumps, biomass, hydrogen) may be more economic and work better at scale in specific areas.

The key elements of a zoning approach are to consider the circumstances and opportunities specific to the area – to include quality of the building stock and heat density; local resources, such as waste heat; wider energy demands such as electricity for electric vehicles; what these system issues mean for the practicality of different options; feedback from local stakeholders based on provision of information and consultation (to ensure resulting plans are seen as informed and legitimate). Having gone through this process, the aim would be to designate an area for active deployment of an appropriate solution.

Deployment of that option could then be progressed through national and local policy – which might extend to deadlines for ending installations of fossil fuel options, use of planning and building regulations, funding. Domestic consumers might not be required to take up a particular solution, but the barriers to the preferred zonal solution would be removed so that it becomes the easy way forward.

Association for Decentralised Energy: Getting (retro) fit for net zero: an approach for existing homes

This ADE paper emphasises the need for a whole-house approach, and a move away from piecemeal measures of the past. It suggests that:

- Retrofit targets must reflect the diversity of the stock, through scaling up local area energy planning and the use of green building passports
- Whole house strategies and deep retrofit are needed. This does not mean all the work must be undertaken in one step, but the building assessment should set out a long-term plan
- There are low regret actions (such as improved insulation) which make sense to get on with. Some zones might also be prioritised for action – for example, where electricity network issues have been identified, so it will be useful to reduce peak demands, or to help tackle fuel poverty.
- A zoning and whole house approach is likely to encourage the development of new more attractive finance options.

Construction Leadership Council (CLC)

The CLC has launched a consultation document for a national retrofit strategy. This calls for an integrated approach to transforming the energy and water needs of our homes – through design, installation and customer care:

- Building renovation plans (passports) for each house
- Skills training
- Area-based delivery programmes to build capacity, with QA and evaluation to ensure standards, grow consumer confidence and open up financing opportunities.

Sources: ADE (2020), Heat and Energy Efficiency Zoning: A framework for net zero for new and existing buildings; CSE/ESC (2020), Local Area Energy Planning: The Method, Final Review Draft, For Ofgem, July 2020; ADE (2020), Getting (retro)fit for net zero: An approach for existing homes; CLC (2020), Greening Our Existing Homes, National retrofit strategy, A consultative document, Construction Leadership Council.

For new build, it makes no sense to construct buildings now to standards that are inconsistent with net zero or the impacts of a changing climate, and will require retrofit later. New developments should also be planned to link into low-carbon district heating where available.

It is also widely recognised that there is a need to move towards standards based on measured energy use or emissions. Flaws in the EPC regime are widely recognised. Verification and enforcement processes will also need to be strengthened:

- The Green Construction Board,¹⁹ amongst others, has recommended that buildings design should move towards predicted performance of energy use, and that contracted energy performance targets must aim at the delivery of real (i.e. in-use) performance, covering regulated (e.g. heating and hot water) and unregulated (electric appliance) use.
- The Better Buildings Partnership has similarly called for “Design for Performance”, based on operational performance and reporting, moving away from a current “design for compliance” culture based on theoretical norms.

The importance of engagement

It is important to recognise that progress will depend on the decisions and concomitant behaviour of a large number of householders and property owners. Their willingness to act will depend on a range of factors: understanding of the need for change; availability of information on options to improve energy efficiency and change heating systems; availability of funding; confidence in the market and easy access to skilled assessors and installers to undertake the work. Unless these factors are addressed the perceived “hassle” of making change will act as a barrier to the necessary actions. To a significant extent, therefore, retrofitting and heat decarbonisation are behavioural policy problems, and lessons from behavioural science as well as traditional policy levers need to be explored and developed.

In looking to deliver retrofit and heat decarbonisation, it will be very important to design programmes that address these behavioural barriers. This suggests approaches that:

- Are as far as possible “whole house” and consider energy efficiency, low-Carbon heating, ventilation and cooling in an integrated way, and focus on real-world performance. This is where measures like the digital Green Passport have attractions, possibly extended from the current focus on mitigation measures to include adaptation and water use (water meters, for example). This does not mean that all measures have to be taken at the same time; they can be staged, but in a way that progresses towards a specified outcome;
- Simple but highly visible information must be provided to decision-makers. The need for change – the need for and benefits from decarbonisation – must be communicated widely. This should not simply focus on environmental gains, but on the other benefits that are salient when people make choices. Information on specific options and applicability to the specific circumstances of the householder or property owner must be clear. Installers must be trusted, potentially aided by certification schemes. Guidance could be provided on the available schemes and funding routes.

¹⁹ GCB (2019), Buildings Mission 2030.

- Offers should be made at timely moments that are likely to have most impact in encouraging take-up. In many cases this means alignment with “trigger points” such as when houses are being sold, or renovated for other reasons. But there is also evidence that area-wide programmes can be effective – street-by-street programmes where people see their neighbours taking action could improve sign-up by creating a sense of a social norm;
- Local leadership from local authorities in relation to their own buildings, and from high-profile businesses. The many individuals who need to take action are much less likely to engage if they do not see their “leaders” walking the talk.

More generally, Central Government and local authorities need to be consistent in their approach. This points to the need for a stable policy approach, with incentives, messages and direction of travel sustained over time.

Putting this into practice

A number of authorities are pressing ahead with decarbonisation plans (Box 4.6). There will be opportunities to learn from these kind of examples.

What does this mean for the CPCA?

From the available evidence, the quality of the building stock in CPCA is, in relation to energy efficiency, marginally better than across England as a whole. But there remains substantial scope and need for improvement, even in relation to standard measures including cavity wall and loft insulation. These measures are generally cost-effective, with a payback within a few years, and should be taken forward as soon as is practical.

Whilst we strongly favour the “whole house” approach, looking for a joined-up approach consistent with the circumstances of the specific building, options for heat decarbonisation such as heat pumps will work effectively and at reasonable cost in an energy-efficient building. Where there are basic measures outstanding which can improve energy efficiency (and reduce energy bills), it makes sense to get on with them.

In relation to heat decarbonisation, in common with the country as a whole, most houses are on the gas grid. Where they are not, many – particularly in more rural areas – make use of oil for heating. Switching to low-carbon heating will be a huge challenge.

Box 4.6: Example building decarbonisation programmes

Bristol City LEAP

A prospectus issued by the City Council is seeking partners to deliver up to £1 billion investment in low-Carbon and smart energy over the next decade. Building on supportive local policies, such as through planning, partners would be expected to progress:

Revolving loans funds for domestic and commercial sector energy efficiency, with programmes to build consumer confidence and provide advice for SMEs. Some areas are prioritised for deep energy-efficiency measures in preparation for installation of heat pumps.

Heat networks. A number of potential schemes have been identified. Planning policy could require new developments to connect in “heat priority areas”, with others signed up through connection agreements, contracts and provision of funding support.

A smart grid and demand-side response.

Low-carbon transport, including rapid mass transit and electric charging infrastructure.

Greater London

In Greater London, the Retrofit Accelerator for Homes programme works with social housing providers to provide a “whole house” offer – covering building fabric and the heating system. Competitive finance is offered through the Mayor’s Energy Efficiency Fund.

The Retrofit Accelerator – Workplaces offers support for non-domestic public buildings. A central delivery unit provides expert support, covering project development, capacity building, advice on accessing finance and funding, and appointment of contractors. A contracting framework has been developed, with 16 service providers pre-qualified. The initiating public body retains the value of energy savings, guaranteed under energy performance contracts. So far more than 700 buildings have been supported, with investments of £126m and annual savings of £8m

A net zero carbon target has been applied to all major residential developments since 2016. Under Energy Assessment Guidance issued in draft in April 2020 (applying to strategic planning assessments, but promulgated for wider use by London boroughs), developments should:

- Demonstrate consistency with the net zero target, with at least a 35% on-site reduction beyond Part L 2013 and proposals to meet any shortfall beyond that;*
- Prioritise connection to existing or planned district heating networks;*
- Demonstrate that risks of overheating are mitigated through passive design measures.*

Energy performance post-construction must be monitored and reported.

Sources: BCC (2018), Bristol City LEAP; GLA (2020), Energy Assessment Guidance, draft.

There is likely to be some potential for district heating from low-carbon sources:

- Generally potential will be concentrated in heat dense areas, more likely in bigger towns and cities.
 - Some potential has been previously identified,²⁰ linked to Anglia Ruskin campus and to Cambridge University buildings, but the historic city centre makes development difficult. There is now a district heating spine for new development in north west Cambridge, linked to Cambridge University, with 700 homes connected initially and potential for more to be added. Where schemes like this are gas-based, a pathway will be needed to switch them to zero-carbon sources;
 - Peterborough is looking to a new smart energy hub as a means of meeting rising energy demand. An existing energy from waste plant could supply a heat network. The Peterborough Integrated Renewables Infrastructure (PIRI) project, led by the City Council, is currently developing options, encompassing the electricity network and potential for electric vehicle charging as well. It aims to deliver a significant reduction in emissions as well as cutting energy bills. This is potentially a major scheme, with lessons for other cities too.
- The development at Swaffham Prior (Box 4.7) suggests there is potential for community schemes. A majority of the householders in Swaffham Prior have signed up for the project, which offers potential reduction in energy bills, and significant emissions savings in moving away from oil-fired heating. The scheme has taken more than 3 years to develop, but demonstrates the role that local actors can have in galvanizing action, and progress that can be made with local Council support.

District heating potential should be explored further, but the main decarbonisation option is likely to be electrification through the adoption of heat pumps:

- Installation of heat pumps may be initially prioritised off the gas grid and in new-build, where they are most cost-effective. This will also help to build supply-chains for wider adoption in later years in buildings currently on the gas grid;
- Installation of hybrid heat pumps²¹ on the gas grid is an option. These are not zero-carbon. Unless hydrogen is available to replace natural gas, they are not the long-term answer (and, as indicated below, we think hydrogen for heating should not be planned for as an appropriate long-term option for CPCA). But hybrid heat pump use as a transitional option should produce significant emissions savings, and help build supply-chains for a full heat pump transition.
- More energy efficient buildings, required for heat pumps, could also help to support load 'spreading' to avoid excessive peak load scenarios for a future grid.

²⁰ AECOM (2011), Cambridge City Centre District Heating. The potential identified was for a gas CHP scheme; viability would need to be considered for a low-Carbon option.

²¹ In a hybrid heat pump, the heat pump meets the bulk of heat demand, but the gas boiler is retained and is there to provide heat on the coldest winter days.

Box 4.7: Swaffham Prior Community Heat Scheme

Currently 70% of homes in Swaffham Prior are heated by oil.

The Swaffham Prior Community Land Trust, working with Cambridgeshire County Council, has developed a scheme for a community heating network, supplied from a shared energy centre. Heat pumps collect heat from the ground and this is pumped through a 7km network of pipes to homes and other community buildings.

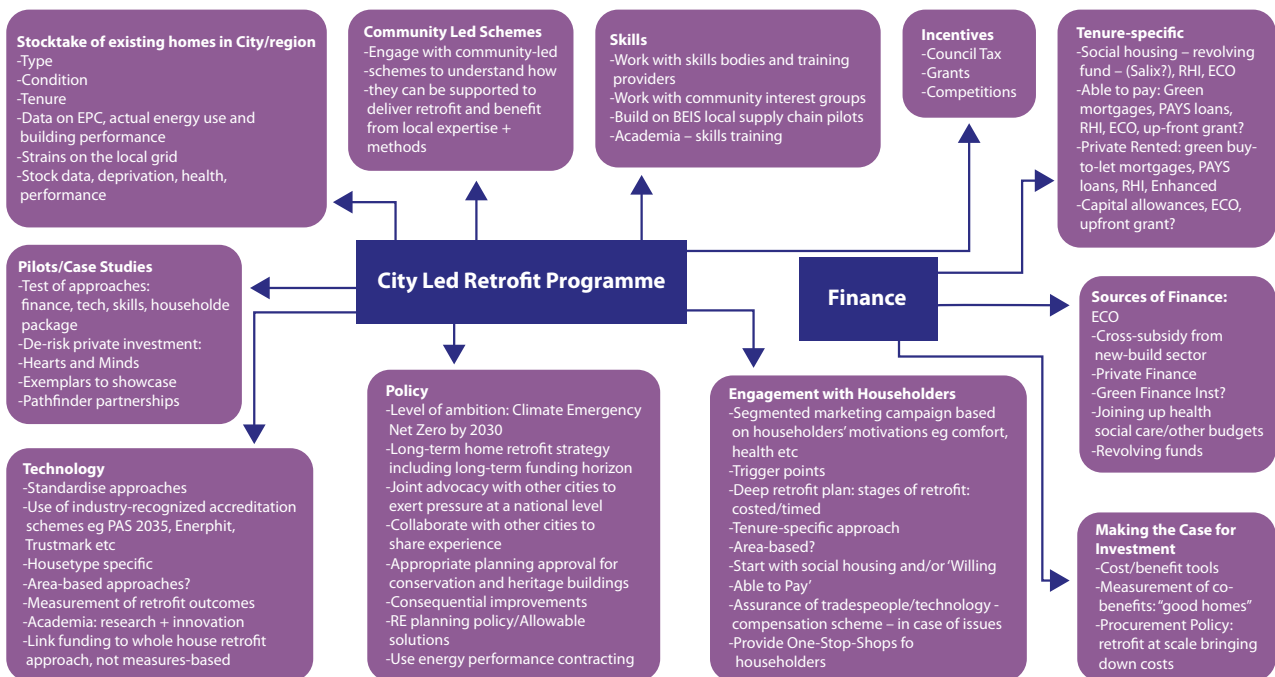
Some homes will require upgrades to their heating systems and energy efficiency.

More than half the 300 homes in Swaffham Prior have expressed interest.

When the scheme is delivered, heating bills paid by residents will contribute to the ongoing operational costs and pay-back of loans to get the scheme up and running. Over the life time of the project the scheme is expected to save around 47,000 tonnes Carbon.

Planning permission was granted in November 2020 and an investment decision has recently been made. This is more than 3 years since work began with a feasibility study in December 2017.

Figure 4.6: Example process for establishing an area-based retrofit programme



Source: Green Buildings Council Accelerator Cities Retrofit Playbook.

The switch over of the gas grid to hydrogen has been identified as an option. Full hydrogen conversion would be a substantial supply-side challenge given the cost and energy requirement to produce hydrogen. It is possible that hydrogen might be an option in some places in the longer-term. We agree with the CCC recommendation that BEIS and Ofgem should undertake work to identify priority candidate areas for hydrogen, and areas unlikely to be suitable. This will help to inform development and network investments. But we currently see no reason to think CPCA would be a priority for limited supplies (the CCC only has limited use of hydrogen for heating in its scenarios, and this is after 2030 and near to industrial clusters). To the extent that hydrogen is available it may be better prioritised for other uses than heating our homes. Our conclusion is that we need to make progress with other options.

