

# Government response to 'Partnering for Prosperity: a new deal for the Cambridge-Milton Keynes–Oxford Arc'

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## Introduction

### The significant opportunity for transformational growth

The government supports the National Infrastructure Commission's ambition to build up to one million high quality homes by 2050 to maximise the economic growth of the Arc. This ambition will require a step change in housing delivery, including engagement on how this can be accommodated through vibrant new and expanded settlements. The government has demonstrated its commitment to investment to support this level of ambition, including in relation to proposed new road and rail links which could best achieve this vision. The government supports the Commission's finding that in order to deliver the full economic potential of the Arc, there needs to be an integrated approach to the planning and delivery of infrastructure, homes and business growth. This is why the government has invited local authorities from across the Arc to bring forward and commit to ambitious proposals for transformational housing and economic growth, including for new settlements. With the right interventions and investment, we believe there is a transformational opportunity to amplify the Arc's position as a world-leading economic place and support the government's Industrial Strategy aim to boost the productivity and earning power of people across the UK. To achieve this the government has designated the Oxford-Cambridge Arc as a key economic priority and will consider ways of maximising growth opportunities in the Arc.

The area between Oxford and Cambridge, incorporating the ceremonial county areas of Oxfordshire, Buckinghamshire, Bedfordshire, Northamptonshire and Cambridgeshire forms a core spine that the government recognises as the Oxford-Cambridge Arc<sup>1</sup>. While this is the area we define as the Arc, we also recognise important links to the north, south, east and west. For example, there are important strategic transport connections to other parts of East Anglia, to Stansted and the M11 corridor, and to Heathrow and the M4 corridor.

The government is committed to creating well-designed, inclusive and vibrant places and communities in which current and future generations can live, work and raise families. To realise the full potential of the Oxford-Cambridge Arc, we will work collaboratively with local people and institutions to deliver an economy that works for all, combining local industrial strategies with exemplary models of 21st century development, underpinned by a high-quality natural environment. This will include enabling the sustainable growth and development in and around existing towns and cities, and where appropriate through new settlements. The government will achieve this by building on local strengths across the foundations of productivity set out in the

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<sup>1</sup> Notwithstanding ongoing consideration of potential local government reform, this area is currently defined as Oxfordshire County Council and the constituent districts, Buckinghamshire County Council and the constituent districts, Northamptonshire County Council and the constituent districts, Bedford Borough Council, Central Bedfordshire Council, Luton Borough Council, Milton Keynes Council, and Cambridgeshire and Peterborough Combined Authority and the constituent councils.

Industrial Strategy<sup>2</sup>, capitalising on opportunities for their enhancement, and ensuring that growth is supported by the right infrastructure, at the right time.

The government commits to working in collaboration with local partners to make the Arc the world leading place for high value growth, innovation, sustainability and productivity, ensuring that existing and new communities benefit from the enormous economic opportunities and support the creation of a fairer, stronger and skilled Britain that is truly fit for the future.

### What makes the Oxford-Cambridge Arc special?

The Oxford-Cambridge Arc is a globally significant place and has the potential to become even greater. It is already home to 3.3 million people and currently supports some 1.8 million jobs and contributes £90 billion of annual GVA to the UK economy.<sup>3</sup>

The government will build on learning from successful regional economies, such as the Ruhr Valley and The Massachusetts Brain Train to position the Arc as the top innovative economy in the world<sup>4</sup>. There are also regional economies, such as Silicon Valley, where their very success is threatened by environmental degradation and unaffordable homes. We will learn from these places in creating a sustainable and thriving economy that works for people and the environment.

### Universities and Higher Education excellence

Oxford and Cambridge universities are two of the world's greatest and most internationally recognisable centres of learning. However, they are just part of a wider innovation and learning ecosystem across the Arc, with eight further universities<sup>5</sup> that include world leading specialisms in automotive and aerospace engineering.

### Thriving business environment

The Arc's highly-skilled work force has established it as one of the most productive and fastest growing areas in the UK. Oxford and Cambridge have the most highly qualified workforces in the country, and account for close to 200 Nobel Prize winners, and Milton Keynes has the highest productivity per worker, almost 25% higher than the national average outside of London.

### Clusters

Much of the Arc is already internationally competitive for science investment. It also holds key and emerging industry concentrations such as IT, life sciences and healthcare, autonomous vehicles, biotech, aerospace, high performance engineering, artificial intelligence and professional services.

The Arc is home to world-leading technology clusters which influence and shape the innovation economy. The area covering Bedford Borough, Buckingham, Central Bedfordshire, Luton, Milton Keynes and Northamptonshire acts as a testbed for new and emerging technologies with 3,500 people employed in the engineering design activities for industrial process and production<sup>6</sup> industrial sub-sector and 3,500 in technical testing and analysis. Oxfordshire is home to the largest space cluster in Europe and to the highest concentration of science research facilities and development activity in Western Europe.

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<sup>2</sup> Industrial Strategy: building a Britain fit for the future (2017) Available at: <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

<sup>3</sup> The Arc Central Beds Council 2018.

<sup>4</sup> According to the World Economic Forum's Global Competitiveness Index 2017-2018, the UK does not rank among the top 10 most innovative economies in the world.

<sup>5</sup> Anglia Ruskin University, Buckinghamshire New University, Cranfield University, Oxford Brookes University, The Open University, University of Bedfordshire, University of Buckingham and University of Northampton.

## Innovation

Areas within the central part of the Arc (between Bedford and Cambridge) contain some of the highest levels of entrepreneurship in the UK, with a strong presence of companies prototyping new products and services in the aerospace and automotive technology sectors.

