



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Agenda Item No: 4.4

Oxford to Cambridge Arc

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 25 November 2020

Lead Member: Mayor James Palmer

From: Paul Raynes, Director of Delivery & Strategy

Key decision: No

Forward Plan ref: n/a

Recommendations: The Combined Authority Board is recommended to:

a) Note the content of this report;

Voting arrangements: A simple majority of all Members.

1. Purpose

1.1 To update the Board on developments in the Combined Authority's work with the Oxford to Cambridge Arc, and set objectives for future engagement.

2. Background

2.1 The Oxford to Cambridge Arc has a population of nearly four million people and is the location of firms and other employers that provide two million jobs which together generate £110 billion of economic output each year. The area has an incredible tradition of bringing the best minds together to create solutions to the most complex challenges. It is home to some of the world's greatest innovators who transform lives with their ideas, entrepreneurs who have created world leading products and services, and researchers and academics who are at the frontier of human discovery. The Arc has produced more start-ups that have reached \$1 billion capitalisation - so called unicorns - than any other region of the UK, including London.



Figure 1: OxCam Arc (NIC geography) showing knowledge economy assets

2.2 Within that geography, Cambridgeshire and Peterborough is the outstanding growth engine, providing 43% of the Arc's growth in GVA and 31% of its employment growth between 2014-18 (against a population share of 23%). Our area is also the location for the most significant proposals for transport infrastructure investment within the Arc, with investment in the A14 recently completed, and plans for improvements to the A428, A10, A47, the East West Rail Scheme and CAM Metro all making strong progress and receiving Ministerial attention. There is no reason to believe that the COVID-linked economic contraction has changed the fundamentals that drive Cambridgeshire and Peterborough's exceptional economic performance; if anything, the current challenges only underline the competitive edge which a strong innovation economy will give in the future.

	OxCam Arc	CPCA	CPCA as % of Arc
GVA total (2018)	£108.9bn	£27.7bn	25.4%
GVA increase (2014-18)	£8.26bn	£3.56bn	43.1%
GVA average annual growth rate	2.39%	3.2%	N/A
Housing dwelling completions (2014/15 – 2018/19)	76,660	16,220	21.2%
Jobs created (2014-18)	137,000 extra jobs	42,000 extra jobs	30.7%
Population (2017)	3.74 million	859,570	23%

Figure 2: Cambridgeshire and Peterborough driving Arc growth

- 2.3 The government has developed a policy focus on the Arc since the National Infrastructure Commission produced a report on the area in 2017. In this year's Spring Budget, the Chancellor confirmed a commitment to East West Rail, and committed the government to explore up to four new settlements along its route, potentially to be delivered using Development Corporations. A proposal for an Arc Spatial Strategy was announced. The government also announced, though, that plans for the Western stretch of an Oxford-Cambridge Expressway road would be put on hold.
- 2.4 The government maintains an OxCAM Arc unit of officials housed within MHCLG. The local authorities of the Arc meet through a Leaders' Group and its Executive, and through a chief executives' group, which government officials also attend. These groups have been supported by working groups of officers. Membership of these groups does not include all the areas identified by the National Infrastructure Commission as part of the Arc economic geography.
- 2.5 As part of these arrangements, economies within the Arc geography were asked to identify Growth Boards for their area. The Combined Authority Board is the Growth Board for Cambridgeshire and Peterborough.

3. The Prospectus

- 3.1 As part of preparations for the three-year Comprehensive Spending Review an investment prospectus was developed to communicate Arc stakeholders' priorities for investment into government. This was endorsed by the respective Chairs of the Arc Leadership Group (Cllr Barry Wood), the Arc Universities Group (Professor Sir Peter Gregson) and the Arc LEP Group (Jeremy Long).
- 3.2 The Prospectus positioned the Arc as a global hub for innovation, and home to exemplary models of green development that will inspire communities around the world. Its focus for investment, to realise this vision, related to five ambitious innovation projects

capable of delivering world-leading innovation across multiple sectors and greater prosperity for the UK.

3.3 The Prospectus made it clear that the Arc presents a unique opportunity for Government, through its unrivalled scientific assets of international standing and significance, and that through the commitment of Government to long term investment in the area, the Arc will fulfil its true potential to deliver transformational economic growth that will benefit the whole of the UK, through a doubling of GVA by 2050 to over £200bn.

