



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY
Agenda Item No: 2.1

Future Proposals for One CAM Ltd and Local Transport Plan Refresh

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 27 October 2021

Public report: Yes

Lead Member: Mayor Dr Nik Johnson

From: Rowland Potter, Head of Transport and Robert Parkin, Chief Legal Officer

Key decision: Yes

Forward Plan ref: KD

Recommendations: The Combined Authority Board is recommended to:

In respect of the Local Transport and Connectivity Plan, to:

- a) Note progress on the Local Transport Plan (LTP) refresh;
- b) Provide feedback on the development of the Local Transport and Connectivity (LTCP) programme, outlining key areas to be addressed within the Soft Launch engagement, in relation to the overarching vision, aims and objectives as well as key challenges and opportunities;
- c) Note that the Transport and Infrastructure Committee has invited officers to review the relevance of the LTP CAM Sub-Strategy following a decision on the ONECAM SPV, and to report back to a future Transport and Infrastructure Committee;
- d) Permanently stop the development of the CAM programme and agree that One CAM Limited can permanently cease work; and

- e) Agree to a programme of initial public engagement for four weeks in November 2021, followed by a six-week consultation in January 2022 of the framework document, with the Final Plan delivered to Board March 2022 meeting.

In respect of One CAM LTD, to::

- a) Agree that the company be placed into dormancy;
- b) Approve that the costs associated with the closure of One CAM Limited (as set out in this report) be met;
- c) Agree the remaining shareholders' funds repaid by One CAM Limited be returned to the Recycled Growth Fund as partial reimbursement for the Business Board's £995k investment in the project; and
- d) Agree to transfer funds from the Combined Authority's Capital Single Pot to the Recycled Growth Funds to reimburse any shortfall between the £995k invested by the Business Board and the shareholder's funds received by the Combined Authority from One CAM Limited.

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

1. Purpose

1.1 This paper is set out in three parts:

1. Outlining the decisions Leaders will be required to make
2. Setting out the new LTCP and seeking permission to 'soft launch'
3. Setting out the options for One CAM Limited

Part 1: What is the Proposal

1.2 The future of local transport planning for the Cambridgeshire and Peterborough area has and continues to undergo rapid change. Since the publication of the LTP in early 2020 there have been a number of significant changes that have directly and indirectly impacted on the current transport network and the appropriateness of the overarching strategy.

1.3 These changes include:

- New CO2 and EV targets published by government, contained within:
 - a) Decarbonisation of Transport Plan (DTP)

b) The Ten Point Plan for a Green Industrial Revolution document

- New national walking and cycling policy published by government entitled ‘Gear Change’;
 - Climate Change Commission recommendations (February 2021);
 - 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, and the need to avoid a predominantly car-based recovery during the establishment of the “new normal”;
 - Changes to ways of working and increased connectivity through use of technology;
 - The Comprehensive Spending Review; and
 - Data, underpinning the current LTP, more than two years out of date, both in relation to transport and non-transport related challenges and opportunities.
- 1.4 Significant progress has been made in relation to strategic schemes, including A428, East-West Rail, Peterborough Station quarter, the Greater Cambridge Local Plan and the Greater Cambridge Partnership (City Access proposals). The acceleration of these schemes and initiatives together with the changes in Government (local and national) policy has increased the need for a refreshed LTCP.
- 1.5 In May 2021 the Mayor was elected under a clear commitment to no longer support the CAM. The Mayor asked the One CAM team to put a hold on the CAM programme pending a review of the programme.
- 1.6 The decision of the Mayor to no longer support the CAM programme and the changes referred to above have prompted a review of the LTP and the CAM programme. Following a period of review in June 2021 by the One CAM team to consider any knowledge transfer from the CAM programme to the LTP team, this report makes recommendations to cease that CAM programme permanently in favour of the proposals in the new LTCP.
- 1.7 The LTCP CAM Sub Strategy would in itself become redundant as a document as there would be no CAM proposal related if a decision is taken to place the ONECAM into dormancy, and as such would cease in its relevance.

Part 2: The Local Transport & Connectivity Plan

- 2.1 The Local Transport and Connectivity Plan (LTCP) will describe how transport and digital interventions can be used to address current and future challenges and opportunities for the region. It will set out the revised policies and strategies needed to secure growth and ensure that planned developments can take place in the county in a sustainable way.
- 2.2 The purpose of a Local Transport Plan 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.