Against this background, important next steps for CPCA are to:

- Develop local energy plans and understanding of the stock. The need is to move beyond a project-by-project approach to systematic area-based programmes for retrofit and delivery of low-carbon energy.
 - These plans need to be developed with the engagement of others with strong interests, such as UKPN, flood authorities and water companies.
 - Marrying up housing stock data with information on the income/deprivation levels will help inform roll out and financing plans.
 - Plans will need to develop consistent with developments in the national policy framework. But identification of areas for low-carbon district heating would enable buildings in these areas to be exempted from any national ban on fossil fuel boilers, so that they only need to transition once. In areas not designated for hydrogen (which is likely to have a limited role in CPCA) or heat networks, future standards phasing out the installation of gas appliances will allow low-carbon heating, primarily through heat pumps, to become widespread.
- Develop a financing plan (as covered in Chapter 2). There is no single pot for funding. A substantial element of finance will come through the private sector (householders, landlords and owners of non-residential buildings). Some funding will be available from central Government. In the short-term this includes the Green Homes Grant. The CPCA and other authorities should aim to make full use of the local authority element of this funding and encourage its use by householders for basic measures. Beyond this there is funding from the RHI and likely funding from successor schemes. The scale of any gap needs to be identified, and potential funding routes explored.
- Develop plans for public engagement. Local energy plans will provide a focus for meaningful engagement.
- Develop an enhanced central level of expertise with skills to help constituent authorities deliver investment and finance and support procurement strategies. There may be lessons to learn from strategies used elsewhere, including:
 - “Solar Together”, used by Cambridgeshire County Council, offering solar panels to householders with purchasing savings achieved through bulk purchase.
 - Appointment of partners to take forward energy efficiency and renewable energy schemes. Bouygues, for example, have been appointed by Cambridge City Council and Cambridgeshire County Council, and will guarantee energy savings (subject to new equipment being managed within defined limits).

- Lead by example – the CPCA and local authority own estate and social housing should be priorities for action.
- Develop verification and enforcement plans, based on performance

The overall process is well illustrated in an organogram (Figure 4.6) sourced from the Green Buildings Council Accelerator Cities Retrofit Playbook.

The high level of new build expected and being planned for within CPCA makes strong standards for new build even more important. If new homes are built at the rate currently in local plans then they could make up as approaching 40% of the stock in 2050. Development of the Oxford-Cambridge Arc will be a significant contributor to this growth. The Government has committed to set high standards for this development, including for carbon emissions, water management and green space - these will need to be delivered.

Homes built with gas boilers in advance of the Future Homes Standard coming in will have to replace that boiler at a future date. There are examples of authorities within CPCA adopting planning standards higher than national requirements (Greater Cambridge). Pending adoption nationally of a standard unequivocally consistent with net zero it will be useful if that potential is retained, and CPCA should adopt more widely the highest possible standards or future-proofing requirements as soon as possible. London Energy Transformation Initiative (LETI) or RIBA 2030 Climate Challenge standards provide suitable models.

Adaptation

Key to progress will be to ensure that, in relation to retrofit, adaptation measures are considered as part of the whole house package:

- requirements for energy and ventilation need to be co-ordinated. If this is not done, homes with airtight fabric but poor ventilation could be at risk of over-heating and poor indoor air quality. Home upgrade measures might include shading measures, such as high specification blinds or external shading; and ventilation measures such as extractor fans, mechanical extract ventilation (MEV) and mechanical extract ventilation and heat recovery (MVHR).
- Retrofit programmes should include water efficiency measures (e.g. low-flow showers, low-flow taps).

In relation to new developments:

- Assessment of overheating risk should be included within the planning process. Developers should be required to assess factors such as site location, hard surface adjacency, building layout and green space availability, and mitigate as appropriate. This could include passive and active cooling measures. Provision of urban greenspace, as well as having amenity and health benefits, can also help mitigate the urban heat island effect, reduce overheating risk and has potential for biodiversity net gain.
- SuDS should be required in all developments. Where they are currently built in this is frequently through “grey” measures (e.g. underground retention systems), and not “green” SuDS (e.g. rain gardens, grassed areas, swales, and ponds). Green SuDS have substantially higher benefits (for water quality, biodiversity, amenity and health) and should be strongly preferred in guidance (for new build and retrofit).

- Consideration should be given to setting more ambitious standards for water consumption in new build regulations.

What does it mean if we take these actions?

Delivery on these recommendations should help put CPCA on track to net-zero, with substantial reductions in emissions.

There will be some up-front costs.

The PCAN analysis for this report suggests an investment requirement, across the region, of £5.4 billion over the next couple of decades for all the housing measures it has assessed, of which £2.3 billion would more than pay back in reduced energy costs. For public and commercial buildings, the overall investment requirement is around £3 billion, of which approaching £2 billion would be cost-effective in reduced energy bills.

Mechanisms to provide and incentivise provision of this funding require further consideration. Some of the cost will fall to the public sector, and some to households and business. The PCAN work suggests that substantial progress is possible through a package of measures that overall is cost neutral in impact.

Aside from emissions reduction, this investment will also then provide substantial wider benefits:

- Our homes and buildings should be safer and more comfortable to live and work in. They should be better for our health and more affordable to run:
 - Health. Close to one-third of excess winter deaths are currently attributable to living in a cold home. Respiratory infections and circulatory disease are also associated with poorly heated homes.
 - Energy efficiency measures should mean lower energy bills. There should be particular benefits to lower income households and those in fuel poverty, who spend more on heating relative to income than higher income households, mainly because of more energy-inefficient homes
 - Overheating risks can be reduced and indoor air quality improved.
 - Improved water efficiency should reduce bills (with some impact in reducing energy usage as well).
 - Improved flood resilience from property level measures and SuDS.
- Increased green spaces and green SuDS have a range of benefits: helping to maintain water quality and supply; helping to reduce surface water flooding; supporting biodiversity; having amenity value; health benefits; providing space for walking and cycling. Those living in deprived areas tend to have amongst the lowest access to good quality green spaces, so there is potential through appropriate targeting to address this inequality.
- New developments planned for good bus provision, and active travel, can help people feel connected to their community.
- Requirements to retrofit our buildings and switch to low-carbon heating should provide many new training and job opportunities in the local area.

Energy

Recommendations

We make the following recommendations.

For CPCA and constituent authorities:

1. Develop a local area energy plan, in close collaboration with interested stakeholders, including distribution companies, consumers and large energy users.
2. To the extent that there is interest in options for hydrogen production within CPCA, prioritise consideration of potential for hydrogen production from surplus generation for uses without more suitable and cost-effective low-carbon energy sources

For Ofgem:

3. Urgently develop and make proposals on distribution network investment ahead of need
4. Urgently provide clarity on revised arrangements for network access (connection charges) to facilitate local decarbonisation projects.

For Government:

5. Advise areas on where hydrogen is likely to be available in the gas grid as soon as possible.
6. Look to streamline, simplify and provide longer-term horizons for schemes funding local energy projects.

Introduction

One of the keys to meeting net zero across the UK will be the expansion and decarbonisation of the power sector. The CCC's balanced pathway has electricity generation expanding from 300TWh today to 460TWh in 2035 and 610TWh in 2050. The near-zero electricity system to achieve this has small additional costs for consumers in 2035 and savings by 2050, reflecting the addition of low-cost renewables.

The policy framework to allow for this expansion is largely set at national level. There will be scope for expanded renewable generation in the CPCA area, through additional solar and onshore wind, but this is not a topic we have explored in detail for this report.

There are however a number of linked issues.

Network infrastructure

The electricity distribution network in CPCA is close to capacity in some areas, particularly around Cambridge. This is already a constraint on growth of low-carbon generation (ranging from solar farms to installation of solar panels on school roofs).¹ The need for network upgrades will rise further as take-up of electric vehicles and heat pumps increases.

There is uncertainty about the scale of this additional demand. UKPN is currently developing projections for the CPCA area, expected around summer 2021. These projections, linking in to the locations of rising demand, will then feed into consideration of investment needs for the network.

¹ CPIER (2018).

It is important that a range of projections are considered, and that these are reviewed with a range of stakeholders, including CPCA and constituent councils. Ideally they should form part of an agreed regional energy strategy.

Linked to this, the next electricity distribution price controls (RIIO-ED2) starts in April 2023. Ofgem has announced that updated business plan guidance will be issued, setting out net zero pathways that Distribution Network Operators (DNOs) should take into account in developing their investment plans. It is considering an approach whereby:

- DNOs should first consider the extent to which flexibility measures (including energy efficiency and demand-side response) can provide a more economic outcome than network reinforcement;
- A baseline allowance would provide for strategic investment to take place, where identified and agreed to go ahead;
- Uncertainty mechanisms could allow for investment plans to flex above that strategic level, to meet “a level of reasonably anticipated demand”. This would recognise that uncertainties in demand are substantial, and provide a route – provided impacts on costs to consumers can be controlled – to further spend.

The earlier these plans can be finalised, the easier it will be to develop investment plans. Mechanisms to allow flexibility in investment could be particularly important in the CPCA region, where uncertain population projections add to the uncertainties over the growth in electricity demand attached to the low carbon transition.

We recognise the need to protect the consumer, who ultimately pays for network enhancement. But it is essential that investment plans take a long-term view. Over-sizing the network, “future proofing” for uncertain long-term projections, is likely to be low-regret and considerably lower cost than an outcome requiring two rounds of reinforcement.

We encourage **Ofgem to make progress in developing its proposals on distribution network investment as soon as possible.**

Connecting to the grid

When new customers require connection to the grid, they are currently required to pay for the costs of their connection and for network reinforcement costs where these are required.² An economic logic for this approach can be adduced – it protects other consumers from having to cross-subsidise the cost of assets for which they are not a user; it encourages new users to locate where there is available capacity, and to consider smart measures to minimise their demands.

However, it can place a very substantial cost on the marginal user (especially where other new users might come on in future), and it might encourage them to develop alternative plans with lower social benefits.

There is a particular issue here with community investments. Energy schemes for local communities are by their nature location-specific – moving somewhere else, to a less constrained area, is not an option. Such schemes may also be established with strong social objectives in mind (helping to tackle fuel poverty and deprivation; bringing communities together), and are unlikely to have easy access to substantial finance to cover upfront costs (even if the project can in theory repay them over the lifetime of the project).

² a share of network reinforcement costs below £200/kW and all costs above £200/kW.

We heard about some of these issues in relation to development of the district heating project at Swaffham Prior (Chapter 4, Box 4.7). In this case, establishing a connection cost with UKPN has been problematic. In the end, an option for a private wire from a solar farm to provide power for community heat pumps has been developed. This has also helped the business case for the project in establishing a firm price for the electricity to be supplied, rather than facing uncertainty over the price available from the Grid.

Whether the private wire is the most efficient solution for the scheme is not clear. It also does not remove potential future liability for UKPN (and the wider community) for the development. Were the private wire or the heat network to fail, for example, it seems likely that the connected households would revert to electricity use for heating, a potential spike in demand with issues for the local network as to how it would cope.

Greater clarity on connection costs, and how they should be met, is urgently required. This is important for the development of community schemes, like that at Swaffham Prior, but upgrade costs could be a barrier for low-carbon schemes more widely, such as provision of EV charging points.

In relation to electricity transmission, Ofgem has recently recommended the creation of an independent body to help lead the transition to net zero at lowest cost to consumers.³ It has recommended that this independent system operator should be fully independent from the network owner, in order to avoid potential ownership conflicts of interest and to meet the regulatory challenge that would otherwise exist from attempting to align the commercial interests of shareholders with consumer interests. There are similar potential conflicts in relation to the distribution network that need to be resolved.

Ofgem is conducting a Significant Code Review (SCR) of network access and forward-looking charge arrangements. A “minded-to” decision on what can be done to help (ranging from, for example, socialising connection costs to allowing investment ahead of need in the price control) is expected later in 2021. Again, we urge Ofgem to provide clarity as soon as possible.

Funding from Central Government

A further issue raised in connection with the development at Swaffham Prior relates to the difficulty of raising finance to develop the proposal. In the end, funding has been secured from a variety of “pots” – the Rural Community Energy Fund, the BEIS Heat Network Investment Project Fund, provision of land and match funding from the Council, and the CPCA. Each of these is welcome. But the process from initial feasibility study in 2017 to an approved investment decision has been lengthy, with many steps in achieving each element of funding along the way. This links to issues identified in Chapter 2. Funding for local energy projects - whether energy efficiency, district heating or other heat decarbonisation - needs to be provided on timetables long enough to support the development of supply chains and confidence in delivery. There is a need for central Government to provide for more stream-lined and facilitative processes.

Hydrogen

CCC scenarios for net zero have significant use of hydrogen in 2050. They show growth in hydrogen demand over the period 2030-2045, principally for use in manufacturing, shipping and back-up power generation. These roles reflect an emphasis on using hydrogen where it has highest value and where electrification is not a feasible option.

³ Ofgem (2021), Review of GB energy system operation.

There is limited use of hydrogen, in these scenarios, in buildings and surface transport. This reflects that use of electricity or gas to produce hydrogen is a relatively inefficient use of power, particularly when that electricity can be used directly for decarbonisation of these sectors.

To the extent that hydrogen is used in some areas in the gas grid to replace natural gas for heating in buildings, it is unlikely that CPCA would be a priority for this use. This is likely to be more suited to areas closer to industrial clusters, for the production of hydrogen from methane reformation with carbon capture and storage (CCS), or from electrolysis associated with addressing curtailment of generation from offshore wind farms. Further clarification on this issue is needed, however, to feed into local planning. We have already noted (Chapter 4) that it would be helpful for BEIS and Ofgem to consider this further and issue guidance on the areas most (and least) likely to be suitable for hydrogen use.

We do not rule out that there could be potential for some production of hydrogen from electricity within CPCA. In general, this is likely to be quite costly, but it may be economic where electrolyzers can be located where they can help to manage variable supply (from wind or solar) on the electricity distribution system:

- Using power that would otherwise be surplus;
- Providing frequency management services.

This may also point to locations in areas where grid constraints limit the amount of power that can be transferred from one part of the system to another.

Where there is generation that would otherwise be curtailed, cost projections by CCC suggest that hydrogen from a PEM electrolyser would move closer to cost competitiveness with hydrogen from gas reformation plus CCS. Such production is unlikely to lend itself to use for heat in buildings – without storage – since winter heat demand does not align with solar generation. But hydrogen production for use in surface transport – buses or HGVs – might be more practical.

Cambridgeshire County Council is alive to the possibility of hydrogen production from surplus electricity. Indeed, more generally it has formed an Energy Investment Unit to explore options to maximise the use of its own assets to produce low-carbon energy for local use, with a number of projects (principally solar with electricity sold back to the grid) already developed. We do not think the economic potential will be large, but the considerations above suggest that options for production of hydrogen from electricity are worth exploring for the specific circumstances where they might be economic. Such opportunities may arise in future as more renewables generation comes onto the system – the low cost of variable renewables make it attractive to “over build” capacity, which may then produce surplus generation at certain points of the year.