## Environmental assets

The Arc is valued for its wildlife and natural places, from the ancient woodlands and parklands such as at Wimpole and Bernwood Forest, to important wetland assets and rare habitats such as lowland heathlands and flower-rich floodplain meadows. Rare bat and butterfly species can be found in the Arc, alongside an abundance of waders and breeding wildfowl. The wild natural places, wildlife and the local greenspaces near where people live, are greatly enjoyed by existing communities and visitors. Moreover, they play critical roles in providing the needs of businesses and communities more widely for clean water and air, flood regulation, healthier lifestyles and climate change adaptation – creating attractive, resilient and productive places to live and work in.

## Heritage and Cultural assets

The Arc contains a wealth of heritage and cultural assets and organisations. These play a key role in making many areas across the Arc highly desirable places to live. The Arc's historic assets include Blenheim Palace World Heritage Site, 205 Scheduled Monuments, 48 Registered parks and gardens, 7321 listed buildings, and 144 Conservation Areas<sup>6</sup>. There are also several world-renowned cultural institutions in the Arc, from the Imperial War Museum Duxford to small community-led organisations. These assets highlight the Arc's unique appeal and great potential to serve and promote strong and vibrant local economies.

## Action we have already taken to drive forward delivery of the Oxford-Cambridge Arc programme

Over the past 12 months the government, working collaboratively with local authorities and institutions in the Arc, has progressed work across a range of areas to drive forward delivery of the Oxford-Cambridge Arc programme. This work has been supported effectively by Iain Stewart MP, who was appointed as the government's 'Champion' for the corridor. We have:

- Committed funding for proposed transport infrastructure for the Arc, including:
  - £3.5 billion on the Expressway
  - £1 billion for the western section of East-West Rail
  - £74 million allocated to Cambridgeshire and Peterborough as part of the Transforming Cities Fund
  - £5 million to develop proposals for Cambridge South station and £300k to match local funding for an Oxfordshire Rail Corridor study to explore rail growth and potential new services, stations and routes
- Progressed work at pace on the planning and delivery of East West Rail – the government established the new East West Rail Company on 14 December 2017
- Announced, on 12 September 2018, the central corridor choice for the Expressway 'missing link' – approximately following the route of East West Rail – progressing our work on the 'missing link' and providing necessary certainty to local partners and the market
- Carried out extensive engagement with local communities and environmental groups in our early planning for the Expressway and East West Rail
- Autumn Budget 2018 announces £20 million development funding to the East West Rail company to support the development of a Strategic Outline Business Case for the central rail section, to explore which routes best support the government's housing ambitions
- Demonstrated our commitment to investing in the ambition of building up to one million homes in the Arc by 2050. We have:

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<sup>6</sup> Oxford to Cambridge Expressway Strategic Study Stakeholder Reference Group

- Announced eight successful Marginal Viability projects in the Arc through the Housing Infrastructure Fund, worth £51.6 million
- We are also working with Bedford, Buckinghamshire, Cambridge and Peterborough, Central Bedfordshire, Milton Keynes, Northamptonshire, and Oxfordshire on Forward Funding projects with up to £4.1 billion of funding available
- An ambitious Housing & Growth Deal with Oxfordshire, providing up to £215 million to support the delivery of 100,000 homes by 2031, subject to Oxfordshire adopting a Joint Statutory Spatial Plan by 2021
- Committed £33 million from the Oxfordshire Housing & Growth Deal to help Oxfordshire's six local authorities deliver new homes and boost local capacity to plan for growth
- Published the delivery plan for the Oxfordshire Housing & Growth Deal on 22 March 2018
- Laid a written ministerial statement on 12 September 2018 to enact the first of the planning flexibilities agreed as part of the Oxfordshire Housing and Growth Deal. This has amended land supply policies for Oxfordshire whilst their joint statutory spatial plan is developed
- Established a single co-ordinated delivery programme, with cross-government ministerial commitment and oversight, as recommended by the commission. This structure ensures that the government's decisions on place-making, economic growth, the environment, and infrastructure and connectivity, are made in a joined-up way
- Demonstrated our commitment to working with local partners. We have:
  - Worked with local partners on an ambitious joint vision statement to 2050, as recommended by the Commission
  - Worked intensively with partners across the Arc to deliver Local Industrial Strategies to maximise the Arc's contribution to UK productivity, following our commitment at Autumn Budget 2017
  - As recommended by the commission, we have commissioned analysis to test and evidence the strategic case for significant housing growth and explore the potential for new and expanded settlements across the Arc
  - Worked with local partners to achieve a strengthened, democratically accountable Arc governance structure that supports the delivery of transformational growth

### What we plan to do next

To achieve our collective ambition for the Oxford-Cambridge Arc it is imperative that local and national action is taken forward at pace. Over the next 12 months, we intend to:

- Consult in early 2019 on route options for the East West Rail Central Section (Bedford to Cambridge)
- Publish an ambitious, corridor-wide Joint Vision Statement to 2050 with local partners by Spring 2019
- Explore options for delivering a pan-Arc spatial vision, underpinned by a local natural capital plan, to co-ordinate investment in housing, infrastructure and the environment to support delivery of transformational growth across the Arc
- Consult on route options for the Expressway in late 2019 and then announce a decision on a preferred route. We will continue to work closely with local partners on the development of route options for the Expressway
- Consider ways of maximising growth opportunities in the Arc
- Complete the analysis to understand housing growth scenarios and the associated infrastructure required
- Continue to engage with local communities on the Expressway, East West Rail and other schemes across the Arc, to inform our decision-making process and to maximise opportunities for the environment and mitigate impacts