2.3 As outlined in the LTP, “*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*”.

2.4 The reasons for a revised LTCP have been discussed at Transport and Infrastructure Committee and Board. It is expected that a framework document will be presented to Board on 30th March 2022 for approval subject to a number of independent assessments, including a Strategic Environmental Assessment (SEA) a Health Inequalities Assessment (HIA), an Equalities Impact Assessment (EqIA) and a Community Impact Assessment (CIA).

Strategy Alignment

2.5 The refresh of the LTCP will ensure alignment with other existing and emerging strategies thereby minimising any potential need for a further refresh in the short-medium term. For example, the LTCP will take into account the recommendations of Cambridgeshire and Peterborough Independent Commission on Climate Change. In addition, the evidential baseline will be updated, and potential scenarios explored to ensure that due consideration is given to the various ways in which society may emerge from the COVID-19 pandemic. It is important the Combined Authority and partners co-operate and to ensure a consistent evidence base to allow for the further development of the strategy to address key challenges and maximise the opportunities within the region.

Timescales: LTCP Refresh

Table 1: Local Transport and Connectivity Plan Programme

Dates	Task
June-Dec 2021 T&I Committee: 8 September 2021	Workstream development Update on current LTCP progress and upcoming public consultation
Sep-Oct 2021	Public engagement, preparation and development
1 Nov – 28 Nov 2021	4 week public engagement
Dec 2021 – Jan 2022	Review of engagement responses and analysis work
T&I Committee: 12 January 2022	Update following engagement
Jan – Feb 2022	6 week consultation dates TBC. Suggested revisions to the LTCP document following feedback from the T&I Committee; finalisation of SEA and CIA; and design of document
T&I Committee: 14 March 2022	Update on final version of the LTCP for sign-off

- 2.6 Whilst the initial public engagement (Soft Launch) is taking place, the main LTCP framework document will continue to be developed. During this time, engagement with officers, Leaders and Members from constituent Councils will continue. Specific member engagement with constituent Councils started in the week commencing 11th October, where the events were tailored to meet the needs and requirements of partners. These meetings are the start of a series of engagement activities with Members from constituent Councils throughout the development of the LTCP. In addition, Leaders will continue to have monthly updates, whilst TIC and Board members will have updates through the governance process.
- 2.7 The initial public engagement (Soft Launch) on the LTCP refresh will take place between 1st November and 28th November through a digital, online platform. In addition, there will be a number of engagement opportunities with stakeholders, Members of Parliament, Members and officers during the continued development of the LTCP.
- 2.8 The basis of the Soft Launch public engagement is to gain feedback on the amendment to the vision and changes to the overarching themes. In addition, this engagement will ask for feedback on the key challenges and opportunities across the region (in a localised manner).
- 2.9 Following the completion of the Soft Launch public engagement on 28th November, the information gathering will be used to update the final draft framework documentation ahead of a further round of consultation. This six-week consultation will commence in January 2022 to enable the LTCP to be signed off by Board on 30th March.

Part 3: One CAM

- 3.1 Following the publication of the CPIER report and the adoption of the Growth Ambition Statement by the CPCA in 2018, the CAM Programme was accelerated to meet the requirements of an area experiencing rapid economic growth. The programme was designed to provide a new transport network for Cambridgeshire and Peterborough to connect jobs to homes.
- 3.2 Upon election in May 2021 the Mayor requested a review of the CAM programme. The Mayor has stated publicly that he does not support the CAM programme for a number of reasons stated in the next paragraph. It is not possible to deliver a project where the Mayor does not give his support and work was paused on One CAM pending a review of the programme and its replacement.
- 3.3 The CAM project cannot be supported by the Mayor as it does not meet the needs for the transport strategy in the CPCA area, in particular:
- The projected cost of One CAM is very high and is anchored in a funding strategy not yet identified and partly reliant on housing growth not within current or anticipated local plans;
 - Funding opportunities have become more centralised with a move from devolving large amounts of discretionary funding to Combined Authorities towards national bidding for more immediately deliverable, localised funding projects;