Local Area Energy Planning

We have covered the need for local area energy planning in Chapters 2 and 4, with recommendations to CPCA and constituent authorities to expand the system-wide consideration of options.

To ensure that this is taken forward effectively, it is essential that this happens with the active involvement of network operators, for gas, electricity and heat. Planning needs to reflect agreed sets of projections and understanding of priorities for network investment. UKPN will have a good view of where constraints currently exist and how these will be impacted by growing demand. CPCA and local authorities will have good sight of local requirements for net zero, and the national and local policy measures to be adopted in the transition, thereby impacting on demand.



Peat

Recommendations

1. The CPCA should establish and provide funding, estimated of the order of £50,000 a year, to support the operation of a CPICC Fenland Peat Committee, initially for a period of 5 years, with a remit to inform and develop 'whole farm' land use policies aimed at achieving climate change mitigation, adaptation and biodiversity enhancement in the Fens, and to help establish an agreed set of numbers for GHG emissions for deep, shallow and wasted peat soils.
2. Up-front funding should come from CPCA, and also be sought from Defra, NERC and other sources, to support the work of the Fenland Peat Committee but also more widely, for:
 - On the ground research to fill in the current gaps in the scientific evidence
 - Development of best practice guidance
 - Provision of farming advisers to support farmers in the transition.
3. Cambridgeshire County Council and Peterborough City Council should work to develop the role of County farms as leaders and exemplars in the transition.
4. The CPCA should establish a process to consult on and develop a vision and strategy which takes account of economic impact and goes beyond the single issue of peat emissions, taking a leadership role at the forefront of national action. This will need strong engagement with local communities, particularly farming.

Summary

- Emissions from peatland are currently largely excluded from the emissions inventory. There is substantial uncertainty in estimates, but inclusion could add a further 45% to overall CPCA area estimated emissions.
- Sustainable agriculture practices and restoration are needed to tackle this.
- For the UK as a whole, the CCC central scenario consistent with net zero includes the sustainable management and re-wetting of 60% of lowland peat by 2050.
- It is unclear where the Fenlands fit within this, and there has likely been some previous over-estimation of emissions and peatland extent in the Fens. However, the Fens includes almost a quarter of the lowland peat area in England and Wales. Choice of appropriate options is dependent on the nature and extent of peatland soil, which is currently not well understood. Work is underway, nationally, which should help improve our understanding of the level of emissions and the costs and benefits of alternative practices.
- Climate change is likely to lead to higher summer temperatures and greater periods of drought. Without actions to address these impacts, they are likely to lead to increased loss of peat and higher emissions.
- Key requirements locally are to:
 - Develop a "whole system" vision and action plan for the future of the Fens, looking for wide buy-in of the many actors and stakeholders with an interest.

- Build the evidence base by improving the mapping of Fenland peat by soil type (peat depth, amount of mineral content) and increase the accuracy of emissions measurements from differing soil types and crop rotations.
- Establish a Cambridgeshire Fenlands Peat Committee to begin the work needed to deliver objectives and to support the work of Defra's Lowland Peat Taskforce and Lowland Peat Strategy.
- Develop best practice guidance for regenerative farming and peat restoration.
- The issue, given the scale, is an acute one for the region. Leadership in the area has potential to be nationally significant.

Introduction

The current UK emissions inventory includes 1.5MtCO₂e annual emissions from peatlands. Within the next couple of years, however, the coverage of the inventory is likely to be extended, possibly raising recorded peatland emissions by 17-21MtCO₂e¹, though there are large margins of error around this estimate². This would add around 4% to overall reported UK emissions.

Whether or not within the inventory, these emissions are of great significance for CPCA since the Fens contains around 23% of the area of lowland peat in England and Wales.³ This does not distinguish between true peat (deep and shallow) and wasted peat. However, the CPCA share of lowland peat emissions will be relatively high – the historical drainage of lowland soils in the Fens, for agricultural use, is associated with emissions as the drying out of peatland has resulted in the release of previously stored carbon to the atmosphere, and the loss of dissolved organic carbon to streams and other water bodies. Whether the CPCA share of overall emissions is higher or lower than its share of peatland area is uncertain. There are differences in emissions as between deep, shallow and wasted peat which are still poorly understood. Current rates of loss of peat and levels of emissions are uncertain.

Based on the emissions factors and peat areas used in Evans et al (2017)⁴ a best estimate of emissions from cropland on peat in the CPCA area, subject to considerable uncertainty, is around 2.6MtCO₂e/year.⁵ That would add around 45% to emissions from all sources. Measures to reduce these emissions are critical to success in reaching net zero overall.

Although comprising less than 4% of England's farmed area, the Fens contributes more than 7% of UK agricultural production (worth £1.23bn), and a third of vegetable production. CPIER data showed the Fens as contributing 8% of the CPCA economy. Across the farming food chain it provides employment in CPCA to nearly 44,000 staff, of whom over 17,000 work in agriculture and its input suppliers, and 26,000 in food processing and distribution.

CPIER data also show Fenland communities have markedly worse levels of educational and health outcomes, which may make them poorly-equipped to deal with the impacts of rapid economic change.⁶

1 CCC (2020), The Sixth Carbon Budget – The UK's path to Net Zero

2 The Climate Change Committee quotes a confidence interval for overall UK peatland emissions from less than 10MtCO₂e to more than 40MtCO₂e annually. Burton and Hodgson (1987), Lowland Peat Survey of England and Wales

4 Evans et al (2017), Implementation of an Emissions Inventory for UK Peatlands, A Report to the Department for Business, Energy and Industrial Strategy.

5 The Net Zero Cambridgeshire (CUSPE) report estimated CPCA emissions from peatland at around 4-5.5 MtCO₂e annually, but this estimate is based on a mis-estimation of the peatland area.

6 CPIER (2018) and NFU (2019), Delivering for Britain – Food and Farming in the Fens.

So measures must be considered carefully, both in terms of cost-effectiveness and their social, and cultural impacts.

It is also critical that the underlying data on emissions are better understood. There are a number of significant uncertainties and complexities around the current data:

- The estimates of emissions are based on limited recent studies on emissions, applied to underlying mapping data collected thirty to forty years ago;
- There are important distinctions to be made between emissions from different peats (Box 6.1), which will in turn impact on mitigation options.
 - The extent of shallow and wasted shallow peat in the Fens is now very much greater than the area of deep peat. A very high share of wasted peatland in England is in the CPCA area (approaching 40%), but less than 5% of the deep peat area.
 - In the absence of good data, emissions estimates tend to be based on a combined estimate for cropland farming on peatland – across wasted and deep peat – of around 37tCO₂e/year/ha. But there are reasons – and emerging flux tower data – to suggest that, per hectare, wasted peat emissions might be lower than from deep peat
 - It is clear that the emission rate, per hectare, is complex, impacted by factors including water levels and land use. Attempts at accurate measurement are only now underway.
- This means that peatland restoration has a role in areas of remaining deep peat, and to preserve carbon stocks. But in terms of scale, reduction (and potentially even reversal) of emissions through regenerative farming measures on areas of wasted peat are likely to be a priority, with restoration of these soils, in practical terms, unrealisable.
- We do not have an up-to-date detailed map of the location of these different peats. Individual farms may have pockets of deep peat and of wasted peat. Each farm will have to identify the solutions best for them, but understanding the practicality and overall cost of restoration and different management practices is made more complex by these variations in conditions.

There are emissions attached to farming wherever it is carried out. Actions are needed to minimise these emissions in all areas, taking account of the conditions in each area. But if food production shifts from the Fens, there will be emissions attached to that food production elsewhere. So whilst peat emissions are of great significance, the relative efficiency of production in the Fens, lower use of artificial nitrogen fertilisers, and differences in water use and leaching must also be taken into account.

Nevertheless, these Fenland emissions are substantial. While work continues to improve understanding of scale, and of different land management practices, we must not allow existing uncertainties to be an excuse for inaction. There are good practice examples (covered below) and we know enough to progress a number of actions that make sense now. We will be able to build on those actions as improved information and the Defra peat strategy (due later in 2021) emerge.

Indeed, there is potential for emerging evidence from the Fens area to influence that national strategy and its implementation. It should also support the NFU commitment for UK agriculture to achieve net zero by 2040.⁷

Box 6.1: Definitions

- *Deep peat: peat depth of 40cm and over*
- *Shallow peat: peat depth of 10-40cm*
- *Wasted peat: deep peat that has been substantially degraded following years of drainage and cultivation, so that the peat is more dominated by underlying mineral materials. The soil organic matter could be as low as a healthy mineral soil outside of the Fens.*
- *Active peatlands: areas where peat is currently forming and accumulating; likely to be areas with vegetation cover and largely unmodified hydrology. With favourable management, where near-surface water levels have been restored, degraded areas may be returned to an active state.*

Based on soil survey data from 1987 the area of peat soils in the Fens exceeding 40cm depth - some of this outside the CPCA area - was an estimated 158,700 ha. A large part of this deep peat soil, an estimated 107,000 ha, is likely to be wasted peat, leaving 51,700 non-wasted deep peat. Later estimates (Cranfield University (2013)) put this area of deep peat at 33,500 ha.

Estimates by Evans suggest around 14,500 ha of deep peat area within CPCA, and 69,700 ha wasted peat, not all of this in agricultural use.

It is estimated that the amount of carbon stored in the peats in the East Anglian fens is around 37Mt of Carbon, declining owing to wasting, and down from around 53Mt at the time of the Lowland Peat Survey.

Sources: Natural England; Cranfield University (2013), Restoration of Fen Peatland under Climate Change, report to Committee on Climate Change; Scottish Natural Heritage (2014), Scotland's peatland – definitions and information resources, report 701.

What is happening locally?

There is growing farming awareness of the scale of the issue attached to peat emissions and degradation of farmland, and the need to address this. Some are beginning to take action:

- Regenerative farming techniques are being used by an increasing number of Fenland farmers, such as Hannah Darby at Sawtry Fen and G's. At G's, for example, husbandry techniques include cover crops, grazing livestock, managing water levels and application of liquid digestate from an anaerobic plant back onto the land. Less productive areas of farmland have been taken out of production in favour of permanent woodland, hedgerows and wetlands. Levelling of deep peat land has allowed a sub-irrigation system to accurately control the level of the water table, reducing peat oxidation in the summer months.
- The Great Fen Paludiculture (wet-farming) Trial (Box 6.2) is trialling the growth of wetland crops. Initial results from elsewhere suggest good economic potential for growth of sphagnum.
- Peatland restoration, mainly small-scale, has been undertaken by conservation partners at a number of sites. Approaches have varied from detailed intervention at RSPB sites to a rewilding approach at Wicken Fen (Box 6.3).

⁷ though for this commitment to support net zero across the UK, it will be essential that there is robust accounting for measures such as use of bioenergy with CCS.

- Cambridgeshire County Council owns around 200 tenanted farms and Peterborough City Council also has 2 farms, covering a combined area over 14,000ha, of which a significant proportion are on peat and wasted peat soils. A Monitor Farm to test and share best practice is being developed. The Cambridgeshire Council has committed to updating tenants with information as understanding of good practice and wetland farming develops.
- Fens for the Future Partnership is a group of public, private and voluntary sector organisations with a broad aim to develop a partnership approach to landscape-scale conservation in the Fens. The vision is to see sustainable wetland restored, re-created and reconnected for the benefit of people, wildlife, natural and historic heritage and the rural economy. Membership has broadened from environmental organisations to include strengthened links to the agricultural and business communities. Partners currently include the Environment Agency, Natural England, Peterborough City Council, Cambridgeshire County Council, the National Trust, RSPB, Anglia Ruskin University, the UK Centre for Ecology and Hydrology and the NFU.
- The National Institute of Agricultural Botany (NIAB), which researches plant genetics and disease, has headquarters in Cambridge, a research station at Park Farm, near Histon, and an Innovation Hub near Soham. Applied research at NIAB could have a direct bearing on Fenland farming in relation to sustainability, productivity, the development of paludiculture crops and responses to the impacts of climate change.

Overall, however, the response remains patchy. At this stage, without significant efforts to extend best practice, the scale of actions undertaken is unlikely to be sufficient to avoid significant further loss of peat and substantial further emissions.

Climate Change Committee (CCC) recommendations

In its recent report on the UK pathway to net zero emissions⁸, the CCC sets out its expectation that at the current rate of degradation (10mm/p.a. or more) most remaining peats will be wasted over the next 30-100 years. It sets out the benefits of well-functioning peatlands for the accumulation of carbon, provision of cultural services (such as recreation) and provision of wildlife habitats supporting diversity.

Further, the CCC notes that warmer and drier conditions in future are likely to increase the rate of carbon loss from degraded peatlands, suggesting that delaying action to reverse degradation will lead to increased costs when actions are taken. The CCC is currently developing an evidence report, due to be published in summer 2021, on the risks from climate change.⁹ One of the assessments feeding into this work¹⁰ indicates that higher summer temperatures can lead to drying and dessication of peat, leading to increased decomposition, damage to vegetation such as sphagnum cover, damage to soil structure and exposure of bare peat and erosion. In turn this may lead to increased emissions. Degraded peatlands (e.g. with lowered water tables that retain some sphagnum cover) may be most at risk and therefore a high priority for adaptation measures.

⁸ CCC (2020), The Sixth Carbon Budget – The UK's path to Net Zero

⁹ To inform the Government's third Climate Change Risk Assessment.

¹⁰ UKCEP (2020), Climate driven threshold effects in the natural environment, Report to the Climate Change Committee, May 2020.

Box 6.2: The Great Fen Paludiculture Trial

The Great Fen paludiculture trial is a 2-year project (initially running from April 2019 to March 2021) trialling the growth of selected wetland crops (including bulrush (typha), reed (phragmites), a cereal crop (glyceria), watercress and sphagnum. As well as food and flavouring, the different crops have potential applications in industry and medicine.

The site of the trial, on the Great Fen between Peterborough and Huntingdon, is only 4ha and limited to testing the growth of crops to harvesting. To be considered a viable option for farming, substantial further work will be required in field-scale trials, to consider harvesting and processing practicalities and to grow markets.

Box 6.3: The Wicken Fen Vision

Wicken Fen is a National Trust nature reserve near Cambridge. Based on rewilding principles, the Wicken Fen Vision is a 100-year plan, through the progressive rewetting of land and restoration of natural processes (such as wild grazing), to create a diverse landscape with habitats for a variety of wildlife and access and recreation opportunities for people.

Work for our report similarly records that lowland peat may degrade more quickly with warmer summers.¹¹

The CCC includes scenarios for lowland peatland to 2050 consistent with achievement of net zero across the UK as a whole. Its balanced pathway scenario includes the re-wetting and sustainable management of 60% of lowland peat by 2050:

- 40% of lowland cropland is re-wetted (25% to near natural condition; 15% to paludiculture)
- 35% of lowland cropland is sustainably managed (i.e. water table management)
- 50% of lowland grassland is re-wetted.