- Continue with the delivery of the Enabling Works on the East West Rail Western Section (Bicester to Bedford)
- Agree, with local partners, an approach for a strengthened, democratically accountable Arc governance structure
- Continue to work closely with local partners in the Arc on their Local Industrial Strategies;
- Continue to engage with universities in the Arc to establish a collaborative pan-Arc universities group to explore opportunities for maximising cutting-edge innovation focused on the four Grand Challenges of the Industrial Strategy
- Work with local partners to create a step change in digital infrastructure provision through embedding the principles of the Government's Future Telecoms Infrastructure Review in new development
- Appoint an independent business Chair for the Arc to provide expert advice and act as an advocate and champion to help galvanise local, national and international support, particularly from business and industry, for our collective ambitions across the Arc
- Appoint a Ministerial Champion for the Arc, to provide further focus and facilitate coordination across Whitehall

## Government response

The Chancellor of the Exchequer established the National Infrastructure Commission to produce a clear picture of the future infrastructure the country needs and provide expert, independent advice on infrastructure priorities. The commission operates as an Executive Agency of the Treasury under its Chair Sir John Armitt.

In March 2016 the Chancellor asked the commission to undertake a study on how infrastructure could unlock growth in the Oxford-Cambridge Arc. The commission's final report 'Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc' was published in November 2017. The government welcomes the commission's report and recognises the significant transformational growth opportunity that the area presents for the UK economy. This document sets out the government's full response to the commission's recommendations.

Recommendation 1a: Government should progress work on East West Rail, the Expressway and new settlements through a single co-ordinated delivery programme, with cross-government ministerial commitment and oversight. The aim of this programme should be to unlock opportunities for transformational housing growth through the creation of well-connected new communities. As part of this programme Government should commit:

- £1 billion to deliver the infrastructure necessary for a high quality and resilient rail commuter service between Bicester and Bedford, accelerating delivery of this section of East West Rail to a target date of 2023
- to accelerate work on the development of the new East West Rail line between Bedford and Cambridge, and commit to open the line by 2030
- to deliver the 'missing link' of the Oxford-Cambridge Expressway, accelerating development work to deliver a clearly-defined and agreed route by 2025, enabling construction to begin as part of the next Road Investment Strategy (RIS 2) and be complete by 2030

Key milestones and decision points in the development of East West Rail and the Expressway should be subject to "in principle" agreement to the development of significantly more ambitious proposals for housing growth in the arc, including major new settlements and urban extensions, and subsequently, progress in identifying, evaluating and designating sites. "In principle" agreement should be provided within 12 months. The schemes should be future proofed to ensure the potential for expansion and improvement is not permanently and prematurely closed.

On the single co-ordinated delivery programme: the government endorses the commission's recommendation to create a single co-ordinated delivery programme for progressing work on East West Rail, the Expressway and the potential for new and expanded settlements, with cross-government ministerial commitment and oversight. In spring 2018, the government established a cross-Whitehall Programme to take an integrated approach to the planning and delivery of infrastructure, homes and business growth in the Arc. The programme is supporting work to progress at pace on East West Rail, the Expressway and other infrastructure. This cross-departmental working in support of the high ambitions for growth in the Oxford-Cambridge Arc will set a benchmark for aligning housing and transport policy decisions and ensuring a co-ordinated cross-Government approach.

On the East West Rail line: the government endorses the principle of accelerating delivery of the western section of the East West Rail line. As announced at Autumn Budget 2017, the

government has committed funding for Network Rail to deliver phase two of the western section of East West Rail, from Bicester to Bedford. The government endorses the principle of accelerating delivery of the western section of East West Rail line and work is continuing to identify opportunities that would see the first passenger services operational in 2023, subject to necessary consents. The government established the independent East West Rail Company on 14 December 2017. The government also endorses the principle of accelerating work on the development of the central section of East West Rail, between Bedford and Cambridge. The government has tasked East West Rail Company to accelerate delivery of the central section of East West Rail between Bedford and Cambridge, with the aim for passenger services to begin from the mid-2020s, subject to necessary consents. We have provided £20 million development funding to the East West Rail company to work up the case for the central section, to explore which route can best support the government’s housing ambitions.

On the Oxford-Cambridge Expressway: the government is committed to the ambition of opening the ‘missing link’ of the Oxford-Cambridge Expressway and to accelerate development work. As announced at Autumn Budget 2017, the government has committed to funding the delivery of an Expressway of high-quality east-west roads between Oxford and Cambridge, key elements of which will be included in the second Roads Investment Strategy period, from 2020 to 2025. In line with the commission’s recommendation, the government is accelerating development work, completing option selection and detailed design work on the ‘missing link’ elements of the Expressway between the M1 and Oxford so that it is ready to open in 2030, subject to necessary consents. On 12 September 2018, the government announced that it had selected Corridor B – the central corridor following the route of East West Rail – for the Expressway, with options passing to either the east or west of Oxford.

The Expressway will be supported by a connectivity study. This is being led by England’s Economic Heartland and will examine how communities not directly on the route of the new road will be able to benefit from it.

On “in principle agreement” and future proofing for East West Rail and the Expressway: the government recognises the importance of maximising opportunities along infrastructure spines and will explore the transport links to best achieve its vision for housing and economic growth. The government also recognises the importance of building in opportunities future proofing schemes to enable future expansion and improvement.

