



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Future Transport Strategy and One CAM Limited

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 28 July 2021

Public report: Yes

Lead Member: Mayor Dr Nik Johnson

From: Kim Sawyer, Chief Executive

Key decision: Yes

Forward Plan ref: 2021/044

Recommendations: The Combined Authority Board is recommended to:

- a) Note the decision of the Chief Executive to stop task orders in relation to the delivery of the work of One CAM Limited.
- b) Note the recommendation of the Board of One CAM Limited that the work of the company be suspended until a comprehensive review of the One CAM programme and the Local Transport Plan be completed, and authorise a material reduction in the activity of One CAM Limited pending a final decision in relation to the CAM Programme.
- c) Request that the Chief Executive and the Director of Delivery and Strategy bring a report to the September meeting of the Combined Authority Board recommending future steps in relation to the One CAM project and the further use or permanent closure of One CAM Limited
- d) Request that the Chief Executive and the Director of Delivery and Strategy bring a further update on revisions to the Local Transport Plan to the Board in September along with the outcome of a review on the use of consultants in the delivery of this work.

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

1. Purpose

- 1.1 This paper sets out how the Combined Authority's transport strategy and approach to public transport will be taken forward during the summer. In particular, it recommends halting the current OneCAM project and makes a proposal for drawing on learning from the CAM metro project in a refreshed Local Transport Plan and Bus Service Improvement Plan.
- 1.2 It seeks to present to the Combined Authority Board, in its role as shareholder with reserved rights, with a recommendation that One CAM Limited maintain a material reduction in the activity of One CAM Limited pending the conclusion of the wider work described in this report.

2. Background: Transport Strategy

Sources of CA transport strategy

- 2.1 The Combined Authority, as the Local Transport Authority, has statutory responsibility for setting transport strategy in Cambridgeshire and Peterborough. The Authority sets its strategy in the light of the evidence, of legal and policy constraints, and of the democratic mandate of the elected Mayor and Board members.
- 2.2 Evidence to underpin transport strategy includes:
 - the Cambridgeshire and Peterborough Independent Economic Review;
 - the continually developing evidence base available to the Combined Authority on travel patterns and demand, air quality and road safety; and
 - local plans and resulting changes in settlement patterns and demographics.
- 2.3 The wider policy framework includes:
 - the Cambridgeshire and Peterborough Devolution deal (growth aims and some specific projects);
 - DfT policy guidance including the National Bus Strategy, Gear Change (active travel), and project assessment guidance; and
 - Non-transport national policy including the Treasury's Green Book on project appraisal and the statutory 2050 net zero objective.
- 2.4 The Mayor's political mandate is values-driven and based on the three Cs of cooperation, community and compassion. What do the three Cs mean for transport?
 - They highlight the needs of left behind communities, where life chances and health outcomes are influenced by the lack of good connectivity; this requires in particular a focus on the Fens and the north of the area;
 - They imply a focus on the link between health improvement and transport, targeting improvements in air quality, in the take-up of active travel, and in road safety;
 - They require transport solutions that attempt to keep communities viable, including proper public transport for villages and estates; and

- The value of Cooperation in particular should structure the Combined Authority's relationships with its partners.

2.5 A snapshot of the kind of inequalities across the area which such an approach might aim to tackle can be seen in figure 1, which evidences a striking and strong relationship between transport connectivity and earnings differentials:

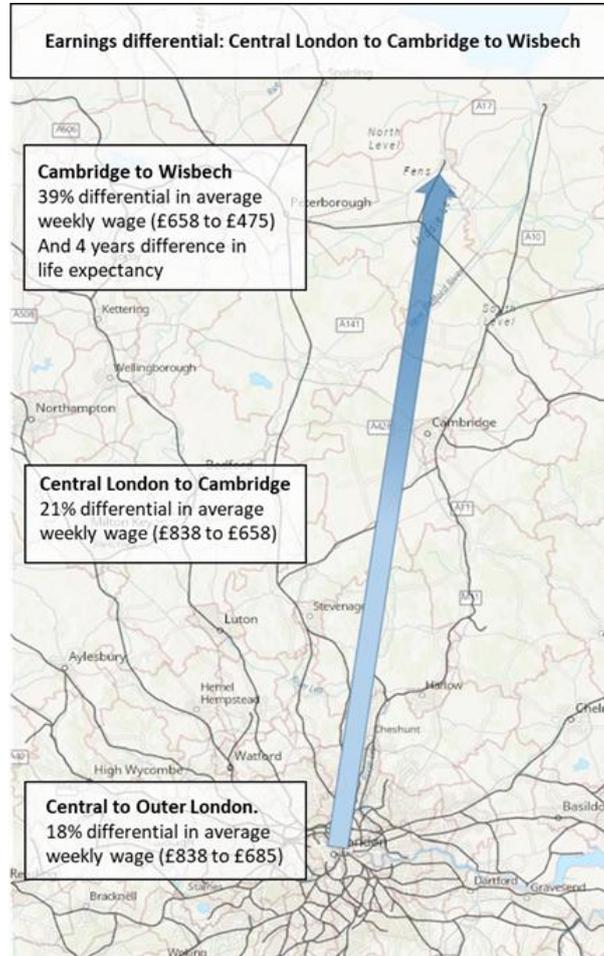


Figure 1

The 2020 Local Transport Plan

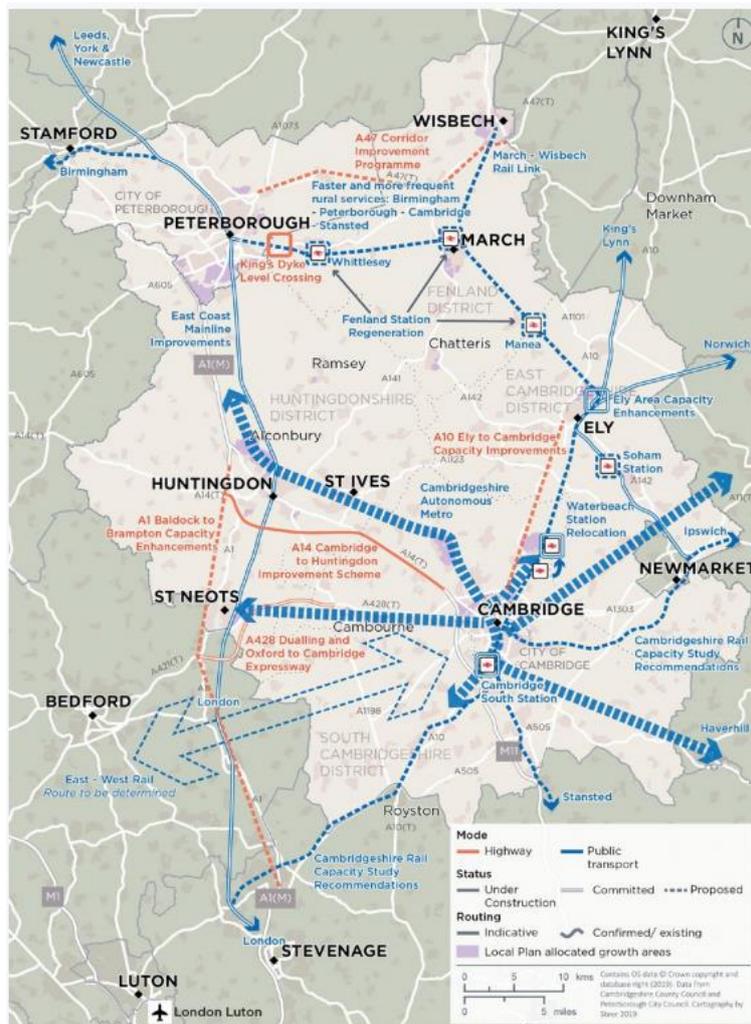
2.6 The Local Transport Plan adopted in January 2020 set out ten headline objectives:

- Supporting new housing development;
- Connecting people to a good job within 30 minutes' travel of their home by public transport;
- Ensuring all of our region's businesses and tourist attractions are connected sustainably to our main transport hubs, ports and airports;
- Building a transport network that is resilient and adaptive;
- Embedding a safe systems approach into all planning and transport operations to achieve Vision Zero – zero fatalities or serious injuries;
- Providing healthy streets and high quality public realm that puts people first and promotes active lifestyles;

- Ensuring transport initiatives improve air quality across the region to exceed good practice standards;
- Promoting social inclusion through the provision of a sustainable transport network that is affordable and accessible for all;
- Delivering a transport network that protects and enhances natural, historic and built environments; and
- Reducing carbon emissions to net zero by 2050.

2.7 The strategy is supported by a set of transport projects which the LTP development process identified as contributing to those objectives. Those projects are shown in figure 2 below.