Government position

The intention under the Environmental Land Management (ELM) scheme is to pay farmers for the provision of public goods. The Government's 10-Point Plan has reiterated that funding for peatland restoration will be included within this. The scheme is also likely to support the adoption of a greater range of regenerative agriculture techniques.

The Government's Green Recovery Challenge Fund, aiming to help recovery from the COVID-19 pandemic, has also provided funding for nature conservation and restoration projects across England. A first round of this scheme closed for applications in October 2020, but a second £40m round has been announced and is due to open early in 2021.

A policy discussion document on a potential England Peat Strategy was published in June 2020. This included a commitment to restore 35,000 ha of peatland where economic to do so, and proposed wider aims to bring all peatland into good condition, restoration management or more sustainable management by 2040, and to secure peatlands' carbon store. A comprehensive England Peat Strategy is due to be published soon.

¹¹ CZ (2021), Aines, E.D., Simpson, C., Munro-Faure, A., Shuckburgh, E., 2021, Preliminary report on climate risk in the Cambridgeshire & Peterborough region, 2020-2099, Cambridge Zero: University of Cambridge.

A Lowland Agricultural Peat Task Force has also been established, to examine how lowland agricultural peatland can be better managed to safeguard productive agriculture as well as contribute to the net zero target. This task force, bringing together farmers, water management stakeholders, academics and conservationists, will be supported by 4 regional sub-groups, including one for the East of England. It is to report to the Government in 2022.

Barriers to action

There are a number of barriers to action:

- Status quo. The skills and knowledge to manage land differently (whether through regenerative techniques, paludiculture or seasonal re-wetting) are growing, but still in short supply. Whilst land remains productive in current use, and faced with uncertain implications of change - uncertain markets, lack of information and advice, potential investment requirements – action is easy to postpone. The fact there is no single answer makes the decision-making process substantially more complex:
 - Restoration of peatlands, through frequent, possibly long-duration flooding, is relevant to remaining areas of deep peat. It has a high cost in lost agricultural production. Variability in conditions also means that costs of restoration are hard to estimate;
 - In other cases, managerial options, such as managing water tables or seasonal re-wetting in the winter months, could reduce emissions from peatland remaining in production.
 - Grassland, coping better with summer flooding events (summer storms), may play a role in some places.
 - The resilience of peat soils to erosion and to climate change when managed appropriately is not widely understood.
 - Uptake of more carbon friendly regenerative techniques requires challenging conventional commercial norms.
- The cost of carbon, because it is not borne by the operator, is not factored into decisions. This needs to be addressed by a national policy framework. A Cranfield University study¹² has found, once carbon costs are included, there are significant net benefits for restoration and conservation over continuing with practices unchanged (and other environmental and ecosystem benefits are likely to add further to that). But so long as carbon costs are not included, the economics of different options do not reflect the real costs.
- Farmers' business models and farming practices are likely to need to change. But tenancy agreements may constrain what is possible in the short-and medium-term.
- In relation to water resources, spatial policies are developing through Water Resources East (WRE). But the hydrology of the area is not necessarily well understood in detail, favouring continuation of the status quo:

12 Cranfield University (2013), Restoration of Fen Peatland under Climate Change, report to Adaptation Sub-Committee of CCC.

- Within an Internal Drainage Board (IDB) district, the water level cannot be changed to allow change in farming practice for one farmer if that is to the detriment of another. It may then be necessary (but hard) to show no-detriment, or farmers will need to move together.
- The impact of re-wetting on water availability and how this ties in with the impacts of climate change need to be better understood. Seasonal re-wetting may also be constrained by the need to keep land permanently drained for continued flood management and for mitigation against summer thunderstorms which could become more prevalent as a result of climate change.
- Whilst there is an increasing focus on water supply issues (the East of England is classed as a water-stressed region), there is currently only one reservoir in the Combined Authority area (Grafham Water), with all other supplies from groundwater sources. Construction of more farm reservoirs may well be an economic proposition and help provide rewetting solutions in suitable areas.

A particular focus for action must be the relatively small number of IDBs which hold a large proportion of the remaining carbon store. Estimates by Cranfield University¹³ suggest that more than half of the remaining peatland Carbon store is located in just 5 IDBs (Southery and District (14%); Whittlesey (13%); Holmewood and District (13%); Hundred Foot Washes (7.5%); Middle Fen and Mere (5%), much of which is in the CPCA area.

What is needed

There is an urgent need for action to address peatland emissions in the CPCA area and to engage with the Lowland Agricultural Peat Task Force on behalf of the Fenland farming and conservation communities. Where restoration and regenerative farming practices can be adopted, we are keen that these go ahead. Farmers will learn from examples and best practice elsewhere. At the same time, if widespread adoption of new practices is to happen, the complexities of emissions from different peatland soils and the appropriateness and practicalities of different options need to be better understood. The actions needed are therefore not simple. We group them in 3 categories: improving the evidence base; identifying best practice; local leadership – though we believe that our recommendation for the establishment of a Fenland Peat Committee can have a role on each.

Improving the evidence base

Continued work is needed to gain a better understanding of the nature and quantity of peat emissions; to identify the areas most vulnerable to peat loss; to identify peat soils suitable for wet farming; to further research and demonstrate wetland crops; to understand the role of grass, wetland crops and to develop markets.

In relation to emissions, the CCC has set out estimates of emissions for areas of lowland peat remaining in agricultural use (Box 6.4) and estimates for the costs of restoration (Box 6.5). The CCC highlights the considerable uncertainties in peatland emissions, reflecting a lack of robust data relating to the condition, location and extent of peatland under different land use types. There is a need to confirm the appropriateness of these values for the Fenlands and to understand better how these vary according to local conditions. It would also be helpful to establish the difference in emissions, taking a whole farm systems approach, between farming on peat and wasted peat soils as against true mineral soils, taking into account emissions from all activities and inputs (e.g. nitrates, water use and nutrient leaching).

13 Cranfield University (2011), Holman, IP, Kechavarzi, C, A revised estimate of peat reserves and loss in the East Anglian Fens, report commissioned by the RSPB.

Box 6.4: Climate Change Committee estimates of peatland emission rates

The CCC's sixth carbon budget report includes estimates for emission from lowland cropland peat:

- Current lowland cropland: around 39.5tCO₂e/ha
- Sustainable management, lowland cropland peat under dynamic water-table management (seasonal re-wetting): the water-table is raised to 10cm below the peat surface in winter when no crops are in the ground, and drained to 40-100cm below the surface in the growing season. Assuming an average water table depth of 50cm across the year, emissions fall by around a half, to around 18tCO₂e/ha
- Sustainable management, lowland cropland under a permanently raised water table: to an average 40cm below the peat surface. Emissions fall to around 16tCO₂e/ha
- Paludiculture: emissions could fall by as much as 90% to 3.6tCO₂e/ha.

Source: CCC(2020), The Sixth Carbon Budget – The UK's path to Net Zero.

Box 6.5: Costs of restoring lowland peat

There is relatively little data on the upfront costs of restoration. The CCC uses data from a wetland conservation centre in Norfolk and a water and land management company that carries out restoration works:

- An indicative central cost estimate is £2,500/ha, but this is within a wide range of £800 to £5,500/ha.
 - Low end figures are indicative of light intervention such as the reseeded of arable land to allow for low levels of grazing
 - Median cost figures could involve the use of machinery such as bulldozers to move soil and re-landscape, clearing of ditches and planting of sphagnum
 - High end figures could include additional costs of woodland and scrub removal, and submersible electric pumps to keep the water table high
- There are also ongoing maintenance costs that can include water pumping, ecological surveys and the cutting of grass for silage if the land is not grazed.
- Any compensation for previous use is not in these figures.

Source: CCC (2020), The Sixth Carbon Budget – Methodology Report.

Work is underway, or planned, which should improve our understanding:

- A BEIS commissioned project is underway to improve quantification of the area of wasted peat in England. This is led by Chris Evans from CEH and Bangor University. Field measurements will inform the derivation of new emission factors. The project is due to run until 2023, but preliminary estimates are expected later in 2021;

- A Defra-funded sustainable lowland peat project is developing evidence on a range of options that allow for continuing crop production;
- Defra plan to commission work, coordinated by Natural England and starting in 2021, to develop an updated national peatland map (location, depth and condition);
- NIAB is intending to carry out a literature review of Fenland crops considering how they might be developed to grow successfully in wetter soils.

More, however, is required to complement this nationally commissioned work.

Particularly important is to improve the mapping of Fenland peat, identifying depths of peat and organic matter content of wasted peats. Initial funding has been provided to establish a Fenland Peat Committee (Box 6.6), drawn from leading academics and stakeholders in the area (currently with support for the proposal from NIAB, the Cambridge Conservation Initiative, Ely Drainage Board, WRE and the NFU). The immediate aim will be to pump prime and lead initial work building up a map of the soils across the region, based on the knowledge of a network of farmers. This will feed into a project led from Bangor University, dependent on funding being secured from NERC. Improved understanding of the Fenland soils, with differing characteristics and emissions, can then be matched up with potential mitigation practices.

Continuing and developing the paludiculture trial at Great Fen there will be a need for farm-scale trials, and to begin the development of new markets and supply chains. Early adopters are a means to build understanding and foster wider take-up. Plant breeding programmes also need to develop new crops suitable for paludiculture, as well as wheat varieties suitable for wetter conditions.



Box 6.6: The CPICC Fenland Peat Committee – proposed Terms of Reference

The Committee aims to inform and develop ‘whole farm’ land use policies aimed at achieving climate change mitigation and biodiversity enhancement in the Fens, and to help establish an agreed set of numbers for GHG emissions for deep, shallow and wasted peat soils.

The Committee will:

- 1. Coordinate and provide expert “on the ground” farming engagement with hydrological and other scientific advisers in the Eastern Region to interact with Defra’s LAPTF and Defra’s and BEIS’s Lowland Peat 2 research programme (LLP2)*
- 2. Undertake surveys and mapping of the location by types of peat soils to better define the areas where greenhouse gas emissions are occurring at elevated levels and establish best practice for how these emissions are accurately measured*
- 3. Evaluate locally the farming practice mitigations being proposed by the LLP2 programme, and in particular the opportunities and/or constraints for:*
 - i. regenerative agriculture across the fens; and*
 - ii. raising water tables within and across the seasons in areas of remaining deep peat*
- 4. Work with local scientific and crop development resources to review opportunities in paludiculture and other plant adaptations*
- 5. Consider, at farm level, the contributions that regenerative and nature friendly farming techniques and, at a landscape level, the contribution a Nature Recovery Network and the Doubling Nature ambition could make to emissions mitigation*
- 6. Work to improve the clarity of what ELMS will fund – aiming to ensure that specific actions for sequestering carbon and for farming on peat and regenerative farming are incorporated – and to explore the potential for other funding mechanisms such as development of a robust system for carbon credits*
- 7. Establish methods of monitoring the economic and social impacts of the proposed changes on Fenland farming, the wider Fenland economy, and Fenland communities*

Identifying best practice and policy support

Building on the successful adoption of regenerative farming practices at specific locations and emerging evidence from paludiculture trials, there is a need to develop understanding of best practice and to communicate this information more widely to farmers.

Restoration may be effective in some settings, but will not be practical and economic everywhere. In other situations, we need to embed changes to management practices which reduce damage to peat and reduce emissions. We can outline the kind of practices that make sense (Box 6.7). This should be developed more fully, drawing on inputs from interested stakeholders, to include the NFU, Natural England, conservation groups and water companies. It can also be informed by work currently underway, through Defra, which is seeking the views of farmers on the practicality of around 30 mitigation actions, results from which should be emerging in the next few weeks.

A process for funding and taking this work forward needs to be established. We consider that this should be a priority for Defra funding. It links to work that Defra is already undertaking to consider best practice, as part of developing the lowland part of the England Peat Strategy. The

point here is not to replicate that work, but to work with the Lowland Agricultural Peat Task Force to develop practical solutions that reduce emissions, are economically feasible, support the required agricultural transition, and link with the future ELM system.¹⁴

Box 6.7: Stabilisation practices

Regenerative Farming – Some examples appropriate for shallow and wasted peats

A. Living root policy – the land constantly has a crop in it; whether it is a cover crop or a key commercial crop. This significantly reduces the threat of soil erosion. Similarly, the cover crops sequester carbon and develop a mycorrhizal fungi network at the roots. This fungi network plays an important part in maintaining the carbon pool. Instead of harvesting the cover crop, it is grazed which generates natural manure that enriches the soil and encourages the crop to regenerate or it is mulched and ploughed into the soil profile.

B. Diversification of crops – the cover crop can be made up of a 5-way mix (mustard, vetch, black oat, phacelia and tillage radish) within the rotation of the principal crops

C. No or reduced tilling – Reducing ploughing leads to the ground being less damaged and for the natural soil ecosystems to develop. This also ensures that the fungi networks are able to remain intact throughout the cropping cycles. Additionally, the reduction in tilling increases soil aggregate stability and promotes the formation of recalcitrant soil organic matter fractions within stabilized micro- and macroaggregate structures so protecting the soil organic matter (SOM) and as a result the soil organic carbon (SOC).

D. No artificial inputs – By removing the use of nitrogen, the oxidation process slows down considerably. Option to add organic by-products from an anaerobic digester plant as potential alternative.

E. Precision farming – Introduction of variable rate application of nutrient and water, and use of drip irrigation so controlling the amount of water used and targeting its application

F. Fallow years – Resting fields in production for a year and putting it down to grass. This holds the carbon in the ground and allows for more carbon to be captured each time the fields are mown or grazed. These activities also allow for the regrowth of the grass; in so doing improving the efficiency of water and nutrient use by the grass, increasing the carbon capture into the soil and reducing, potentially reversing, the organic matter decomposition rate.

G. Livestock – Incorporating grazing of livestock into the rotation. This adds nutrients to the soil

Deep peats

A. High value agricultural land

a. Practice water table control techniques that reduce CO₂ output, conserve the remaining peat, conserve water and eliminate the CO₂ output associated with conventional irrigation methods.

b. Incorporate regenerative farming practices listed above

B. Low value agricultural land

a. Potential to cultivate sphagnum moss, alternative fodder crops, bioenergy crops or construction materials suited to higher water tables

b. Return to native wetland vegetation.

c. Incorporate solar panels into a wetland habitat.

¹⁴ LAPTF objectives announced in December 2020.

Local leadership

There are pockets of good practice, but nothing like an agreed vision and strategy for lowland peat in the Fens. Where major projects are taken forward this is currently almost always dependent on specific individuals or organisations taking a lead – sometimes coming together with others, but on an ad hoc basis for that particular project. This needs to change.