The East West Rail Programme will deliver a specification of new infrastructure which will allow for future growth in the corridor. While recognising the constraints around existing hub stations, the government is considering the additional infrastructure intervention that will be required to enable increased capacity in the future.

We will also be considering future proofing as part of the design process for developing the Expressway.

Recommendation 1b: Government should seek to introduce fast, direct services to London to enable growth in the arc between Bicester and Bletchley and improve connectivity between London and Aylesbury. Any such improvements should be contingent on local authorities’ commitment to major development between Bicester and Bletchley and around existing settlements. While East West Rail will unlock major settlement opportunities across the arc, targeted rail investments can play a key role in unlocking and accelerating local housing development in the short term. Small scale interventions, aligned to wider plans for East West Rail, could reduce stress on the existing rail network enabling immediate opportunities for growth.



On introducing fast, direct services to London to enable growth between Bicester and Bletchley and improve connectivity between London and Aylesbury: the government recognises the importance of London-bound rail connectivity improvements to supporting potential housing growth between Bicester and Bletchley. The government has commissioned analysis to test and evidence the strategic case for significant housing growth and explore the potential for new and expanded settlements across the Arc. Opportunities to improve north-south transport links will be taken into consideration.

On the contingency of local authorities' commitment to major development between Bicester and Bletchley and around existing settlements: the government recognises the significant potential that investment in rail infrastructure has in unlocking new housing opportunities and is committed to continuing to work closely with local authorities and private sector partners to explore which routes best support the government's vision to unlock up to 1 million homes in the Arc by 2050.

Recommendation 1c: Government should work with the private sector and the relevant local authorities to agree funding packages and progress schemes to support housing and employment growth now. These should include:

- essential works required to enable passenger services between Oxford and Cowley no later than 2019
- the acceleration of East West Rail phase 3 works around south Cambridge to enable the delivery of a Cambridge South station in 2022 as part of Control Period 6

Substantial private sector and local contributions, reflecting the benefits that these parties gain, will be required to enable the delivery of these schemes.

On passenger services between Oxford and Cowley: as confirmed at Autumn Budget 2017, the government recognises the commission's arguments for a station at Cowley in Oxford, and as a first step towards delivery has made available up to £300,000 to co-fund with local stakeholders an Oxfordshire Rail Corridor study to explore rail growth in the area, and opportunities for additional services, stations and routes.

Network Rail will shortly be commencing work on the Oxfordshire Rail Corridor Study. The aim of the study is to understand the options for development of the current and future rail network within Oxfordshire that best meets the needs of the rail industry and county to support its growth agenda, whilst considering the wider network strategic needs that have a bearing on rail in Oxfordshire. An additional £300,000 of local contributions has been secured from a range of local partners in response to the terms set out by Her Majesty's Treasury. The study remit is consistent with Network Rail's Continuous Modular Strategic Planning approach and has been endorsed by the Oxfordshire Growth Board and the Department for Transport's Network Services Board.

On accelerating East West Rail phase 3 works around south Cambridge: the government endorses the principle of accelerated delivery of the infrastructure and is working with the rail industry to explore the different options. The government has committed £5 million to develop proposals for a new station at Cambridge South, to support growth of the Cambridge Biomedical Campus. In May 2018, the government and its local funding partners reached a Development Agreement setting out how the scheme will be developed through a funding, financing and delivery strategy. These are looking into innovative ways of paying for and constructing the supporting track infrastructure. Detailed engineering design work should start in late 2018, including both the future layout of the significant additional track infrastructure needed for the station, and determining the environmental



impacts. The completion of this activity would then enable planning permission to be sought shortly after.

The government has commissioned a Cambridge corridor study to look at the potential rail infrastructure that may be required between 2033 and 2043 in Cambridgeshire to meet predicted growth. The study began in March 2018 and is expected to be completed by December 2018.

Recommendation 2a: Government and local authorities should work together, through a robust and transparent process, to designate locations for new and expanded settlements by 2020. This should involve:

- commissioning formal studies to identify and assess options for new settlements required, and potential locations for these settlements
- consultation with communities, statutory agencies, infrastructure providers, wider stakeholders and public examination of proposed sites
- formal designation of sites and the publication of such assessments as legally required

The Commission is optimistic that Government and local authorities will reach agreement on the scale and location of new settlements in the national interest. However, if agreement cannot ultimately be reached, the Secretary of State should designate these new settlements.

The government supports the National Infrastructure Commission's ambition to build up to one million high quality homes in the Arc by 2050 to maximise its economic potential. To achieve this ambition, a step change in housing delivery will be required, including engagement on how this can be accommodated through vibrant new and expanded settlements.

As recommended, the government has commissioned analysis to test and evidence the strategic case for significant housing growth and explore the potential for new and expanded settlements across the Arc. The government recognises that the supply of large numbers of new homes can often be best achieved through planning for larger scale development, such as new and expanded settlements. When carefully designed, well located, and supported by the necessary infrastructure and facilities, new and expanded settlements can create vibrant, mixed-use, communities where people can live and work for generations to come.

When planned in tandem with infrastructure, housing and jobs growth will help drive productivity. This will also help provide the capacity needed to mitigate congestion and enable business networking, and encourage clustering of businesses and jobs with associated agglomeration benefits. The analysis will therefore consider infrastructure opportunities and requirements, as well as the potential environmental, ecological and biodiversity effects of options for housing growth, and explore opportunities for net gain, at a pan-Arc scale. The government is committed to working closely with local partners as this evidence base develops.