[Figure 2: Key Projects for Cambridgeshire and Peterborough]



Updating the Local Transport Plan

2.8 The Mayor of the Combined Authority has pledged to ensure that the LTP examines whether there is a transport deficit, as between the north and south of the Combined Authority Area, and to ensure that a refreshed LTP addresses this.

Since the publication of the LTP in early 2020, there have been a number of significant changes within Cambridgeshire, Peterborough and the wider world that have directly and indirectly impacted on the region's transport network and overarching strategy.

2.9 These changes include:

- New CO2 and Electric Vehicle targets published by government, contained within:
 - o The *Decarbonisation of Transport* document
 - o The *Ten Point Plan for a Green Industrial Revolution*;
- New national walking and cycling policy published by government entitled *Gear Change*;
- The Cambridgeshire and Peterborough Independent Commission on Climate Change's initial recommendations;
- Developments within the OxCam Arc, including England's Economic Heartland's Transport Strategy, and the government's decision to adopt an Arc wide spatial framework, which will have the force of national transport policy;
- The effects of COVID-19, which are being felt across the transportation sector with impacts on public transport and active travel;

As the LTP was published early in 2020 the majority of the data is now more than two years out of date; 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, the GCP's corridor schemes and City Access proposals, and the Greater Cambridge Local Plan.

2.10 Taking those developments into account, the Combined Authority Board agreed unanimously in March this year to commission work on a refreshed LTP. The refreshed strategy is being developed to a timetable that envisages public consultation in the Autumn.

2.11 Around the time of the March Combined Authority Board decision, the government also published its National Bus Strategy *Bus Back Better*, which requires the publication of a Bus Service Improvement Plan, and makes future government funding for bus service transformation conditional on progressing either bus franchising or an Enhanced Quality Partnership. The Combined Authority is taking forward the business case for bus franchising in line with the statutory process. This work will also reach a crucial stage by the Autumn. Officers are working to align the Combined Authority's LTP and bus reform work to ensure full policy coherence.

2.12 In the coming weeks the Combined Authority will produce a draft for consultation of an updated transport strategy for Cambridgeshire and Peterborough.

Officers are actively considering the standing down of consultants. This will form a part of the report to the next meeting.

The strategy will draw together into a single coherent plan;

- Addressing the known imbalance in transport links between the north (especially Fenland and Peterborough) and the rest of the Authority area.
- Taking the leading role in the integration of transport plans with interfacing national and regional initiatives and programmes such as the Oxcam Arc and East West Rail.
- Incremental improvements to transport already under development as part of the refresh of the Local Transport Plan (LTP)
- Addressing the recommendations of the 2018 Cambridgeshire and Peterborough Independent Economic Review (CPIER), including congestion in central Cambridge
- Alignment and cooperation with the Greater Cambridge Partnership (GCP)
- The latest post Covid passenger demand modelling and ridership data

2.13 Making best use of the CAM learning legacy, including An update on the developing lines of this strategy work, together with the use of consultants, will be presented to the Board in September 2021.

3.0 CAM

3.1 The transport strategy considerations above have set a background against which the current CAM project, which has been developing an innovative metro-style system that would potentially include a significant tunnelled section under the city of Cambridge, has been reconsidered by the Mayor.

3.2 The Mayor's view is that the CAM project should not be supported against the current context for transport strategy in the CPCA area. Particular considerations the Mayor has taken into account include:

- The projected cost of CAM is very high, and is anchored in a funding strategy reliant on land value capture mechanisms which rests on assumptions about the scale and location of future development going beyond any policies in districts' Local Plans, and relies on assumptions about future development that Local Planning Authorities have made clear that they do not support;
- The focus of the proposed investment is heavily skewed towards the Greater Cambridge geography, which already benefits from significant proposed transport investment from the City Deal, when in the Mayor's view need is greater in areas such as Fenland and Peterborough which have a historic legacy of underinvestment and productivity and connectivity gaps to make up;
- The CAM concept has to date been developed without being set in the wider context of potential post-Covid travel patterns, together with the potential of a franchised public transport system, should that be the outcome of current work, to reshape public transport demand;
- Against the context of the CPICC recommendations and the wider climate change ambition, the housing development associated with OneCAM is – without bold assumptions about CAM's mode share and wider technological impact in those new communities - likely to generate extra carbon emissions which CAM would only offset, but not eliminate.

- 3.3 OneCAM work to date has nevertheless already demonstrated the potential for innovative Mass Rapid Transit and similar models to transform mobility in the area. This learning is important and remains applicable.