With appropriate funding the Fenland Peat Committee we have proposed could have an immediate role, helping to marry up scientific knowledge with the practicalities of farming, conservation and maintenance of Fen landscapes:

- Provision of expert advice, alongside farmer-to-farmer engagement. The Fenland Peat Committee can use its multiple stakeholders to map out knowledge exchange programmes. These can build on the work that the Cambridge science community has already contributed via NIAB, Agri-Tech East and Government programmes such as Catchment Sensitive Farming and facilitation funds for Nature Friendly Farming. They will also help to inform recommendations for the structure of the new ELMS, designed to support carbon-friendly farming.
- Engagement with County farms. With the support of Cambridgeshire County Council and Peterborough City Council, the County farms could be a good place to start in terms of developing good practice, information gathering and sharing, and working in clusters to address water management issues. County farms could also, as opportunities allow, shift selection of tenants towards those more open to adoption of new sustainable farming practices.
- Engagement with the Internal Drainage Boards (IDBs) and water companies. The role of IDBs needs to shift towards holding water within the system, pumping water to where it is needed for irrigation, to keep wetlands wet and for public usage. They must work to develop understanding of the feasibility of rewetting different areas:
 - Opportunities for raising summer water tables in areas of remaining deep peat.
 - Given the catchment focus of IDBs, clusters of interested farmers will need to be encouraged to work together on new proposals for water level management.
 - Rising water demand attached to growth in Cambridge may further improve the case for investment in water management in the Fens, where the infrastructure is ageing.

There is also a need for development of a higher-level strategy. The vision for the area needs to recognise the livelihoods that are currently dependent on agriculture in the Fens, and the high level of outputs from that production. It needs to recognise that continuing as at present is not sustainable, and that without change in the long-term local livelihoods will be at risk. The challenge is to develop the vision for a new economic identity for the area, consistent with environmental sustainability and reduced emissions.

The Independent Climate Commission recommends that the CPCA establishes a process to consult

and develop such a strategy. Properly constituted, with broad farming, conservation and scientific membership, the Fenland Peat Committee could help to develop a wider “whole system” vision and strategy, which goes beyond the single issue of farming’s peat emissions. The Fens Biosphere proposal (Box 6.8) and a Nature Recovery Network could be a part of this. Whatever approach is adopted, to be effective and influential in tackling peatland emissions it will need to have a strong focus on engagement with farming in relation to sustainable farming practices and build on the work of conservation groups.

If these proposals are taken forward, the CPCA area can be at the forefront of national action. Indeed, there is potential for this to be internationally significant.

Box 6.8: Fens UNESCO Biosphere proposal

A number of partners (including Natural Cambridgeshire, Fens for the Future), are developing a proposal to UNESCO, to be made in 2021, to designate the Fens as a Biosphere Zone. This would aim to build on the identity of the Fens as a unique area with a strong natural and cultural heritage linked to its rich peaty soils, waterways and wetlands, and network of historic cities, market towns and villages. Such a designation would recognise this value and an area of excellence in approaches to conservation and sustainable development.

In practical terms, the intention would be to use the Biosphere “brand” to develop a shared vision for the future of the Fens:

- *to attract new investment to grow and diversify the economy;*
- *to benefit local communities and reduce social inequalities;*
- *to protect and invest in natural and cultural capital.*

Within this, the intention is that the Biosphere would help develop understanding of how issues such as loss of peat and carbon emissions can be addressed, support community programmes to use resources wisely and reduce emissions, and showcase best practice in sustainable farming.

Source: Fens Biosphere: Big Skies, Big Vision, a brief for local authorities (www.fensbiosphere.org.uk)

What can I do?

Introduction

The chapter is a bit of change from the earlier chapters. Rather than focus on a theme, with an analysis of the challenges and a set of recommendations to organisations, this chapter focuses on what we as individuals and families can do right now. Our survey highlighted a strong desire amongst residents to get involved in responding to climate change, and wanting guidance on what they might do. This chapter will hopefully give you some immediate suggestions, and we have put in links to sources of further information.

Tackling the climate crisis requires large changes across our societies and economies, from the local to the national to the global, and concrete actions from governments and businesses, in particular. However, there are ways in which individuals, families and communities can contribute positively to this change.

This chapter aims to give you some immediate suggestions, and we have put in links to sources of further information. The suggestions below are some of the key actions we can all take at a personal level to reduce the local emissions within Cambridgeshire and Peterborough, and to help to mitigate the impact of the climate changes already happening. There are other topics the Climate Change Commission will continue to explore (including waste, food supply, water) and make recommendations on, and future changes to technologies and policies.

Quick tips – think TWICE to reduce your impact on the environment

Travel -	Travel sustainably by walking or cycling or using public transport
Water -	Use less water where possible
Informed -	Stay informed on climate change and inform other people
Change -	Make changes to your home to make it energy efficient through insulation and non-fossil fuel heating sources
Energy –	Turn down your heating where possible

Actions for your home

Improve home heating and energy efficiency

As a resident of Cambridgeshire and Peterborough these are some of the things that you can do now to help reduce the effects of climate change and adjust to its impacts. One of the simplest you can try straight away is to turn your home heating down – try adjusting your room thermostat down by 1°C. If you don't notice much of a difference then try another 1°C and so on. Its surprising how much this can save you in heating bills over a year (as much as 10% for 1°C change), and if everyone does it then that is a lot of emissions saved from gas and oil. Why not give it a try?

Heating your home is one of the big impacts you have on emissions of greenhouse gases (as most homes current rely on fossil fuels -gas, oil or solid fuels - for their heating). How much electricity you use is another impact, especially if your energy supplier hasn't gone 100% renewable.

The national Climate Change Committee recommends more insulation, draught-proofing, low-energy light bulbs and use of smart meters. Our work has shown that lots of older homes in our area don't have enough loft insulation, as building standards have changed over the years. You can find some great advice on energy saving measures from the Energy Saving Trust here: [*Measures to help reduce home heat loss - Energy Saving Trust*](#). Not everything needs major investment – changing to low energy lighting for example. All our local councils have advice pages on energy efficiency, and links to grants and special schemes. For example, if you are suffering from ill health or receiving certain benefits then Peterborough City Council has arranged free home assessments that will help you find funding and even put in some simple energy saving measures when they visit: [*Local Energy Advice Partnership - Peterborough City Council*](#).

Many homes have Energy Performance Certificates that assess how good your home is and suggest potential improvements. You can search for your certificate here.

[*Find an energy certificate \(www.gov.uk\)*](#)

If you don't have an EPC for you home, you could have an assessment done, and get advice on improving the insulation in your home to reduce your energy costs and carbon emissions. If possible, don't wait until your current boiler fails before you think about how you would replace it. Heat pumps are very efficient and increasingly low carbon as the national electricity system decarbonises. They work well in well-insulated homes, so insulation is the first thing to think about.

Where bigger changes are needed the government is currently supporting home energy improvements with grants of up to £5000. If you are a homeowner or landlord, you can apply for vouchers worth up to two thirds of the cost of upgrading the energy efficiency of your home under the Green Home Grants scheme. Households on low income will be eligible for up to 100% funding, up to a maximum of £10,000. The scheme currently ends in March 2022. You can check if the scheme is suitable for you here: [*Green Homes Grant \(www.gov.uk\)*](#)

There is also a separate scheme to pay back the cost of a proportion of heat generated from new biomass boilers, ground source and air source heat pumps, and solar thermal panels. More details here: [Applicants | Ofgem](#).

The chapter on Buildings highlighted the case study of a village community collectively working to address their heating needs. Why not see if your community might be interested in a similar approach? Guidance can be found here <https://www.mlei.co.uk/>

It's not just about making physical improvements though, sometimes we need to pay attention to our everyday habits. Turning off lights and other electricals when we are not using them for example, turning the heating down in rooms you are not using, or making use of the timer function on washing machines to avoid peak demand in the evenings.

Dealing with overheating

All the evidence suggests that there will be wetter winters and hotter summers, with more chance of some extremely hot/dry summers in Cambridgeshire and Peterborough. Having well insulated homes not only helps in the winter but can also act to keep them cool in summer, alongside some simple measures like having thick curtains or blinds drawn to keep the sunlight out. Trees can provide shading, although make sure that they are in the right place and won't affect ground conditions. Some of the energy efficiency measures highlighted through the links in the previous section, like insulating hot water tanks, can also help reduce internal temperatures. More information can be found here:

Overheating in homes – practical advice – ARCC (arcc-network.org.uk).

Water usage

It takes a lot of energy to get fresh, clean drinkable water to homes, and to deal with all the waste water afterwards. Help reduce that energy use by being water aware. If you have a water meter you will also save money on your bills by cutting water use. For example, if you leave a tap running when you brush your teeth that wastes over six litres per minute!

About 20% of a typical gas heated home's heating bill is from heating the water for showers, baths and the hot water tap. Using less means you will still be saving money on your energy bill, even if you don't have a water meter.

Saving water isn't just about saving energy. We live in one of the most water stressed areas of the country, and this is getting more severe with climate change. In order to make sure there is enough water for people, nature, growing crops and for businesses in our region, we all need to use it as sparingly as possible, especially in the summer. Anglian Water, which supplies much of the water across the area, has a page of tips here (and it has a quiz too):

Water saving tips (anglianwater.co.uk). More suggestions to cut your water use can be found on the Waterwise.org website here: ***Save Water – Waterwise***

Gardens and greenspaces

Greenspaces, whether local parks, gardens, nature reserves or wild areas, can provide an important role in cooling, as well as filtering air. They also provide porous surfaces where water can soak away and help avoid flooding, including surface water flooding in our towns and cities, as we face wetter winters and more frequent short periods of very intense rainfall. Greenspace also provides many benefits outside of climate change such as providing a great place to exercise and promoting mental wellbeing. Why not support existing facilities through volunteering or visits – and don't forget exploring your local area by bike or on foot.

More information on plans to increase greenspaces and how you can support nature can be found here: (www.naturalcambridgeshire.org.uk).

If you are lucky enough to have a garden think about making it 'climate friendly'. Many people in our survey told us that they saw nature as a really important aspect of their life. Trees can provide a shading and cooling effect (and capture carbon as they grow!), drought resistant planting reduces the need for watering, and water butts save rainwater for when you need it. Introducing a more natural approach has a bonus for wildlife too. Don't forget the climate impact of using fresh drinking water on gardens - a hose pipe left running can use up to 1000 litres of water an hour! Peat is a great natural store of carbon when it is kept in good condition. However, when it is cut for horticultural use, significant emissions result. Avoid buying peat for your garden or for repotting plants, there are peat-free alternatives available which are much better for climate change and the environment. Advice on gardens can be found here:

RHS Gardening in a Changing Climate (www.rhs.org.uk)

How you travel

How we travel around is another major factor in climate change emissions, as the transport sector is the biggest source of local emissions in Cambridgeshire and Peterborough. Throughout the covid-19 pandemic many of our usual movements have been disrupted, high street stores have closed and the use of internet shopping has grown. Outside of the lockdown periods walking, cycling and the use of local greenspace and parks have all increased. No one is sure what things will look like after the pandemic restrictions are lifted, but there are opportunities to support those modes of travel that have the least impact. Why not try and replace your shortest journeys with walking or cycling (or even longer ones if you can!). The majority of all journeys are less than 5 miles, yet most of trips over 1 mile are by car or van. If its on one of your journeys then you could hire an e-bike or e-scooter (currently there are trials underway in Peterborough and Cambridge). Its more difficult to avoid using cars in rural areas, but there are still opportunities such as car-sharing when public transport options aren't available. More information on climate-friendly ways to travel in your area can be found here: *Travelchoice About Us* for Peterborough, and here: *Travel Roads And Parking - Cambridgeshire County Council*.

Understandably there has been a big drop in public transport use during the Covid-19 pandemic, influenced by lockdown/tier guidance, changes to schooling, more remote working and workers on furlough. Essential services are still running throughout the pandemic, with social distancing and additional safety measures. It is important to follow the guidance. Once it is safe to lift the current restrictions public transport will once again provide a great opportunity for us to reduce our emissions impact.

When using cars, think about the way you drive: switch off the engine when you park up; make sure the tyres are correctly pumped as this can improve the car's fuel mileage by up to 3%; take off roof racks unless you are using them; don't leave heavy things in the boot and drive around with them when you don't need to; and try to drive smoothly.

Government has signalled the date for the end of the sale of new petrol and diesel engine cars, so its worth considering an electric vehicle as your next car if you are a car user. Government currently subsidises the cost of buying a new electric vehicle by up to £3000 (through a discount arranged with dealerships). Electric vehicle owners can also apply for up to £350 off the cost of installing a charge point at home, see here: *Electric Vehicle Homecharge Scheme: guidance for customers* - (www.gov.uk).

Your employer may be participating in the scheme that lets you lease an electric car out of income before tax, if you are thinking of getting a new car, this is well worth finding out about.

Flood risk

It is an unfortunate fact but the climate changes already happening will increase chance of flooding in Cambridgeshire and Peterborough. It is important that you check if you are in a flood risk area. You can check here: [Find out if you're at risk of flooding in England \(www.gov.uk\)](https://www.gov.uk/guidance/find-out-if-youre-at-risk-of-flooding-in-england). If you are in a flood risk area make sure to sign up to flood warnings and devise your own household plan to prepare for possible floods. Both the County Council and Peterborough City Council have more information on how flood risk will be managed in the area.

If your property is one that has flooded in the past and remains at risk you might need to consider further property-level flood resilience measures such as removable air brick covers, treated floors raised electrical sockets or even relocating appliances upstairs. More guidance is available here: [Protecting your property from flooding - Met Office](#)

What you buy

The suggestions in this and previous chapters focus on activities that can reduce greenhouse gas emissions or use less energy particularly within the Cambridgeshire and Peterborough area, with other areas taking similar action. However, there are ways to reduce your impact and help other areas to reach their carbon reduction targets. Thinking about what you eat (more seasonal produce and reducing food miles by buying or growing locally), how you travel elsewhere (offsetting any airplane journeys for example) and the type of things you buy (reducing, reusing, repairing and recycling) can make a real difference.

Food and household waste are also important things to think about. Food production and transport is very carbon intensive, especially meat and dairy - perhaps you could have a meat free day every week. Even if you aren't ready to think about eating less meat, reducing food waste has a big impact on emissions, and saves money. Remember to put any food or organic waste out for a special collection or on your compost heap, if this goes to landfill it decomposes and emits methane, and methane, like carbon dioxide, is a gas which causes climate change. We will talk more about waste in our final report, but how we deal with our recycling and food waste are an important part of reaching Net Zero emissions.

Being informed and taking part

Tackling climate change in our region requires informed participation and engagement across society, beyond the powers of a local authority or a national government. We need communities, businesses, universities, schools and everyone else to understand the risks of climate change, what we can do about them, and how they can be part of the progress.

We are all part of our wider community through different ways – you may run a business that operates in the area, work at a local hospital, be part of a school committee and more. It is important to look at the organisations and communities that you are part of and consider how they might play their part in tackling climate change. Is your school thinking about how it can become carbon neutral? Does your university teach its students about how climate change will impact their area of interest? Is your business investing sustainably? Does your organisation support any local nature-based charities? You may find that your local community already has a local group mobilised to do their bit, or you may want to start your own initiative.