In July 2018, the Housing Minister wrote to local partners in the Arc informing them that this analysis was to be carried out and inviting local partners from across the Arc to bring forward ambitious proposals for transformational housing growth, including new settlements. This was a first step intended to encourage local partners who want to begin a conversation on new settlements to come forward as part of exploring the opportunities for bringing forward significant new and expanded settlements.

Garden towns and villages are an important component of the housing offer across the Arc. In August we published our nationwide Garden Communities prospectus, which invites ambitious, locally supported proposals for new garden communities by 9 November.

For proposals within the Arc, the government will continue to work with local partners to consider how the delivery of new homes and settlements can best support the overarching vision for the Arc of one million new homes by 2050. The government will ensure that the appropriate vehicles to deliver this growth are in place; we believe that New Town Development Corporations can be appropriate for delivering high quality new communities at scale where there are complex delivery and co-ordination challenges.

Recommendation 2b: Government should:

- work with local authorities to establish appropriate delivery vehicles for new and expanded settlements across the arc, considering the role that can be played by locally accountable Development Corporations, Mayoral Development Corporations, the Homes and Communities Agency and Urban Development Corporations
- establish New Town Development Corporations to deliver larger new and expanded settlements. In so doing, it should:
  - work with local authorities to define and agree the objectives, membership and reporting arrangements for new development corporations
  - provide a clear remit to support the economic success of large new settlements as centres of employment, and assist the development corporation by using wider policy levers to support local economic growth explore the full range of options for funding development corporations' programme of land acquisition, including providing public funding with a view to unlocking substantial private investment, and balancing considerations of short-term affordability and long-term value for money

The government endorses the recommendation of working with local authorities to establish appropriate delivery vehicles for any new and expanded settlements across the Arc. The government agrees that New Town Development Corporations can be appropriate vehicles for delivering high quality new communities at scale, where there are complex delivery and co-ordination challenges.

In line with our locally-led approach to garden communities, we have legislated to enable the creation of locally-led new town development corporations. Autumn Budget 2018 announces a consultation on the draft guidance for the use of compulsory purchase powers for new town development corporations. These bodies will support the creation of exceptional new garden towns that are supported by robust legacy and stewardship arrangements. Such corporations are overseen by the local authorities covering the area rather than by the Secretary of State for Housing, Communities and Local Government. The government is open to discussions with ambitious local authorities in the Arc who are interested in the potential to establish such bodies.

The Government will consult on the legal framework for Development Corporations. It will also launch a £10 million competitive fund to support local areas to generate locally-led proposals for new business-backed Development Corporations and similar delivery bodies.

Recommendation 3: Government should work with local authorities to:

- put in place an independent design panel for East-West Rail, the Expressway and new and expanded settlements across the Arc by April 2018. This panel should work in concert with existing infrastructure design panels and new development corporations to specify, scrutinise and challenge settlement designs, plans and delivery, with a view to:
  - making most efficient use of new and existing infrastructure (including transport and utilities)
  - supporting positive social outcomes (including better mental and physical health)
  - achieving net gains in biodiversity and natural capital across the arc
  - improving quality of life for existing and future residents
- establish arrangements for the long-term stewardship of valued community assets in each new or expanded settlement, placing responsibility and resources in the hands of the community – learning from both the Parks Trust in Milton Keynes and the Letchworth Garden City Heritage Foundation
- ensure that strategic infrastructure, including new elements of East West Rail and the Oxford-Cambridge Expressway, are planned and developed to achieve net gains in biodiversity and natural capital across the arc

On putting in place an independent design panel for East-West Rail, the Expressway and new and expanded settlements across the Arc by April 2018: the government endorses the use of independent design reviews as set out in the National Planning Policy Framework, for supporting the creation of healthier, greener and well-designed places. We also recognise that the environmental requirements to underpin sustainable growth need to be considered at a pan-Arc level.

While there is currently no pan-Arc place panel that considers design, place-making and the environment at a strategic level, the government has already established a single coordinated delivery programme which will ensure that the government's decisions on place-making, economic growth, the environment, and infrastructure and connectivity, are made in a joined-up way.

There are a number of mechanisms in place for promoting high quality design in parts of the Arc already. This includes the Cambridgeshire Quality Panel, BOB MK - an urban design network used for design review in Bedfordshire, Oxfordshire, Buckinghamshire and Milton Keynes and panels operated by the Design Council for both Oxford City Council and Highways England which conduct design reviews of major sites and the strategic road network, including the A14 realignment in Cambridgeshire.

In addition, Highways England Strategic Design Panel was established to support the development of a culture where good design is at the heart of everything within Highways England and the wider road sector. This coincides with Highways England delivering the biggest programme of government investment in a generation.

The government is exploring whether, given the number of existing design panels in the Arc, there is a need for a pan-Arc place panel. The government believes that such a panel would need to work with, and if necessary, reinforce existing structures that local places have put in

place. It would also need to allow local authorities to appoint their own panels to address the detail of applications in their areas.

On establishing arrangements for the long-term stewardship of valued community assets in each new or expanded settlement: the government recognises that local people with a connection to their neighbourhood are the best long-term stewards of community assets and endorses this recommendation. The government believes that this should be done through the most suitable vehicle, including through locally-led new town development corporations, where applicable.

Prior to the designation of any new town development corporation, the government will need to see that robust plans for stewardship and legacy are in place, including for example, the adoption of frameworks such as the Garden City Principles.