- There is no Government financial support for the CAM programme and emerging policy is directed towards more immediate interventions in future travel planning, such as active travel and zero-carbon buses;
 - The focus of the proposed investment is heavily skewed towards the Greater Cambridge geography, which already benefits from significant proposed investment from the City Deal; and
 - The transport strategy should focus on areas of greater need such as Fenland and Peterborough which have a historic legacy of underinvestment and greater productivity and connectivity gaps.
- 3.4 The One CAM work to date has, nevertheless, demonstrated the potential for innovative Mass Rapid Transit and similar models to transform mobility in the area. This learning is important and remains applicable. Officers have been exploring more innovative approaches to transport delivery, some examples of which exist in the West Midlands, and these ideas will be reflected in the LTCP.
- 3.5 One CAM Limited (the Company) was established as a best-practice step for delivering the infrastructure of CAM's scale and scope. It offered the means to provide dedicated resource and the expertise at board level to build confidence among Government, investors and stakeholders. The Company was incorporated with Companies House on 16th September 2020.
- 3.6 The Combined Authority is the sole Shareholder of the Company which has a Non-Executive Chairman, whose appointment was approved by the CA Board at its meeting on 30th September 2020, and a Board of Directors. The Board had five Non-Executive Directors chosen for their experience in dealing with projects of national significance.
- 3.7 On 27th May 2021 the Mayor met with the Chair, the CPCA CEO and the interim CAM CEO and confirmed that he would not support the CAM programme. Following this, a One Cam Ltd Board Meeting was held on 15th June 2021 and a range of actions taken to minimise expenditure. This was to prevent one CAM becoming insolvent and to allow for a review to be conducted of the CAM programme. These decisions are as follows:
- Three of the non-executive directors voluntarily left One CAM Limited to minimise costs to the company;
 - It was agreed that work should be stood down on the programme (although the contracts at that time had not been transferred to One CAM Ltd and therefore the decision to pause the contracts was referred to the CEO of CPCA);
 - Recent offers of employment to executive roles were rescinded, again to minimise cost to the company and the CPCA as shareholder; and
 - The Chair and one non-executive director were advised to remain to meet the governance requirements of the company. A potential conflict of interests could potentially arise for the executive directors, appointed from within the Combined Authority, as approved at the CA Board meeting of 5th August 2020.

- 3.8 Since 30th June the company has been operating with a minimal board and staffing from within the CPCA. This material reduction in activity was noted by the CA Board at its meeting on 28th July 2021. A decision is now required by the CPCA as shareholder and project sponsor on the future of the programme and company.
- 3.9 One CAM Ltd is no longer required to operate if it not delivering the CAM programme and the following options arise where the programme is ended: One CAM Limited: proposal to be placed in Dormancy.
- 3.10 The Shareholder Agreement provides that any process towards closure of the Company requires the approval of the Combined Authority Board, acting as shareholder.
- 3.11 In particular, Schedule 2 (Shareholder Consent Matters) of the Shareholder Agreement, provides that shareholder consent must be given for:
- “the commencement of any winding up or dissolution of any Subsidiary, or of the appointment of any liquidator or administrator in respect of any Subsidiary, save as expressly contemplated by this Agreement or as required by law;”* paragraph 2.1.9
- 3.12 The CA Board is asked to decide whether One CAM Limited should now permanently cease work. Where it is decided to permanently cease that work, as the company is solvent.
- 3.13 It is proposed that the company be placed into dormancy. Following a period of dormancy, the company may then be struck off the register of companies.
Dormancy, followed by a strike-off of the company from the Companies House Register
- 3.14 It is open to the CPCA to maintain the company, in a dormant state. Dormancy requires that the company cease functioning (apart from actions taken in relation to wind down), and that it distributes its assets and equity. Following a period of three months, a filing may be made at Companies House for strike off.
- 3.15 A strike-off would ordinarily take no less than three months to be finalised. The likely costs in time and resource are expected to be c. £7,000 (net).
- 3.16 The work undertaken on the CAM Programme to date has considerable value, therefore, the One CAM Limited team and the CPCA transport team have worked to ensure transfer of knowledge and expertise from the CAM programme to the Combined Authority; and the CPCA is working with the GCP to support its work on route development within Cambridge. The Board is invited to agree that the refreshed Local Transport and Connectivity Plan should consider policies to deliver innovative transport solutions, using CAM learning, in support of:
- Integrated transport solutions across the entire Cambridgeshire and Peterborough Combined Authority to include:
 - Active Travel (cycling and walking);
 - Expansion of the E-Bike trial across the region;
 - Demand Responsive Transport rollout subject to positive trial outcome;
 - Bus Rapid Transit/Mass Rapid Transit where geographically appropriate;
 - Light Rail/Very Light Rail consideration where geographically appropriate;
 - Increased investment in bus services following the Bus Service Improvement Plan; and