As we have found from our public engagement, opinions, research and recommendations from residents are invaluable to the work of local and regional government. We therefore also encourage residents to engage with their elected representatives, be that at the city, council, regional or national level, to help inform and encourage effective climate change policies.

Our final thought on what you can do is to encourage you to stay informed about climate change and possible actions that you can take. We have given some useful websites links in this chapter. The Combined Authority, your local council, and parish councils will also be a source of information on their strategies and new actions

The implementation and success of our recommendations will in a large part be down to the participation and engagement from residents across the region. We therefore hope that all residents will join us in making Cambridgeshire and Peterborough a leader on climate action and sustainability, and we all can contribute to ensuring that our children and future generations have a world that is fit to live in.

Local Transport Plan and Low Emission Vehicles Strategy

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery and Strategy
Key decision:	No
Forward Plan ref:	n/a
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <p>a) Approve and allocate £200,000 from the Medium Term Financial Plan revenue budget for Local Transport Plan development work, in line with the proposals in the report to the Transport and Infrastructure Committee on 10 March 2021.</p>
Voting arrangements:	A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council or Peterborough City Council, or their Substitute Members

1. Purpose

- 1.1 To invite the Board to approve and allocate £200,000 from the Medium Term Financial Plan revenue budget to carry out a refresh to the Local Transport Plan (LTP) during the 2021/22 financial year. Members will receive updates and opportunity to provide feedback and amendments to the refreshed document at key milestones during the refresh programme.
- 1.2 These proposals were considered at the Transport and Infrastructure Committee meeting on 10 March 2021. Following discussion, the Committee decided by a majority to recommend the proposals to the Combined Authority Board for approval.
- 1.3 The Committee report and appendices can be viewed via the link below:

[Transport and Infrastructure Committee 10 March 2021 - Item 2.3 refers](#)

2. Considerations

- 2.1 Following comments from the Transport and Infrastructure Committee, the Appendix to the original report (Draft LTP Refresh Scoping Report) has been amended to reflect these suggested changes – document included within the Board papers.

3. Appendices

- 3.1 Appendix 1 - Local Transport Plan Refresh Scoping Report.
- 3.2 An accessible version of this report is available on request from Democratic.Services@cambridgeshirepeterborough-ca.gov.uk
- 3.3 Appendices to the report to the Transport and Infrastructure Committee can be viewed via the link below:

[Transport and Infrastructure Committee 10 March 2021 - Item 2.3 refers](#)

4. Background Papers

- 4.1 None

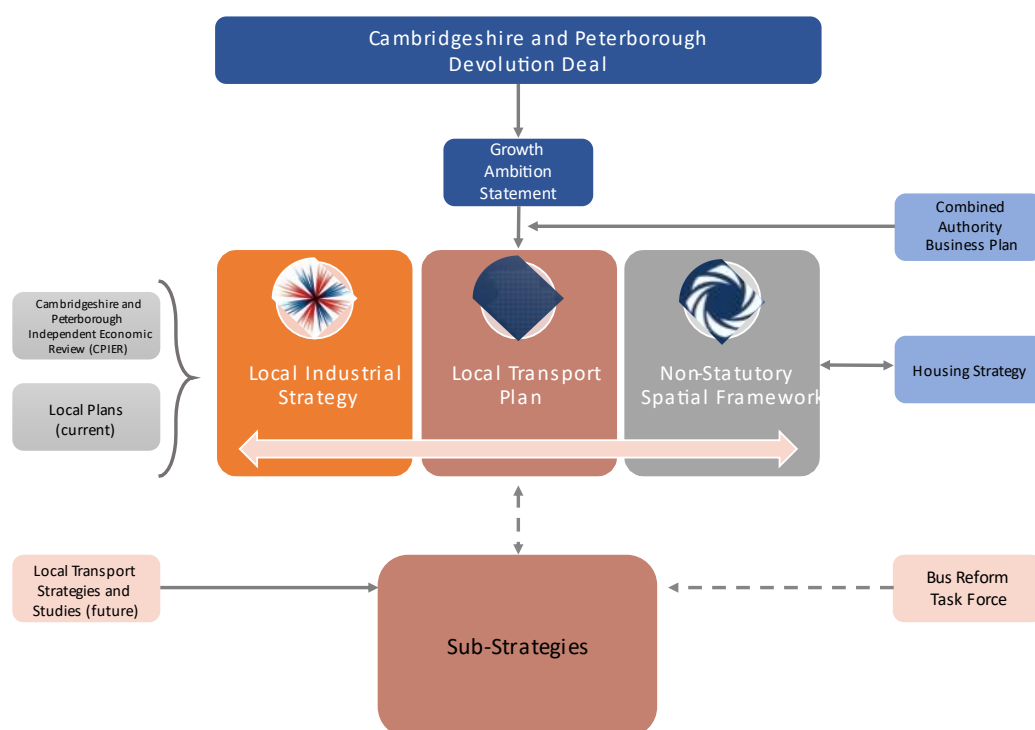
Local Transport Plan Refresh: Scoping Report

1. Introduction

- 1.1. The Local Transport Plan (LTP) assesses an area's transport needs and challenges and sets out the different ways in which these will be addressed. The Combined Authority's first LTP was published in January 2020 with the vision to:

“Deliver a world-class transport network for Cambridgeshire and Peterborough that supports sustainable growth and opportunity for all.”

- 1.2. The LTP is one of the key strategic documents that sets the overarching aims, ambitions and goals for the residents, business and visitors to Cambridgeshire and Peterborough.



- 1.3. The Cambridgeshire and Peterborough Devolution Deal, agreed with central government in 2017, gave the Mayor and Combined Authority responsibility for certain transport functions. Among other responsibilities, the Combined Authority took over the role of Local Transport Authority from Cambridgeshire County Council and Peterborough City Council. One of the key responsibilities of the Local Transport Authority was the development of the LTP.
- 1.4. The LTP is intended to set out the Combined Authority's plans and strategies for maintaining and improving all aspects of the local transport system. The first LTP produced by the Combined Authority set out the:
- Vision and objectives for transport in the area alongside a programme for achieving them;
 - Current and future transport needs of people and freight, across transport modes; and

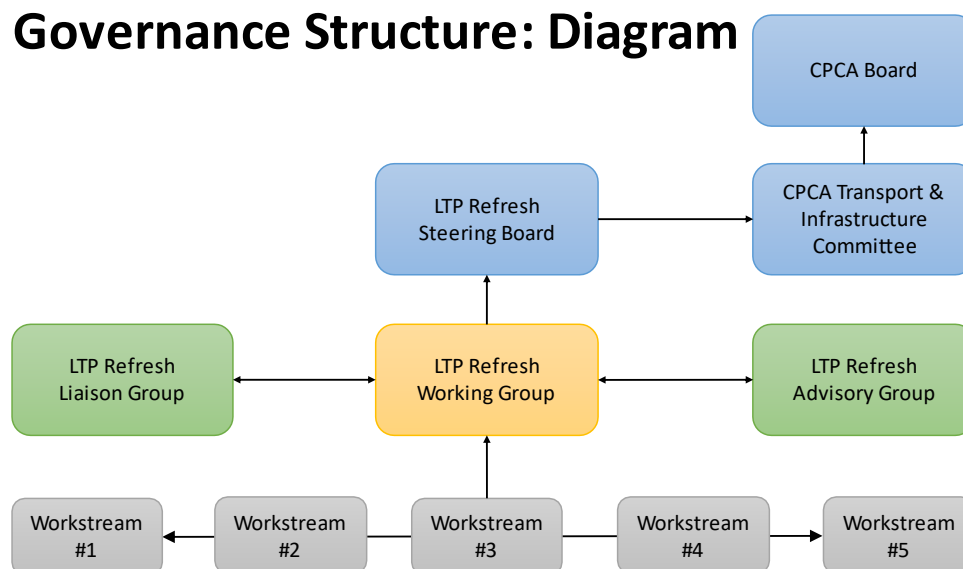
- Policies and delivery plans relating to transport, explaining how they contribute to the delivery of local strategic priorities.
- 1.5. The LTP considers the maintenance, operation and best use of existing transport assets, while at the same time giving due regard to environmental issues and opportunities.
- 1.6. The document is intended to complement, but not replace, the development of local transport policies and schemes. It provides the overarching context that local scheme promoters should consider when prioritising investment in transport.
- 1.7. Therefore, to summarise, the purpose of a LTP is to:
- Outline the current baseline with regard to transport, accessibility and pollution;
 - Set out challenging, but achievable, objectives;
 - Set out the timeline for achieving these objectives; and
 - Outline 'bids' for funding from the DfT.
- 1.8. As outlined in the LTP (paragraph 1.5), *“Cambridgeshire and Peterborough are likely to change significantly over the lifetime of the plan, in ways that we cannot currently predict. As a consequence, the transport strategy needs to be sufficiently flexible to influence and support transport initiatives as they are brought forward”*.
- 1.9. Since the publication of the LTP in early 2020 there have been a number of significant changes to Cambridgeshire, Peterborough and the wider world that have directly and indirectly impacted on the appropriateness of the region’s transport network and overarching strategy. These changes (both challenges and opportunities) include:
- New CO₂ and EV targets published by government, contained within:
 - Decarbonisation Transport document
 - The Ten Point Plan for a Green Industrial Revolution document
 - New national walking and cycling policy published by government entitled *Gear Change*
 - Independent Commission on Climate Change recommendations (March 2021);
 - A number of developments within the OxCam Arc, including England’s Economic Heartland Transport Strategy and the changes to the spatial strategy framework;
 - The effects of COVID-19, which are being felt across the transportation sector with impacts on the public transport and active travel. In addition, it is important to ensure that there is not a solely car-based recovery during the establishment of the “new normal”;
 - The Comprehensive Spending Review, which was undertaken in late 2020 (one year review) and it is anticipated there will be a three-year review at the end of 2021;
 - As the LTP was published early in 2020 the majority of the data is now more than two years out of date, both in relation to transport and non-transport related challenges and opportunities; and
 - Since the publication of the LTP the Combined Authority and partners have made significant progress in relation to strategic schemes, including A428, East-West Rail, Peterborough Station quarter and the Greater Cambridge Local Plan. The acceleration of these schemes together with the changes in government (local and national) policy has increased the need for a refreshed LTP.

- 1.10. The Combined Authority will be undertaking a LTP refresh over the course of the 2021/22 financial year. This refreshed document will be submitted to the Transport & Infrastructure Committee and Board for approval and sign off, following public, stakeholder and Member engagement.

2. Governance Structure

- 2.1. To support work on the LTP refresh, input from a range of people from different organisations will be required. The following section outlines the main roles and responsibilities for this refresh to ensure its delivery within the 2021/22 financial year:
- The Director of Delivery and Strategy will be the Project Sponsor.
 - The Transport Strategy and Policy Manager will be the Lead Officer.
 - The Combined Authority's PMO will provide project management expertise.
 - In line with the Authority's *10 Point Guide*, an inception meeting will take place at the beginning of the project with appropriate due governance thereby ensuring key milestones are met.

Governance Structure: Diagram



LTP Steering Group

- 2.2. The LTP Steering Group will provide advice and strategic direction, ensure delivery of the project outputs and the achievement of the LTP refresh project outcomes. This Group will consist of the members of the Transport and Infrastructure Committee and will be supported by officers.

LTP Advisory Group

- 2.3. The Growth Ambition Board will be used during the development of the refresh LTP to act as an Advisory Group where ideas and innovative thinking can be tested and examined to ensure the best quality strategic project is delivered.

- 2.4. The Advisory Group will act as a sounding-board for the Project Sponsor and Lead Officer in the development of the refreshed LTP, providing a forum to test their strategic thinking and access expertise during the plan's development. By aligning this role with that of the Growth Ambition Board, it will be possible to test the fit between emerging LTP thinking and the wider growth programme, including any interface with the OxCam Arc, and with the strategies of member councils.

LTP Working Group

- 2.5. To develop key workstreams it is important that a LTP Working Group is established whereby the lead officers of each work package can report on progress and receive critical feedback ahead of this being challenged by the Steering Group.
- 2.6. The Working Group will be designed to bring together individuals from member councils and key partner organisations that have relevant knowledge and skills who will act either individually or collectively to undertake assigned tasks and activities to achieve the project's objectives.
- 2.7. The membership of the LTP Working Group will include officer representation from at least:
- CPCA;
 - Cambridge City Council;
 - Cambridgeshire County Council;
 - East Cambridgeshire District Council;
 - Fenlands District Council;
 - Greater Cambridge Partnership;
 - Huntingdonshire District Council;
 - Peterborough City Council;
 - South Cambridgeshire District Council;
 - Department for Transport;
 - Highways England; and
 - Network Rail.

LTP Liaison Group(s)

- 2.8. The LTP Liaison Group(s) will ensure the views of a number of key stakeholders and interest groups are considered in a timely manner. Membership of the group(s) will be determined in consultation with local government partners.

Reporting to the CPCA Board

- 2.9. The Transport Strategy and Policy Manager will report the development and progress to the CA Board via the Transport & Infrastructure Committee at key milestones in the LTP refresh programme, to invite challenge and feedback on the overarching direction of travel. In addition, reports will be provided periodically to the CPCA Transport Programme Board on progress.

3. Situational mapping

- 3.1. SWOT (strengths, weaknesses, opportunities and threats) and STEEPLE (social, technology, economic, environmental, political, legal and ethical) analyses to be undertaken at the first

meeting of the LTP Working Group and feedback provided to the Steering Group – this section will be updated in accordance with these timescales and kept under review throughout the lifetime of the project.

4. Resources and assets analysis

- One PMO project manager;
- One Lead Officer;
- Workstream leads (to be led by CPCA and partner organisation); and
- Financial budget – approximately £100k budget for consultation, data investigation and strategic development.

5. Stakeholder and Partnership analysis

5.1. There are a number of key stakeholders that have been identified that will be engaged through the LTP Liaison meetings.

5.2. Additional stakeholders that will be engaged through direct one-to-one engagement meetings, include (not exclusive to – feedback will be sought on additional stakeholders during the development of the programme):

- Airports: Luton and Stansted;
- Anglia Ruskin University;
- Bus Users Group;
- CAM Cycle;
- Cambridge Ahead;
- CBI;
- Chamber of Commerce;
- Climate Change Commission;
- CPCA directorates;
- Emergency Services;
- England's Economic Heartland;
- Federation of Small Businesses;
- Freight Association;
- Friends of the Earth;
- Modal Interest Groups (PROW, Equestrianism);
- MPs;
- Neighbouring Transport Authorities;
- Parish Councils;
- Public Transport Operators – Rail;
- Public Transport Operators – Road;
- Ramblers Association;
- Road Haulage Association;
- UK Power Network;
- University of Cambridge; and
- Visit Cambridge.

5.3. Public information events will be held during the development of the refreshed strategy.

6. Review of existing evidence

- 6.1. LTP in place and requires a refresh – significant data available from the COVID Transport Restart Group and other evidential sources.