On achieving net gains in biodiversity and natural capital across the arc: the government considers that the Oxford-Cambridge Arc is an opportunity to embody the ambitions of the 25 Year Environment Plan, including commitments on water and energy efficiency, as well as flood, waste and wider sustainability standards in new development including housing and infrastructure.

The government agrees with the NIC that net gain is an important way to deliver placemaking and growth, and that it offers an opportunity to invest in valuable green infrastructure. We want new developments to use intelligent and sensitive design to create or enhance habitats and to improve habitat connectivity, both onsite and in the local area. The government has strengthened planning policy, through the revised National Planning Policy Framework<sup>7</sup>, to achieve net gains for biodiversity which incentivises improved, greener design. The government will be consulting on net gain and welcomes views on how this could be best applied across the Arc.

The government and local agencies including the Environment Agency, Natural England and Forestry Commission will work to maximise the benefits to local people through enhancing the environment on the Arc, in particular through:

- A strategic approach to planning that increases resilience to hazards such as floods and integrates environmental infrastructure with other development to maximise efficiencies and opportunities
- Exploring options for delivering a pan-Arc local natural capital plan
- Using the ongoing work to strengthen biodiversity net gain policy in the planning system to ensure that plans, design and delivery of places in the Arc align with the government's policy on biodiversity net gain

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<sup>7</sup> Revised National Planning Policy Framework (2018) Available at: <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Recommendation 4: Government and local authorities should implement measures to increase certainty on the delivery of growth enabling infrastructure.

- Government should work with local authorities to establish an indicative, long-term pipeline of strategic national and local infrastructure investments, conditional upon specific housing delivery milestones, and with firm financial commitments made at the beginning of the relevant spending review, road investment or rail industry control period. This pipeline should be established and agreed by 2020.
- Local authorities should work with LEPs, local business groups, educational institutions and other key partners to formally agree robust and credible transport plans to enable the development of the arc's key towns and cities. These should be agreed locally by April 2019. These plans should provide a firm basis for long-term growth and investment, and include plans for significantly upgrading public transport, integrating transport hubs and providing safe cycling infrastructure.
- Following agreement of these long-term transport plans, Government should develop deals, bespoke to this region, with local authorities in Oxfordshire and the central section of the arc. These deals should extend powers over bus franchising, the introduction of smart ticketing, and give greater long-term certainty over future funding which authorities can use to fund, and unlock finance for, city-regional infrastructure improvements. Powers and resources should be devolved no later than April 2020.

On government working with local authorities to establish an indicative, long-term pipeline of strategic national and local infrastructure investment: the government welcomes this recommendation and is already doing this at a national and local level. Since 2011, the government has been working with local authorities to produce a National Infrastructure and Construction Pipeline of national priority projects. This is now produced annually, and this pipeline gives industry and the supply chain the confidence to support government and business with the delivery of future projects.

As part of the RIS 2 programme, the Department for Transport is working closely with local authorities to establish a long-term pipeline of local and strategic road investments, which includes the Oxford-Cambridge Expressway 'missing link' (further information is provided under Recommendation 1a.)

The government supports the Commission's ambition to build up to one million homes by 2050 and recognises that this will require decisions on place-making, economic growth, the environment, and infrastructure and connectivity, to be made in a joined-up way. This is why the government has invited local authorities from across the Arc to bring forward and commit to ambitious proposals for transformational housing and economic growth, including for new settlements. With the right interventions and investment, there is a transformational opportunity to amplify the Arc's position as a world-leading economic place. The government will consider broad strategic outcomes at the outset of programme design and carry them through all stages of the procurement process. This approach will also ensure the government's investment in infrastructure supports a wide range of Industrial Strategy objectives, including to boost the productivity and earning power of people across the UK, and maximises value for money.

The government has identified the Oxford-Cambridge Arc programme as a flagship for the Government's transformation initiatives, which are long-term change programmes that will help to increase the effectiveness of the government's investment in social, environmental and economic infrastructure. These include the Infrastructure and Projects Authority's Transforming

Infrastructure Performance and the Department for Transport's Transport Infrastructure Efficiency Strategy and the Construction Sector Deal.

The Industrial Strategy recognises that housing developments require appropriate infrastructure. The government therefore increased the Housing Infrastructure Fund to £5bn, using investment from the National Productivity Investment Fund to provide the right conditions for more house-building to take place. In February 2018, the government announced 133 successful Marginal Viability projects worth £866m to help unlock a potential 200,000 new homes. This will bring forward a pipeline of homes at pace and scale, helping solve the problems facing local communities today. There were eight successful Marginal Viability projects in the corridor worth £51.6m, which are currently progressing through detailed funding clarification. This process will confirm the final funding amount and any conditions attached to the funding. The government is also working with Bedford, Buckinghamshire, Cambridge and Peterborough, Central Bedfordshire, Milton Keynes, Northamptonshire, and Oxfordshire on Forward Funding projects with up to £4.1bn of funding available. Following the co-development phase, these areas will be required to submit business cases prior to final funding decisions being made. Autumn Budget 2018 announces that the Housing Infrastructure Fund, funded by the NPIF, will increase by £500 million to a total £5.5 billion, unlocking up to 650,000 new homes.

On Local Transport Plans: the government endorses the principle of local authorities working with partners to develop robust and credible local transport plans to support the development of towns and cities in the Arc. Local Transport Plans should set out local authorities' long-term strategy for transforming the transport network across the Arc. The government expects these plans to address the scale of the challenge in local areas and to include mass transit, walking and cycling, which links to the environmental opportunities and delivery of healthy places, and managing traffic and travel demand to improve local connectivity.

