

EXECUTIVE SUMMARY

The National Infrastructure Commission (NIC) has been asked to provide the government with proposals and options to maximise the potential of the Cambridge- Milton Keynes- Oxford corridor as a single, knowledge-intensive cluster that competes on a global stage, protecting the area's high quality environment, and securing the homes and jobs that the area needs.

Over the past eight months the Commission has engaged with a range of stakeholders from across the corridor including local authorities, Local Enterprise Partnerships (LEPs), universities and Whitehall departments. This has included evaluating around 80 responses to a call for evidence which sought to gather views on current challenges, proposed interventions and the vision for the corridor.

This interim report presents the Commission's assessment of the key challenges facing the corridor. It sets out how the NIC will work over the next year to help tackle these challenges. The report also sets out a number of shorter term recommendations which it believes the government should implement whilst the Commission's second phase of work is underway.

The Commission's central finding is that a lack of sufficient and suitable housing presents a fundamental risk to the success of the area. Without a joined-up plan for housing, jobs and infrastructure across the corridor, it will be left behind by its international competitors. By providing the foundations for such a strategy, new east-west transport links present a once-in-a-generation opportunity to secure the area's future success.

A LACK OF HOUSING AND CONNECTIVITY ARE PUTTING FUTURE SUCCESS AT RISK

The Cambridge-Milton Keynes-Oxford corridor is home to 3.3 million people and hosts some of the most productive, successful and fast growing cities in the United Kingdom, as well as world leading universities, knowledge intensive high-tech firms and highly skilled workers. The area is a hugely valuable asset to the UK as a whole. Its universities, businesses and technology clusters have a global reputation and compete on the world stage.

The success of the area has fuelled exceptionally strong demand for housing across the corridor and in its key cities, which has not been matched by supply. Lack of housing supply is leading to high house prices and low levels of affordability, for both home ownership and private rental. The ratio of median house prices to earnings is 13:1 in Cambridge and 12:1 in Oxford making them two of the least affordable cities in the UK.

This situation is exacerbated by poor east-west transport connectivity and limited 'last mile' capacity into certain centres and other employment locations. In contrast to strong north-south radial links extending from London, east-west trips across the corridor are difficult, slow and unreliable. As a result, commuting between key hubs on the corridor is almost non-existent and the area does not function as a single labour market.

Meeting the corridor's housing and connectivity needs is a significant financial and planning challenge. It will require radical thinking to enable new and expand current settlements at the scale needed. Crucial to this will be creating settlements that build on the attributes that make the corridor an attractive place to live and work. This will require different approaches to infrastructure and development in different locations. This could include the densification of existing towns and cities, the development of substantial urban extensions, or the construction of wholly new settlements. It may require all of these things.

Sustainable communities need to be supported by the right infrastructure. This includes the immediate, local connections into specific sites and developments, as well as the broader transport links that connect homes to jobs and services, allowing people to access the wider economy and supporting their quality of life. It also includes utility, flood and digital networks.

Infrastructure and housing must be planned together. The current development of new strategic east-west links, particularly if combined with other more targeted local infrastructure improvements, provides an opportunity to achieve this and prepare an ambitious long-term strategy for the development of the corridor.

A JOINED-UP STRATEGY LINKING INFRASTRUCTURE AND HOMES

To maximise the benefits of significant new infrastructure investment, local stakeholders will need to demonstrate collective strategic leadership, often across administrative borders. This includes developing a shared vision for the corridor and a strategic plan for its development that commands the support of government and wider stakeholders.

If taken forward as part of a wider strategy for planning and housing, new investment in transport infrastructure within the corridor has the potential to:

- Better link homes to employment, opening up both major strategic sites and smaller local sites for high quality housing development.
 - Co-ordinate patterns of new development, creating focused opportunities to build new communities around transport hubs and interchanges.
 - Create inclusive liveable places, connecting people and communities with opportunities for work and leisure.
 - Mitigate congestion in city centres.
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- Provide a catalyst to private investment, unlocking broader local and national benefits.
- Increase land values, allowing local authorities and government capture a share of uplifts to support infrastructure investment.