7. Data review

- 7.1. Work to be undertaken by the Analysis and Evaluation Manager to identify and review relevant available data sources including demographic, service use, user satisfaction and psychographic data together with any insights gained. This will be part of one of the workstreams and will assist the development of the revised strategy. On completion of the data review, this will help to inform strategic choices to be made at the political and working level.

8. Behavioural analysis

- 8.1. Changes in behaviour to be analysed and incorporated into the overarching strategy document. In addition, these need to be tested, reviewed and amended following feedback from key stakeholders and the public.
- 8.2. There remains an inherent risk around a 'car-based recovery' to the COVID-19 pandemic that may undermine the LTP's objectives (especially in relation to the environment). The situation presents the Combined Authority with an opportunity to build on the lessons to be learned from the pandemic and secure the positive implications relating to behavioural change, reducing the need to travel and the importance of the local community and society are embedded within the refreshed and revised strategy.

9. Establishing 'audience insights' – based on what 'moves & motivates'.

- 9.1. There are several key motivators and barriers that need to be addressed through the refresh of the LTP. Some of these include:
 - Impacts of the COVID-19 pandemic leading to changes in behaviour;
 - Active travel developments, such as e-scooters and e-bikes;
 - Gaps identified in the original LTP to be considered and addressed; and
 - A potential risk is around the political direction of travel (due to elections and national government policy updates).

10. Development phase proposals

- 10.1. See Appendix (excel spreadsheet) – outlines a draft programme, illustrating timings, interventions, resources, stakeholder management, governance and monitoring/reporting.

Link to appendix [LTP and Sub Strategies Programme](#)



Fengate Phase 2 University Access

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery and Strategy
Key decision:	Yes
Forward Plan ref:	KD2021/002
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none">a) Approve the drawdown of £160,000 from the Medium-Term Financial Plan to produce Phase One of the Outline Business Case and to carry forward £120,000 of subject to approval funding into 2021-22 financial year.b) Subject to approving recommendation (a), authorising the Director of Delivery and Strategy to conclude a Grant Funding Agreement with Peterborough City Council on terms approved by Chief Legal Officer.
Voting arrangements:	A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council or Peterborough City Council, or their Substitute Members

1. Purpose

- 1.1 To seek approval for the drawdown of £160,000 from the Medium-Term Financial Plan to produce Phase One of the Outline Business Case and to carry forward £120,000 of subject to approval funding into 2021-22 financial year.
- 1.2 These proposals were considered at the Transport and Infrastructure Committee meeting on 10 March 2021. Following discussion, the Committee decided by a majority to recommend the proposals to the Combined Authority Board for approval.
- 1.3 The Committee report and appendices can be viewed via the link below:

[Transport and Infrastructure Committee 10 March 2021 - Item 2.6 refers](#)

2. Considerations

- 2.1 None

3. Appendices

- 3.1 Appendices to the report to the Transport and Infrastructure Committee can be viewed at:

[Transport and Infrastructure Committee 10 March 2021 - Item 2.6 refers](#)

Appendix 1 – Fengate Phase 2 University Access Map of Package Improvements

Appendix 2 – Fengate Phase 2 University Access Strategic Outline Business Case

4. Background Papers

- 4.1 4 November 2019 [Transport and Infrastructure Committee Paper](#)



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Agenda Item No: 4.3

A47 Dualling

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery and Strategy
Key decision:	No
Forward Plan ref:	n/a
Recommendations:	The Combined Authority Board is recommended to note the content of the report to the Transport and Infrastructure Committee on 10 March 2021.
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 To update the Board Committee on the outcome of discussions with Highways England on the A47 Dualling project.
- 1.2 This report was considered at the Transport and Infrastructure Committee meeting on 10 March 2021 and its content was noted.
- 1.3 The Committee report and appendices can be viewed via the link below:
[Transport and Infrastructure Committee 10 March 2021 - Item 2.7 refers](#)

2. Considerations

- 2.1 None.

3. Appendices

- 3.1 None.

4. Background Papers

- 4.1 4 November [Transport and Infrastructure Committee Paper](#)



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Agenda Item No: 4.4

Wisbech Rail

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes.
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery and Strategy
Key decision:	Yes
Forward Plan ref:	KD2021/003
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <p>a) Approve the drawdown of £300,000 capital funding from the Medium-Term Financial Plan to enable the next steps to progress and be spent in 2021/22.</p>
Voting arrangements:	A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council or Peterborough City Council, or their Substitute Members

1. Purpose

- 1.1 To seek approval for the drawdown of £300,000 capital funding from the Medium-Term Financial Plan to enable the next steps to progress in 2021/22.
- 1.2 These proposals were considered at the Transport and Infrastructure Committee meeting on 10 March 2021. Following discussion, the Committee decided unanimously to recommend the proposal to the Combined Authority Board for approval.
- 1.3 The Committee report and appendices can be viewed via the link below:
[Transport and Infrastructure Committee 10 March 2021 - Item 2.8 refers](#)

2. Considerations

- 2.1 None.

3. Appendices

- 3.1 None

4. Background Papers

- 4.1 [Transport and Infrastructure Committee 8 July 2020 - Item 2.7 refers](#)
- 4.2 [Wisbech Rail Full Business Case](#)
- 4.3 [Wisbech Rail GRIP 3b](#)

St Ives

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes.
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery and Strategy
Key decision:	Yes
Forward Plan ref:	KD2021/009
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <p>Approve the reallocation of revenue budget savings of £137,000, made through the efficient tendering of the A141 Strategic Outline Business Case project, to fund the Strategic Outline Business Case associated with St Ives.</p>
Voting arrangements:	A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council or Peterborough City Council, or their Substitute Members

1. Purpose

- 1.1 To seek approval for the reallocation of revenue budget savings of £137,000, made through the efficient tendering of the A141 SOBC project, to fund the Strategic Outline Business Case associated with St Ives.
- 1.2 These proposals were considered at the Transport and Infrastructure Committee meeting on 10 March 2021. Following discussion, the Committee decided unanimously to recommend the proposals to the Combined Authority Board for approval.
- 1.3 The Committee report and appendices can be viewed via the link below:

[Transport and Infrastructure Committee 10 March 2021 - Item 2.5 refers](#)

2. Considerations

- 2.1. None.

3. Appendices

- 3.1 None

4. Background Papers

- 4.1 [CA Board Report August 2020 - Item 3.4 refers](#)

March Area Transport Study: March 2021

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Mayor James Palmer
From:	Paul Raynes, Director of Delivery and Strategy
Key decision:	No
Forward Plan ref:	n/a
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <p>a) Approve the drawdown of £60,000 from the Medium-Term Financial Plan to undertake additional work to establish a list of walking and cycling interventions.</p>
Voting arrangements:	A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils, to include the Members appointed by Cambridgeshire County Council or Peterborough City Council, or their Substitute Members

1. Purpose

- 1.1 To seek approval for the drawdown of £60,000 from the Medium-Term Financial Plan to undertake additional work to establish a list of walking and cycling interventions.
- 1.2 This proposal was considered at the Transport and Infrastructure Committee meeting on 10 March 2021. Following discussion, the Committee agreed unanimously to recommend the proposals to the Combined Authority Board for approval.
- 1.3 The Committee report can be viewed via the link below:

[Transport and Infrastructure Committee 10 March 2021 - Item 2.4 refers](#)

2. Considerations

- 2.1 None.

3. Appendices

- 3.1 None

4. Background Papers

- 4.1 [Transport and Infrastructure Committee 4 November 2020 - Item 2.6 refers](#)



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Agenda Item No: 4.7

England's Economic Heartland Transport Strategy

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 24 March 2021

Public report: Yes

Lead Member: Mayor James Palmer

From: Paul Raynes, Director of Delivery and Strategy

Key decision: No

Forward Plan ref: n/a

Recommendations: The Combined Authority Board is recommended to:

Provide advice to the Mayor on the Combined Authority's position in relation to the revised Transport Strategy prepared by England's Economic Heartland (EEH), for him to take into account in attending EEH governance meetings.

Voting arrangements: A simple majority of all Members present and voting

1. Purpose

- 1.1 To invite the Board to provide feedback and advise the Mayor (as chair of the Transport and Infrastructure Committee and the Combined Authority's representative within England's Economic Heartland (EEH) governance) on the Combined Authority's position in relation to the EEH and its associated Transport Strategy.
- 1.2 These proposals were considered at the Transport and Infrastructure Committee meeting on 10 March 2021. Following discussion, the Committee agreed unanimously to recommend the proposals to the Combined Authority Board for comment.
- 1.3 The Committee report and appendices can be viewed via the link below:

[Transport and Infrastructure Committee 10 March 2021 - Item 2.9 refers](#)

2. Considerations

- 2.1 None.

3. Appendices

- 3.1 Appendix 1 – EEH Comparison with CPCA's response to consultation
- 3.2 An accessible version of this appendix is available on request from Democratic.Services@cambridgeshirepeterborough-ca.gov.uk

4. Background Papers

- 4.1 None

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
1	The Combined Authority welcomes the alignment between its Local Transport Plan ambitions to reduce carbon emissions to net zero by 2050 and the policies set out in the EEH draft strategy	Amber	<p>Principles:</p> <ul style="list-style-type: none"> • Achieving net-zero carbon emissions from transport no later than 2050 • Improving quality of life and wellbeing through an inclusive transport system accessible to all which emphasises sustainable and active travel • Supporting the regional economy by connecting people and businesses to markets and opportunities • Ensuring the Heartland works for the UK by enabling the efficient movement of people and goods through the region and to/from international gateways. 	<p>Principles:</p> <ul style="list-style-type: none"> • Achieving net-zero carbon emissions from transport no later than 2050, with an ambition to reach this by 2040 • Improving quality of life and wellbeing through a safe and inclusive transport system accessible to all which emphasises sustainable and active travel • Supporting the regional economy by connecting people and businesses to markets and opportunities • Ensuring the Heartland works for the UK by enabling the efficient movement of people and goods through the region and to/from international gateways, in a way which lessens its environmental impact. 	Alignment remains between the principles and those within the Local Transport Plan. Amendment to the wording of the first principle to be considered (regarding the ambition to reach net zero by 2040)

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
2	Pleasing to see in policy 4 a broadly similar user hierarchy to that set out set out in the Cambridgeshire and Peterborough LTP	Amber	<p>Policy 4: We will work with infrastructure owners and operators to ensure that proposals brought forward for the development of the transport system reduce reliance on the private car by considering the needs of users on the basis of the following hierarchy:</p> <p>i) Active Travel Modes (pedestrians and cyclists)</p> <p>ii) Public transport and shared modes (bus, scheduled coach and rail)</p> <p>iii) Low emission/ zero carbon private vehicles, including two wheeler vehicles</p> <p>iv) Other Motorised modes</p> <p>All proposals to be prepared on the basis that they provide inclusive and accessible travel options for all users.</p>	<p>We will work with infrastructure owners and operators to ensure that proposals brought forward for the development of the transport system reduce reliance on the private car by considering the needs of users on the basis of the following Travel Hierarchy:</p> <ul style="list-style-type: none"> • Enabling access to services and opportunities without the need to travel • Active Travel Modes (pedestrians and cyclists) • Public transport and shared modes (bus, scheduled coach and rail) • Low emission/ zero carbon private vehicles, and two-wheeler vehicles including motorcycles • Other Motorised modes <p>All proposals to be prepared on the basis that they provide inclusive and accessible travel options for all users.</p>	<p>Addition of enabling access to services and opportunities without the need to travel added to the document. The priority of the first two priorities continue to be assessed. This revised policy provides a hook for greater digital connectivity</p>
3	Pleased that policy 20 echoes the Combined Authority's policy on digitally enabling transport corridors	Complete	<p>Policy 20: To realise our decarbonisation commitments, while supporting economic growth, we will expect infrastructure owners to ensure that all new strategic infrastructure investment is designed as digitally enabled corridors.</p>	No change	No change

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
4	Policy 24 supports the delivery of high quality sustainable mass transit systems such as the CAM	Complete	<p>Policy 24: We will support the development and delivery of high quality, segregated mass transit systems where there is the potential market for its long-term sustainability: priority will be given to supporting the delivery of such systems in the following locations:</p> <ul style="list-style-type: none"> • Cambridge (the CAM) • Milton Keynes • The A414 corridor in Hertfordshire 	<p>Working with partners and operators, we promote the development and delivery of high quality public transport and segregated mass transit systems. Initial priority will be given to supporting the delivery of Mass Rapid Transit in the following locations:</p> <ul style="list-style-type: none"> • Cambridgeshire Autonomous Metro • Milton Keynes Rapid Transit • The A414 corridor in Hertfordshire. • Oxford sub-urban network - Bus rapid transit and Cowley branch line <p>Where further transit systems are identified, we will work with partners to maximise their potential and deliverability.</p>	Policy revised to show an appetite for mass transit systems elsewhere in the region - however CAM remains first and centre
5	The policy set does not recognise the full potential of the CAM, which is a regional solution for the whole of Cambridgeshire and Peterborough rather than a Cambridge-focussed scheme, and is both a low-carbon solution, and an enabler of sustainable housing and employment growth	Amber	See Ref #4	See Ref #4	No mention specifically within the policy around the CAM providing access to Cambridgeshire and Peterborough; however the language use changes the reference from Cambridge to the Cambridgeshire Autonomous Metro

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
6	Policy 5, for example, could consider adopting a “doubling nature” ambition of the kind embodied in the Combined Authority’s policies	Amber	Policy 5: In identifying future investment requirements, we will prioritise proposals on the basis of value for money, their contribution towards achieving net-zero carbon targets, and their contribution to wider sustainability and environmental net gain outcomes.	In identifying future investment requirements, we will prioritise proposals on the basis of value for money, their contribution towards achieving net-zero carbon targets, and their contribution to wider sustainability, environmental net gains and health outcomes.	<p>The policy was changed to reflect health outcomes; however no amendments on the potential to adopt a 'doubling nature' ambition</p> <p>However on page 6 the strategy now reads "all new transport-related development should protect and enhance the environment and be based on the principles of net-zero carbon, net biodiversity gain, net environmental gain and contribute towards doubling the land actively managed for nature"</p>