The Bus Services Act 2017<sup>8</sup> gives Mayoral Combined Authorities the powers to franchise buses. It also allows the Secretary of State for Transport to grant these powers to other groups of local authorities by means of a statutory instrument and consent to a specific scheme.

Building on the Oxfordshire Housing Deal, the government is currently working on further Housing Deals across the Arc.

Recommendation 5: Government should, through bespoke deals with local areas, make changes to the operation and application of CIL and s106 agreements across the arc that will:

- give groups of local authorities, working together through appropriate governance structures, the power to levy a city-regional CIL
- remove restrictions on the pooling of section 106 revenues and on the forward funding of infrastructure against future receipts. These changes should be agreed by 2020

The government endorses the principle of allowing groups of local authorities to charge a city-regional level CIL.

On 5 March 2018 the government published the "Supporting housing delivery through developer contributions" consultation.<sup>9</sup>

<sup>8</sup> <http://www.legislation.gov.uk/ukpga/2017/21/contents/enacted>

<sup>9</sup> <https://www.gov.uk/government/consultations/supporting-housing-delivery-through-developer-contributions>

Through the Oxfordshire Housing Deal, the government has committed to working with Oxfordshire's six local authorities to explore the potential for introducing a Strategic Infrastructure Tariff (SIT) in this area<sup>10</sup>. At Autumn Budget 2018, the government announces its intention to take SIT forwards for Combined Authorities where they have strategic planning powers through Combined Authority Orders. In the longer term, we will bring forward the power to levy SIT for joint planning committees, and review options for giving this power to other groups. The SIT will operate alongside any localised form of developer contribution e.g. CIL and section 106 and contribute to the funding of strategic, large-scale infrastructure projects that cross administrative boundaries. The government will also set out further guidance to encourage groups of CIL charging authorities to use CIL more effectively to support the delivery of cross-boundary strategic infrastructure through pooling their local CIL.

The government endorses the recommendation to remove section 106 pooling restrictions and will be laying in Parliament Regulations to enable this.

The government expects authorities and delivery bodies across the Arc to use both existing and new mechanisms of land value capture to capture rising land values from the additional public investment in a fair way.

The government notes the commission's proposal to allow forward funding for infrastructure. The government recognises that there are circumstances where infrastructure may need to be provided in advance of development taking place. That is why the government has committed to provide greater certainty of infrastructure funding by committing to multi-year budgets in road and rail, and at Autumn Statement 2016 created the National Productivity Investment Fund to provide £31 billion of additional investment in areas crucial to boosting productivity. At Autumn Budget 2017, the government more than doubled the Housing Infrastructure Fund (HIF), adding a further £2.7 billion of new funding to the £2.3bn announced at Autumn Budget 2016. This took total investment in the HIF to £5 billion. Autumn Budget 2018 announces that the Housing Infrastructure Fund, funded by the NPIF, will increase by £500 million to a total £5.5 billion.

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<sup>10</sup> Further information is in Section 1.3.2 of the Oxfordshire Housing and Growth Deal Delivery Plan, available at: <https://www.gov.uk/government/publications/oxfordshire-housing-deal>



Recommendation 6: Government should consider the need for agreements extending flexibilities in the application of five-year land supply requirements. These agreements should only be considered in cases where local authorities agree deals to accommodate significantly higher levels of housing growth. Flexibilities should:

- help ensure that local areas are not exposed to increased risk of speculative development as a result of their commitment to additional growth
- be kept under review and made subject to local areas demonstrating progress in the delivery of major housing growth

In all cases, agreement must preserve the requirement for local authorities to maintain a supply of land sufficient to enable house building at the rate that would have been required in the absence of any deal to support additional housing growth.

Recommendation 7: Government should work with local authorities across the arc to secure agreement that:

- representatives of each of the arc's defined sub-regions will work together at the arc-wide level, and with Government, to develop an ambitious spatial vision covering the whole arc area up to 2050, identifying locations for growth and investment and enabling infrastructure requirements. This work should be completed no later than summer 2019. This vision should be supported by a set of arc-wide economic plans and an Arc-wide plan for strategic infrastructure
- local planning and transport authorities will work together, in defined sub-regions, to prepare statutory strategic spatial plans and submit these for inspection by April 2020. These should be underpinned by a clear investment strategy and a phased delivery plan, and shaped by the requirements of a robust integrated appraisal framework. Local Enterprise Partnerships and utilities providers should be included in the development of these strategic spatial plans

Local authorities and LEPs should work collectively and seek to agree a definition for sub-regional planning areas by April 2018. If agreement cannot be reached by this date, the Secretary of State for Communities and Local Government should define the sub-regions based on consideration of the best areas for joined-up economic, transport and land-use planning.

The government are committed to ensuring maximum impact from its investment. On 22 November 2017 the government announced that Oxfordshire would receive up to £215 million of new funding to support their ambition to plan for and support the delivery of 100,000 homes by 2031, subject to a commitment from Oxfordshire to adopt an Oxfordshire-wide Joint Statutory Spatial Plan by 2021. This ambitious and comprehensive investment programme will help deliver sustainable development with a focus on quality of place and more affordable housing. The Oxfordshire Housing and Growth Deal is supported by a delivery plan – the mechanism through which milestones are assessed and deal payments are made. This was formally signed off by the Housing Minister and Oxfordshire's six councils on 22 March 2018. Building on this, the government is working with central and eastern parts of the Arc to agree equally ambitious housing commitments.