A strategy for infrastructure and homes will also need to be linked to the area's strategy for skills and social infrastructure as well as the UK's wider industrial strategy. The Commission has not examined skills and social infrastructure as part of this study but recognises their importance alongside physical infrastructure to economic success.

The Commission recognises that through partnerships such as the East West Rail consortium, England's Economic Heartland and the Fast Growth Cities group, progress has been made in this area. Going forward, the challenge remains to create a strategic plan or plans with consistent support across the corridor, encompassing planning, transport and funding.

Recommendation 1: Local authorities, Local Enterprise Partnerships, government departments and national delivery agencies, should work together to develop an integrated strategic plan for infrastructure, housing and jobs across the corridor.

- **The plan should provide a framework for cross-corridor economic and transport strategies and for strategic spatial plans which, when combined, enable a step-change in housing provision and connectivity.**
- **The plan should also ensure that options for funding infrastructure are fully integrated into the strategy.**
- **The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study.**

A new vision for how future communities and major new infrastructure projects are designed and developed will need to inform this strategy if it is to win widespread support. This will need to respect the character of the diverse areas that make up the corridor.

Recommendation 2: The quality of infrastructure design and its impact on maintaining and enhancing the character of the built environment should be central to any strategic plan for the area.

- **As part of the next stage of its work, the Commission will continue to work with urban planners and the design community to understand how infrastructure can enable new and expanded settlements which incorporate the highest standards of design and place making.**

In addition to strategic planning, it is crucial for success that joint governance structures can be formed that support collective decision making.

Leadership on different issues will be required at different spatial scales. While collaboration on strategic transport infrastructure is likely to require collaboration at the whole corridor level, leadership on strategic spatial planning, may require local authorities to collaborate around a travel to work area or across clusters of housing market areas. The delivery of specific new transport and housing sites may require different institutional structures again, for example new development corporations focused on exploiting the potential around key transport hubs and interchanges

To succeed, any new model for strategic leadership must be built from the ground up through an inclusive process. Given the importance of the corridor to the UK economy, national government must recognise its stake in the success of this work.

Recommendation 3: Local authorities, Local Enterprise Partnerships, government departments and national delivery agencies, should work together to develop proposals for the joint governance arrangements required to deliver co-ordinated planning.

- This work should build on and strengthen existing cross-corridor collaborations and should consider the potential for formal joint governance mechanisms (e.g. joint committees, combined authorities, sub-national transport bodies, or the creation of unitary authorities). These should include consideration of future devolved powers, freedoms and financial flexibilities.
- The work should also consider the full range of delivery mechanisms capable of accelerating housing growth, including looking at the potential for new development corporations to accelerate and drive delivery.
- The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study.

A ONCE-IN-A-GENERATION OPPORTUNITY

The East West Rail project and the proposals for an Oxford-Cambridge Expressway present a unique opportunity to develop a multi-modal transport spine for the corridor – delivering substantial national benefits and providing a foundation for the area’s long-term development.

These schemes have significant benefits, including:

- Completing ‘missing links’ within the national rail and road networks – improving resilience by connecting radial routes from London; providing relief to congested routes in the south-east and midlands, and enabling wholly new connections between England’s towns and cities, ports and airports.
 - Improving and diversifying the labour supply of existing city economies – bringing productive towns and cities closer together; expanding travel to work catchments, and reducing the impact that pressures in local housing markets have on firms’ ability to recruit and retain people at all levels of their business.
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- Meeting projected increases in travel demands driven by population growth and planned housing development.

But this is only part of the story. Through joined-up planning, these schemes also have the potential to unlock major new sites for housing, to improve land supply, and to enable the development of well-connected and sensitively designed communities. Without integration into wider spatial strategies for the corridor they risk not addressing the factors that are holding back growth on the corridor.