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
7	Combined Authority also supports the central, and in the future the Eastern, sections of East West Rail (policy 7, 8), including the new station at Cambridge South (policy 10). EEH should consider supporting the Combined Authority in pressing for Cambridge South to be delivered by 2025	Complete	<p>Policy 7: We support the delivery of the East West Rail project (including its Eastern Section), with the expectation that Phase 2 of the Western Section is open from Oxford – Bedford by 2024, Aylesbury – Milton Keynes by 2025 and the Central Section by 2030.</p> <p>Policy 10: We will work with partners, the EWRCo and Network Rail to ensure that where the East West Main Line intersects existing main lines the opportunity is taken to establish regionally significant transport hubs: priority will be given to developing proposals in the following locations:</p> <ul style="list-style-type: none"> • Oxford Stations • Bicester Stations • Aylesbury Station • Bletchley/Milton Keynes Stations • Bedford Midland Station • East West Rail/East Coast Main Line • Cambridge/Cambridge South Stations. 	<p>We support the delivery of the East West Rail project (including the 'eastern' section from Ipswich and Norwich to Cambridge), with the expectation that Oxford to Bedford is open by 2024, Aylesbury-to Milton Keynes by 2025; and Oxford-Cambridge by 2030.</p> <p>We will work with partners, the EWRCo and Network Rail to ensure that where the East West Main Line intersects existing main lines the opportunity is taken to establish regionally significant transport hubs: priority will be given to developing proposals in the following locations:</p> <ul style="list-style-type: none"> • Oxford Stations • Bicester Stations • Aylesbury Station • Bletchley/Milton Keynes Stations • Bedford Midland Station • East West Rail/East Coast Main Line • Cambridge/ Cambridge South Stations <p>In addition, on page 18 under "Improving North-South Connectivity" the strategy states "we support the delivery of Cambridge South Station by 2025"</p>	Comments taken on board and amendments made accordingly

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
8	We would welcome EEH's explicit support for increased capacity at Ely North Junction and on the line between Ely and Newmarket via Soham to support both passenger and freight traffic, and for the restoration of a rail service between Wisbech and Cambridge that can take advantage of new train paths created by that capacity (policy 17, policy 30).	Amber	<p>Policy 17: We will work with the Cambridgeshire and Peterborough Combined Authority, Cambridgeshire County Council and Peterborough City Council alongside Network Rail and Government to support the priorities identified in the Cambridgeshire Rail Corridor Study</p> <p>Policy 30: We will work with Network Rail and all relevant Sub-national Transport Bodies to develop proposals that increase freight on the rail network with priority given to the following corridors:</p> <ul style="list-style-type: none"> • Felixstowe to Nuneaton • East West Main Line • Southampton to West Midlands 	<p>We will work with the Cambridgeshire and Peterborough Combined Authority, Cambridgeshire County Council and Peterborough City Council alongside Network Rail and Government to support the priorities identified in the Cambridgeshire Rail Corridor Study and we support the delivery of Cambridge South Station by 2025 and aspirations for services to/from a new station at Wisbech.</p> <p>We will work with Network Rail and all relevant Sub-national Transport Bodies to develop proposals that increase freight on the rail network with priority given to the following corridors:</p> <ul style="list-style-type: none"> • Felixstowe to Nuneaton • East West Main Line • Southampton to West Midlands • West Coast Main Line (Inc. Northampton Loop) <p>Page 24: Delivery of the Ely Area Capacity Enhancements currently planned will provide some additional capacity on the Felixstowe to Nuneaton corridor. However, further investment in and electrification of that corridor will be required if rail freight is</p>	Policy 17 amended to provide explicit support for the Wisbech rail reopening; however no mention in Policy 30 around the need for improvements at Ely North Junction specifically

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
9	Stansted Airport is very significant for the Cambridgeshire and Peterborough area and connectivity to Stansted via the M11 should be reflected as a priority in policy 28	Complete	<p>Policy 28: We will work with infrastructure owners/ operators, Network Rail, Highways England and the Government to improve surface access by public transport to international airports in order to reduce the environmental footprint of their operations, with priority given to:</p> <ul style="list-style-type: none"> • Luton Airport – with a focus on improving travel opportunities via services on the Midland Main, and ensuring the right level of service and capacity on the Direct Air Rapid Transit service (DART) • Heathrow Airport – with a focus on improved interchange and connectivity via the Old Oak Common transport hub, and through delivery of Western Rail Access to Heathrow. 	<p>We will work with infrastructure owners/operators, Network Rail, Highways England and the Government to improve surface access by public transport to international airports in order to reduce the environmental footprint of their operations, with priority given to:</p> <ul style="list-style-type: none"> • Luton Airport – with a focus on improving travel opportunities via services on the Midland Main, and ensuring the right level of service and capacity on the Direct Air Rapid Transit service (DART) • Heathrow Airport – with a focus on improved interchange and connectivity via the Old Oak Common transport hub, and through delivery of Western Rail Access to Heathrow. • Stansted Airport – with a focus on improved travel opportunities via services on the West Anglia Main Line between Cambridge, Stansted, Bishops Stortford and London. 	Comments taken on board and amendments made accordingly

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
10	The key road freight corridors mentioned in policy 33 should include the A47, and reflect the need to dual that road between Peterborough and Wisbech	Amber	<p>Policy 33: We will work with Highways England, local highway authorities and the freight sector to ensure that strategic corridors for road freight and logistics are fit for purpose: priority will be given to the following corridors:</p> <ul style="list-style-type: none"> • The M25/M1 • The A34 and M40 north of Oxford • The A1 corridor (north of Huntingdon) • The A14 • The A508 into Northampton 	<p>We will work with Highways England, local highway authorities, local planning authorities and the freight sector to ensure that strategic corridors for road freight and logistics are fit for purpose: priority will be given to the following corridors:</p> <ul style="list-style-type: none"> • The M25/M1 • The A34 and M40 north of Oxford • The A1 corridor (north of Huntingdon) • The A14 • The A508 into Northampton. 	<p>EEH outline that they have recognised importance working with local authorities. Highways England suggested clarification about the list not being exhaustive.</p> <p>No mention of the A47 within the policy; however on page 31 there is reference to the A47 Wansford to Sutton and A47 Peterborough to Wisbech as part of the SRN and RIS2</p>

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
11	A further key regional road priority the strategy should promote is dualling the A10 between Ely and Cambridge	Green	No reference	<p>Page 31: Investment, where required, in the Strategic Road Network (SRN) and the Major Road Network (MRN) to support all road users and future proof the network. Delivery of investment in the Major Road Network (as outlined in EEH's initial 5-year programme of investment in the MRN submitted to the DfT):</p> <ul style="list-style-type: none"> • Bedford Western Bypass Dualling • Aylesbury Eastern Link Road • Ely to Cambridge A10 Dualling Improvements (LLM) • Ely to Cambridge A10 Junction Improvements • A1139 University Centre Access, Peterborough • A10 Corridor Scheme, Broxbourne • Century Park Access Road Phase Two (LLM) • Vauxhall Way Improvements, Luton • A509 Isham Bypass • A43 Northampton-Kettering Phase Three 	Not included within the policies; however now reference in the section on targeted investment in the highway network
12	From a Cambridgeshire and Peterborough perspective, it is clear that EEH's current geography does not match the area's economic connectivity. As the comments on the Transport Strategy above make clear, Cambridge is not a bookend	Red	No reference	No reference	Other than the reference to the rail corridor and the need to provide enhancements along the Felixstowe to Nuneaton rail corridor and HS2 there is no specific mention of the travel movements to Essex, Suffolk, Norfolk or the Midlands (areas beyond the EEH boundaries) within the Transport Strategy

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
13	The Combined Authority would therefore invite EEH to begin discussions with Transport for the East and its own members about the potential for fixing a genuinely strategic geography on which future conversations about a STB role might be based	Amber	No reference	<p>Page 8: The Heartland's location within the United Kingdom makes our relationship with neighbouring regions of great strategic importance, both in terms of economic linkages and as part of the wider transport system that connects other regions and national with the UK's global gateways</p> <p>Page 23: We will work with adjoining Sub-national Transport Bodies and Network Rail to assess the need for improved surface access to the other international gateways that support our region including Birmingham Airport, East Midlands Airport (for freight) and St Pancras International</p>	<p>Some reference to movements beyond the boundaries such as the East Midlands in the Luton-Bedford-Wellingborough-East Midlands work (page 18), Stansted Airport (Ref #9) and East-West Rail (Ref #7) however limited on the movements between regions (in and out)</p> <p>Update to be sought from EEH on the discussions being had (CPCA to be involved going forward?)</p>
14	The Combined Authority and its member councils are also sceptical about the proposed model of concurrent powers, especially in relation to highways interventions and bus partnerships	Red		No specific reference within the Transport Strategy	Aligns to Ref #13, #16 and #17
15	Coordinating the exercise of concurrent powers threatens the creation of a new bureaucratic industry. Effective upstream alignment of strategy is a more effective and much cheaper tool than dual-running the exercise of powers	Red		No specific reference within the Transport Strategy	Statement

EEH Transport Strategy: CPCA Feedback

Ref	CPCA Comment	RAGC Status	Initial EEH Document	Revised EEH Document	Comment
16	The Combined Authority is far advanced with business plans for the reform of bus commissioning in this area: the potential for a further layer of bus commissioning to be added could jeopardise the good progress that has been made with operators and other stakeholders, at a time when the bus market has been seriously disrupted by Covid, rendering much work and public expense nugatory	Amber		Page 21 now states "Across the region, we will work with bus operators, through the EEH Bus Operators Association, to develop a long-term plan to support the role of scheduled bus and coach services"	No other reference to the bus industry and the commissioning within this sector in the papers seen to date - an update needed from EEH
17	A number of the Combined Authority's member councils are not supportive of the creation of a statutory STB under any circumstances. They take the view that decision should be taken as close to the citizen as possible and that a regional STB is too remote	Amber		No mention of a statutory STB within the Transport Strategy; however in the Operating Framework there is reference to "England's Economic Heartland is recognised by Government as the Sub-national Transport Body (STB) for the Heartland region"	With the development of the Operating Framework the question should be asked as to whether the EEH are positioning themselves as a statutory STB for the Heartland? No reference within the document and at the meeting on Friday 5th February it was reinforced to Mayor Palmer by Mayor Hodgson and Martin Tugwell that the EEH are not "trying to take powers away from the LTAs - as I think everyone on this call would have problems with that". Review of EEH governance to be encouraged



£100M Affordable Housing Programme

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Councillor Chris Boden, Lead Member for Housing
From:	Roger Thompson, Director of Housing and Development
Key decision:	No
Forward Plan ref:	n/a
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none">a) approve the revised proposals for the future delivery and completion of the £100m Affordable Housing Programme as outlined in paragraph 3.3 of the revised report to the Housing and Communities Committee on 15 March 2021;b) note the revised arrangements for the operation and completion of the £70m Cambridge City Housing Programme;c) instruct the Chief Executives to inform the MHCLG of the recommendation as agreed and bring forward a report to the Board on the arrangements for the implementation of the revised scheme.
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

1.1 The Combined Authority Board is invited to consider the recommendations made by the Housing and Communities Committee in relation to the £100M Affordable Housing Programme.

1.2 This was discussed at the Housing and Communities Committee meeting on 15 March 2021. Following discussion, the Committee resolved unanimously to endorse recommendation b):

That the Board note the revised arrangements for the operation and completion of the £70m Cambridge City Housing Programme;

1.3 The Committee resolved by a majority to endorse recommendations a) and c):

a) That the Board approve the revised proposals for the future delivery and completion of the £100m Affordable Housing Programme as outlined in paragraph 3.3 of the revised report to the Housing and Communities Committee on 15 March 2021;

c) That the Board instruct the Chief Executives to inform the MHCLG of the recommendation as agreed and bring forward a report to the Board on the arrangements for the implementation of the revised scheme.

1.4 The revised Committee report can be viewed via the link below. It is located at the bottom of the webpage under the 'Additional Meeting Documents' heading:

[Replacement Item 2.1 - £100M Affordable Housing Programme](#)

2. Appendices

2.1 None.

3. Background Papers

3.1 Letter from Luke Hall MP, Minister of Housing, Communities and Local Government to Members of CPCA Board Members, 11 March 2021.

Lifetime Skills Guarantee

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	24 March 2021
Public report:	Yes
Lead Member:	Councillor John Holdich OBE, Lead Member for Skills
From:	John T Hill, Director of Business and Skills
Key decision:	Yes
Forward Plan ref:	KD2021/005
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none">a) Note the additional funding from the Department for Education (DfE), delegated to Mayoral Combined Authorities as part of the Government's Lifetime Skills Guarantee, to deliver free Level 3 courses for adults aged 24+b) Approve the approach to spending this additional ring-fenced funding through the Adult Education Board (AEB) Commissioning Principles set out in the report to the Skills Committee on 15 March 2021, including the creation of a 'Level 3 courses' budget line as shown in Table 2, and applying a 3.4% top slice.
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 The Board's approval is sought to the proposed commissioning approach for the additional funding received by the CPCA to deliver a new Level 3 Adult Offer in our region.
- 1.2 The additional funding allocation notified by the Department for Education (DfE) to the CPCA is **£207,838** for the period 1 April 2021 - 31 July 2021, and a further **£833,623** for the period 1 August 2021 to 31 July 2022. In addition, **£4,423** as an 'uplift' to the funding rate for 19–23-year-olds for the period 1 April 2021 – 31 July 2021. This equates to additional funding of **£1,045,844** for the region between 1 April 2021 – 31 July 2022.
- 1.3 These proposals were considered by the Skills Committee on 15 March 2021. Following discussion, the Committee agreed unanimously to recommend the proposals to the Combined Authority Board for approval.
- 1.4 The report and appendices presented to the Skills Committee can be viewed via the link below:

[Skills Committee 15 March 2021 - Item 2.1 refers](#)

2. Considerations

- 2.1 None.

3. Appendices

- 3.1 Appendices to the report to the Skills Committee on 15 March 2021 can be viewed via the link below:

[Skills Committee 15 March 2021 - Item 2.1 refers](#)

4. Background Papers

- 4.1 [Government Guidance on the National Skills Fund](#)



Item 8.1: Motion on Notice from Councillor Bridget Smith

Recent correspondence from MHCLG and from Minister Luke Hall MP has highlighted their serious concerns about the CPCA's £100m Affordable Housing Programme and this has resulted in the scheme, in its current form, being closed with the potential loss of £45m. Failure to realise the expected Value for Money, as detailed in the Devolution Deal and the business case agreed with MHCLG, has been singled out along with failures to reliably identify eligible schemes. Officers were unable to give a full and satisfactory explanation at the recent CPCA Housing and Communities Committee meeting. In order to fully understand what has gone wrong and what lessons can be learnt, as well as reestablishing public and housing sector confidence in the CPCA, the Board supports the urgent implementation of an independent audit of the whole of the £100m Affordable Housing Programme.

The Monitoring Officer has confirmed that the motion is in order as drafted.



Item 8.2: Motion on Notice from Councillor Lewis Herbert

That, in the interests of transparency and accountability on the ending of the £100 million CA affordable housing programme by MHCLG, the Mayor and Combined Authority publish immediately, including for all Board and Housing Committee members

- the latest longer MHCLG letter to the Mayor/Combined Authority
 - all key correspondence and emails to and from Ministers and civil servants and the CA and Mayor in the last six months,
- so we can all better understand the loss of up to £45 million in Government funding for new affordable homes.

Including as the Mayor announced on radio that second letter he had received.

The Monitoring Officer has confirmed that the motion is in order as drafted.