One Cam Limited

- 3.4 At its meeting of 5 August 2020 the Combined Authority Board approved the establishment of One CAM Limited (the Company) as the Special Purpose Vehicle (SPV) as a necessary and best-practice step for delivering the infrastructure of CAM's scale and scope, and as a means to provide dedicated resource and talent needed at each stage of the CAM lifecycle to build confidence among Government, investors and stakeholders. The Company was incorporated with Companies House on 16 September 2020.
- 3.5 The Combined Authority is the sole Shareholder of the Company which has a Non-Executive Chairman, appointment approved by the Combined Authority Board at its meeting on 30 September 2020, and a Board of Directors. The Board has five Non-Executive Directorships, appointments approved by the CA Board at its meeting on 25 November 2020. Additionally, there are currently three Executive Directors appointed from within the Combined Authority, which was approved at the CA Board meeting of 5 August 2020.
- 3.6 Reflecting the considerations set out above, the Mayor has stated his intention to cease to support work on the CAM Programme. The Board should note that steps were taken to pause the work on the CAM Programme. These included the decision of the Chief Executive to cancel ongoing task orders, and a decision by One CAM Limited to cancel imminent appointments to One CAM Limited. The approximate savings achieved by this are referred to in the Financial Implications below. The pause took effect from 1 June 2021 for the purpose of reducing public spend on the CAM Programme, and best promoting the solvency of One CAM Limited. This is a holding position pending a review by the One CAM Limited Board of any future final decision of the Combined Authority on the CAM Programme. Once this has been made, the One CAM Board will then be able to consider the options for the future of the company. This paper invites the Board to approve that One CAM Limited continues in its current state, with a material reduction in activity, until such time as a final decision is made by CPCA in relation to the CAM programme.

One CAM Limited: Closure considerations

- 3.7 As part of any decision-making in relation to the Company due consideration should be had to the governance arrangements. The Shareholder Agreement between the Shareholder and the Company contain specific provisions which reserve certain decisions to the Combined Authority.
- 3.8 Clause 5.17 of the Shareholder Agreement provides:

"Notwithstanding any other provision of this Agreement, each party shall procure (so far as it is legally able by exercising such rights as it has pursuant to this Agreement) that none of the actions set out in Schedule 2 (the "Shareholder Consent Matters") shall be effected or permitted whether in relation to the Combined Authority or any Subsidiary save with the prior written consent of the

Combined Authority, save where the relevant Business Plan expressly includes the carrying out of such action during the period to which the Business Plan relates, in each case as set out in Schedule 2.”

Schedule 2 (Shareholder Consent Matters) of the Shareholder Agreement lists at para 2.3.6: “ceasing to carry on the business or the carrying on of the business on any materially reduced scale”

4.0 Financial Implications

- 4.1 The Combined Authority has completed an analysis of One CAM’s financial position, taking reasonable worst-case assumptions, and the instructions to halt the work orders and cancel appointments, which projected that the company would have a net asset balance of slightly above £800k at the start of August with expected running costs of £49k per month. This confirms that the company is in a solvent position.
- 4.2 As the sole legal shareholder of One CAM, any funds left in the company after it is wound up would be returned to the Combined Authority.
- 4.3 The CAM programme has an approved budget of £6.2m in 2021-22, constituting £2m used to purchase additional equity in the company, £3.5m of capital to meet the costs of Lots 2 and 3 of the CAM delivery programme, and £660k of revenue.
- 4.4 Due to the £300k per month saved from cessation of the work orders, and £75k from the appointments, current investments, including the £2m for equity, are expected to be sufficient to cover the entirety of the company’s costs for over 12 months so there should be no need for the Company to draw on the £3.5m approved in March 2021.

5 Legal Implications

- 5.1 Legal implications are contained within the body of this report.

6 Appendices

- 6.1 Appendix 1 – One CAM Financial Position Report
- 6.2 An accessible version of this report and appendices are available on request from democratic.services@cambridgeshirepeterborough-ca.gov.uk

7. Background Papers

- 7.1 [Combined Authority Board 24 March 2021 - Item 4.1](#)
- 7.2 [Combined Authority Board 5 August 2020 - Item 3.2 refers](#)
- 7.3 [Combined Authority Board 30 September 2020 - Item 3.1 refers](#)
- 7.4 [Combined Authority Board 25 November 2020 - Item 1.7 refers](#)