- Improved rail connectivity working collaboratively with Network Rail and DfT
- Connectivity and productivity improvements in north Cambridgeshire including parts of Huntingdonshire and East Cambridgeshire plus the Fens and Peterborough;
- Surface journey time improvements in central Cambridge. This should include close working with the Greater Cambridge Partnership on the City Deal corridor schemes and on its City Access proposals, some of which may require enabling decision by the Combined Authority; and
- An overarching principle that those currently deprived of a public transport solution have a provision that is safe, reliable and affordable, wherever they are in the region.

3.17 As part of the process of making the company dormant, any remaining funds the company holds will be returned to the Combined Authority as the sole shareholder. While there is no legal onus on the Combined Authority to return the funds received to the Business Board's Growth Fund, the Combined Authority bid for those funds on the basis of the outcomes the CAM would deliver, which will now not materialise, as such it seems appropriate that whatever funds are received from the liquidation of the CAM are returned back into the Recycled Growth Funds.

4. Financial Implications

- 4.1 Following the resolution of the One CAM Board to issue a further £2m worth of shares to the CPCA the total value of shares in One CAM is £3.995m, funded by £3m of CPCA capital and £995k of Local Growth Fund capital.
- 4.2 To the end of September 2021, One CAM Ltd spent has spent £3.1m (including a £454k estimated VAT liability) including £1.54m (£1.30m excl VAT) to the 31st March 2021. The company's spend relating to the 2021-22 financial year to the end of September was £1.56m (1.34m excluding VAT), broken down below:

Expenditure Head	Spend (£)
Staffing (inc. interim CEO and technical support)	214,740
CPCA provided staff time	47,104
Board costs	133,736
Consultancy for business case development	922,228
Legal Fees	26,287
Recruitment costs	197
Miscellaneous	122
Estimated VAT	215,650
Total Spend (01/04/2021 – 30/09/2021)	1,560,064

- 4.3 Due to the One CAM Board's actions to cease the work on the business case development, and withdraw employment contracts, monthly spend has dropped from more than £400k in May and June, to less than £100k in July and August to only £11,200 from October. Excluding the potential closedown costs set out earlier in the report, the only continuing commitments of One CAM are the Board's costs of £11.2k per month, and one-off costs of insurance, unpaid accruals, and company accounts totalling £39k.

- 4.4 One CAM Ltd had £901k of net assets as of the end of September 2021 with minimal ongoing costs. As such the Combined Authority, as the sole shareholder, can expect to receive the vast majority of the £901k upon the company's closure.
- 4.5 The Combined Authority allocated a capital budget of £7m to the delivery of the CAM for the 2021-22 financial year. Of this £2m was invested as share in One CAM Ltd and, due to the cessation of works in response to the Mayor's desire to cease works on the CAM, the balance of £5m remains uncommitted. This £5m, along with £657k of uncommitted revenue funds, and the balance of the £894k of shareholder funds repaid from One CAM Ltd are available to be allocated to the Combined Authority's new priorities.
- 4.6 £995k of Local Growth Funds were invested into One CAM Ltd on the recommendation of the Business Board based on the business case put forward by the Combined Authority. The Combined Authority's business case included the repayment of the Business Board's funds at a future date when the company became profitable. As such it is recommended that the Combined Authority reimburse the Business Board for their investment by transferring £995k into the Recycled Growth Fund, primarily from the shareholder funds repaid from One CAM Ltd and topped up from the £5 million of capital released by the cessation of the CAM as ratified.

5. Legal Implications

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

6. Other significant implications

- 6.1 None.

7. Appendices

- 7.1 None.

8. Background Papers

- 8.1 None.