3.4 The immediate actions set out in the Prospectus were threefold, to:

1. Establish visible Arc leadership by creating a new and accountable executive team which can drive forward the Arc's vision and ambitious goals.
2. Galvanise the Arc's wider partners by working to communicate its ambition and showcase its strengths and opportunities, among communities, businesses and investors.
3. Progress the Arc's priority investments, by working closely with central government to secure critical investment for its priority initiatives.

3.5 These Priority Initiatives were set out as the development of:

1. A Life Science Innovation Network building on the world-leading capability of the clusters around Oxford and Cambridge, which have been central to the UK's response to the COVID-19 crisis. The aim of this network will be to facilitate increased opportunities for greater collaboration, accelerate innovation and commercialisation and power the scaling up of high growth spinout companies within and beyond the Arc.
2. A Sustainable Aviation Network forging a pathway towards zero-carbon aviation, delivering a leadership position for the UK in the evolving global market of 'green' aviation. At the heart of this will be three networked and collaborative world-class academic partnerships with industry and innovators:
 - i. The UK Zero Carbon Airport and Aviation Centre, at Cranfield's Global Research Airport
 - ii. The Oxford Thermofluids and Energy Institute
 - iii. The National Centre for Propulsion & Power at the Whittle Laboratory in Cambridge
3. A UK Space Gateway harnessing the global potential of the Harwell Space Cluster, the largest in Europe, and rocket propulsion and testing capability at Westcott Venture Park to position the UK as a market leader in space technologies and applications to meet the national ambition for a 10% share of the global space market. This will include an AI Lab to harness machine learning and

5G technology to transform the satellite value chain, and an in-orbit servicing, remote diagnostics and data acquisition processing capability.

4. **A Future Mobility Network**, strengthening the Arc as the UK's hub for the development, testing and rollout of Connected and Autonomous Vehicles (CAV), building on activity such as emissions testing at the Millbrook Proving Ground, CAV testing at Cranfield and Milton Keynes, the national CAV test centre at Culham Science Park and the pioneering work of companies such as Oxbotica and Latent Logic in Oxford and TWI in Cambridge.
5. **A Zero-carbon energy Network** accelerating solutions to tackle climate change and enable us to advance towards a zero carbon Arc, including the development of national energy systems demonstrator pilots in Oxfordshire, hydrogen research at Cranfield, the trialling and testing of hydrogen fuel in HGVs at Chelveston and world leading research in fusion technology at Culham Science Centre, home of the UK Atomic Energy Authority.

- 3.6 The Prospectus committed Arc partners to develop the five proposals above, into strategic business cases, prepared jointly by LEPs, universities, national research and innovation bodies and public and private sector partners.
- 3.7 With the government's decision to move to a one-year spending review, it is now envisaged that elements of these projects and business cases which can be developed in the next 12-18 months may be taken forward as part of the work programme of the Arc bodies described in paragraph 4 above.

4. New Settlements

- 4.1 MHCLG officials are leading a programme of work to follow up on the Budget announcement about new settlements linked to the East West Rail route. Officers from the Combined Authority, County Council, South Cambridgeshire and Huntingdonshire Councils have held discussions with MHCLG on that work. MHCLG are at an early stage of exploring options on a range of potential scenarios in the Cambourne and St Neot's/Tempisford areas, linked to plans for potential East West Rail station locations. Officers from Cambridgeshire and Bedfordshire councils have been offered a briefing on the outputs from that work in the next month. Political-level conversations are to be expected in the next few months, in advance of East West Rail's statutory consultation on its route, which is due in the first half of next year. At this stage, MHCLG has made no specific proposals about delivery vehicles.

5. Spatial Strategy

- 5.1 MHCLG is also leading the early stages of work on a Spatial Strategy for the Arc. Officials believe this should be a document with significant planning weight. The Department is in the process of recruiting a team of planning professionals to develop the Strategy. The Spatial Strategy is expected to form part of the work programme of the Arc

bodies described in paragraph 2.4. MHCLG has held exploratory discussions with officers from the Combined Authority and planning authorities about potential arrangements for engagement and consultation in the Combined Authority area. The MHCLG officials working on the Arc Spatial Strategy are due to attend the CA's officer Growth Ambition Board on 23 November.