On the need for agreements to extend flexibilities in the application of five-year land supply requirements: the government welcomes opportunities to work with local areas on a case by case basis to negotiate bespoke arrangements in exchange for commitment to substantial

housing growth, which ensure that overall land supply will increase despite flexibilities agreed to the application of the five year land supply requirement. The government has done this through the Oxfordshire Housing and Growth Deal, where local authorities are planning for significantly greater levels of housing growth than their Local Housing Need assessment.

On joint spatial plans: the government endorses the principle of local planning authorities working together on joint statutory spatial plans and recognises the important role of transport bodies in shaping these. To ensure that planning for jobs, place-making and infrastructure is coordinated, the government urges authorities in the Arc to work together and, where appropriate, develop joint statutory plans at the earliest opportunity to underpin the long-term vision for the Arc. Rapid progress with strategic spatial plans and local plans are an important aid to implementing the homes and infrastructure that are required, underpinned by commitments to enhance the environment. Where the government sees a clear need for doing so, the Secretary of State for Housing, Communities and Local Government will utilise the powers under section 28A of Planning and Compulsory Purchase Act 2004 to direct local planning authorities in the Arc to undertake Joint Plans.

Through Housing Deals conversations, the government is securing commitments by local authorities to develop joint local plans. Through the Oxfordshire Housing and Growth Deal, the government has committed to provide Oxfordshire's six local authorities with certain planning flexibilities to support their transition to a joint statutory spatial plan (JSSP). This includes temporary changes to land supply requirements and the Housing Delivery Test. On 12 September 2018 the first of the planning flexibilities agreed as part of the deal was enacted by written ministerial statement. This has amended land supply policies for Oxfordshire whilst their joint statutory spatial plan is developed. For the duration of the development of the JSSP the presumption for sustainable development will only apply to decision taking when the land supply falls below 3 years rather than 5 years. After the adoption of the JSSP the Housing Delivery Test will apply at a different rate to the national calculation.

On an Arc-wide spatial vision up to 2050: the government recognises the potential role that a pan-Arc spatial vision underpinned by a local natural capital plan could play in coordinating investment in housing, infrastructure and the environment to support the delivery of transformational growth across the Arc. The government is exploring the best way to set out how jobs, homes and infrastructure across the corridor will be planned together to benefit existing and new residents, while balancing economic growth with the protection and enforcement of the areas historic and environmental assets. As a first step, the government will publish an ambitious, corridor-wide Joint Vision Statement for the Arc to 2050 with local partners by Spring 2019.

Recommendation 8: Government should work with local authorities to put in place robust subregional and arc-wide governance arrangements. This will include:

- reconstituting the Oxfordshire Growth Board as a planning joint committee by April 2018, ensuring it is empowered to take decisions on the development, adoption and delivery of a strategic statutory spatial plan
- establishing growth board arrangements for defined planning areas in the central section of the arc by April 2018, ensuring these are constituted as planning joint committees and empowered to take decisions on the development, adoption and delivery of a strategic statutory spatial plan(s)
- supporting the continued development of new and existing growth boards, with a view to their being constituted as statutory combined authorities, or mayoral combined authorities, as soon as possible and no later than 2022
- working with representatives of the Cambridgeshire and Peterborough Combined Authority, Oxfordshire Growth Board and other growth board(s) across the arc to establish an arc-wide 'Strategic Partnership Board' by Summer 2018. This should include recruiting an independent chair to convene the board and provide a clear link to Government, and agreeing this appointment with local partners

The government is committed to working with local authorities to put in place appropriate governance arrangements to support the delivery of the wider Arc priorities. The government will work with local partners to agree a governance structure that supports the delivery of local growth, while retaining appropriate democratic accountability, by Spring 2019.

The government expects the new local governance structure for the Arc to be robust, credible and inclusive, with a clear and proactive remit. The structure should also be streamlined and practical for Government to 'do business' with in order to make more rapid progress. It should have sufficient influence and expertise to challenge all parties to take key decisions at the right times, and to maintain confidence amongst all stakeholders, including universities, business and environmental groups.

To build up to one million homes by 2050 and deliver the full economic potential of the Arc, the planning and delivery of business, housing and infrastructure should be coordinated across the Arc. This will require rapid progress with strategic spatial plans and local plans. The government is working with local partners to prepare an ambitious Joint Vision Statement by Spring 2019. Where there is a clear need, the government will direct local planning authorities to undertake joint plans. The government will ensure that growth in the corridor is underpinned by appropriate governance structures and delivery vehicles.

Delivering the priorities of the Arc will require an integrated approach from government and local partners. The government has already invited local authorities to bring forward and commit to ambitious proposals on housing and economic growth. We welcome working with local partners on proposals on bringing forward Combined Authorities or other changes to local government in the Arc.

Autumn Budget 2018 announces that the Government will appoint an independent business Chair for the Arc to provide expert advice and act as an advocate and champion to help galvanise local, national and international support, particularly from business and industry, for our collective ambitions across the Arc. The Government will also appoint a Ministerial Champion for the Arc, to provide further focus and facilitate coordination across Whitehall. The establishment of an independent business Chair and a new Ministerial Champion demonstrate

the government's commitment to delivering an ambitious and transformational programme across the Arc.

Recommendation 9: Government should work with local authorities and any new delivery bodies from across the arc to prepare and publish a six-monthly update, with the first being published in April 2018, enabling the Commission to assess the progress achieved in delivering the recommendations set out in this report.

The government endorses this recommendation and will provide annual updates to the Commission on progress on delivering these recommendations. The Commission will also continue to be kept informed by attending the government's monthly programme board meetings.