6. The Green Arc

- 6.1 The Prospectus provides a vision for the Arc as an exemplar of sustainable development with a high quality environment and outstanding quality of life, and with a strong economic focus that drives inclusive clean growth. The Combined Authority has been at the forefront of this thinking, and its target of doubling the amount of land being actively managed for nature has been adopted as an outcome for the whole Arc. Cllr Smith has chaired the Arc's environment workstream.
- 6.2 Building on the ambition set by the Combined Authority, the Prospectus proposes under the Green Arc to establishing a Doubling Nature Fund to protect and enhance the environment and increase investment in natural capital assets. The Combined Authority has been leading work on this issue, particularly how the private sector can be more involved and at what scale it makes sense to organise funds. Alongside Natural Cambridgeshire (the Local Nature Partnership) the Combined Authority recently held a workshop bringing together farmers, landowners, environmental bodies, and financial institutions to examine the barriers and opportunities of investing. This is feeding into the development of a doubling nature investment plan for the Combined Authority area.
- 6.3 The Combined Authority's work complements the baseline information on natural capital gathered by the Arc-wide Local Natural Capital team. The Cambridgeshire and Peterborough area contains internationally and national important natural assets (including much of the nation's most productive farmland) but is also facing significant environmental challenges (such as water supply, river quality, surface water and fluvial flood risk). Compared nationally, the Combined Authority area has one of the lowest amounts of rich wildlife areas and greenspace accessible to its residents. The Green Arc provides opportunities to respond to those challenges. It is also clear that growth across the Arc is in many cases dependent on the Combined Authority area. For example, integrated water management across much of the Arc (in particular the Great Ouse Catchment) ultimately relies on how the Fens are managed.
- 6.4 The Combined Authority has been working with Natural Cambridgeshire to progress activity on the natural environment across its area, identifying priority landscape-scale interventions, community scale action, and mechanisms to increase the amount of public and private investment in nature. The Combined Authority has also embedded additional links to key government environmental agencies through a part-time secondment from the Environment Agency, representing the DeFRA group (EA, Natural England and the Forestry Commission).
- 6.5 In the wider environmental context, the Combined Authority has established an independent Commission on Climate Change to provide authoritative recommendations on practical actions to mitigate and adapt to the effects of climate change. As highlighted

above, land-use change, farming and flood risk (especially in managed areas already below sea level) will be issues to address.

7. Objectives

7.1 As the papers for item 4.6: Devolution Deal, Gainshare Gateway Review and Combined Authority Prospectus on today's agenda emphasise, the Combined Authority is focussed on delivering the investments needed to achieve the 25-year growth ambition reflected in the Devolution Deal. The COVID crisis has not changed that aim. Our engagement with the Arc agenda should therefore be based on two principles:

- The Arc's growth aims should reinforce our Devolution Deal ambition, including the local levelling-up agenda that aims to raise productivity, earnings, and prosperity in Peterborough and the Fens towards Greater Cambridge levels;
- As the Arc's strongest-performing area and its most ambitious, Cambridgeshire and Peterborough should be confident about its role in setting the Arc's agenda.

7.2 In practice, this will involve ensuring that initiatives such as the Arc spatial strategy or any infrastructure investment fully reflect not only the proposed new settlements, but also the importance of transport connectivity and labour market issues that link Greater Cambridge with Fenland, Peterborough and East Cambridgeshire. It may also involve taking the initiative in discussions about spatial planning and delivery vehicles, rather than waiting to be "done to" by national government policy.

7.3 The Board will also note that :

- A Green Arc that reflects our ambitions on climate change and doubling nature should remain a priority;
- Through Prospectus follow-up, Cambridgeshire & Peterborough partners should be actively involved in the development of three of the five Arc-Level Strategic Outline Business Cases including:
 - the Future Mobility network.
 - the Net Zero Aviation network.
 - the Life Science network.
- Any delivery vehicles for mooted new settlements promoted by the government should have a strong locally-led element.

7.4 The Board will note that the government has made no new commitments to invest in infrastructure or innovation projects linked to the Arc, and that the move to one-year spending review makes it unlikely that major long-term capital commitments will be made in the near future. The CPIER was clear that investment is a precondition for sustainable

growth in Cambridgeshire and Peterborough. Our engagement for the Arc should also be seen as a platform to make that case to government strongly.

8. Financial Implications

8.1 None

9. Legal Implications

9.1 None

10. Other Significant Implications

10.1 None.

11. Appendices

11.1 None

12. Background Papers

12.1 [OxCam Arc Prospectus](#)

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