The first section of East West Rail between central Oxford and Bicester is due to fully open in December this year. The government has committed to complete the second section of the line between Oxford and Bedford via Bletchley by 2024 – but there is a risk of the project being further delayed, to avoid this, it is important that elements of the work are accelerated so that its construction can dovetail with that of HS2.

Recommendation 4: The government should commit to delivering the Western Section of the East West Rail project before 2024 (the end of the rail industry’s Control Period 6).

- **To achieve this, the government should bring forward £100m in funding to accelerate design and development, and commit construction monies as necessary to:**
 - **avoid abortive cost (subject to the development process demonstrating rigorous disciplines in planning, cost management and value management); and**
 - **integrate construction of the East West Rail Western Section with work on HS2.**
- **To fully maximise the benefits of the project local authorities should recognise the potentially transformational benefits of East West Rail and develop and agree, working with national government, an ambitious strategy for housing development and delivery around stations and station towns.**
- **The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study.**

For the Expressway, and the Central Section of East West Rail between Bedford and Cambridge the Commission recognises more development work is needed before the schemes can be finalised and firm decisions on prioritisation and delivery can be taken. For both schemes, this work must be progressed in a way that maximises opportunities to bring forward high quality housing development, creating places where people want to live which are well-connected to jobs and services while still delivering improvements to national connectivity.

Recommendation 5: The government should commit up to £10m in development funding to continue work on the Central Section of the East West Rail link.

- **Government should provide clear guidance that a core objective for the development of this scheme should be to support the provision of new housing and connect it to local and regional labour markets.**
- **Local partners and national government should work together to develop a plan for the Central Section which links development work on the East West Rail Central Section to options for local housing development.**
- **Government should explore the potential for alternative delivery and financing mechanisms for the railway. This should include consideration of how third party contributions could be leveraged.**
- **The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study.**

Recommendation 6: The government should commit £27m to the end of 2018/19 to fund the next phase of development work on the Oxford-Cambridge Expressway study, allowing the detailed design process to begin as soon as possible.

- **Highways England should work with relevant local authorities to develop and assess the potential Expressway options and develop a proposal which maximises the scheme's potential to unlock housing growth and connect it to local and regional labour markets, alongside delivering wider benefits.**
- **The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study.**

The full potential of East West Rail and the Expressway cannot be realised without investment in its wider road and rail network. It is encouraging, therefore, that LEPs and local transport authorities are already working together through the England's Economic Heartland partnership to define a cross-corridor transport strategy.

The delivery of new homes and communities must be a core objective of this strategy. This means prioritising and progressing schemes that enable smart, sustainable communities, alongside those which improve connectivity and create jobs. LEPs and local authorities have prioritised a number of such schemes in recent bids into the Local Growth Fund. National and local government must work together, with the private sector, to secure resources for key schemes and enable their prompt delivery.

Maximising the benefits of East West Rail will also require new thinking from local authorities on first/last mile connectivity, and on the connections between suburban and rural populations and city centres. Most towns and cities across the corridor have city centre strategies in place, but these will need to be strengthened to reflect and enable the long-term requirement for housing growth.

There can, of course, be no "one-size-fits-all" approach to realising these aims. What works in Cambridge may not be appropriate in Milton Keynes, and solutions for Milton Keynes may not work for Oxford and Oxfordshire. However these approaches will need to factor in the wider cross corridor strategy developed as part of

recommendation 1 and the emerging thinking on East-West Rail and the Expressway as set out in recommendations 5 and 6.

Recommendation 7: In order to maximise the benefits of new strategic infrastructure and to ensure that urban centres across the corridor continue to function effectively - Local Authorities, Local Enterprise Partnerships, government departments and national delivery agencies, should work together in each centre to define a set of credible, coherent and co-owned city centre transport strategies.

- These strategies may build on existing plans, but also ensure that national and regional level schemes are properly integrated into local thinking.
- These strategies should be consistent with partners' wider work to develop a plan for the corridor that maximises its potential to support housing growth.
- This should include realistic proposals on funding and financing and any consideration of any devolved powers, freedoms or financial flexibilities.
- The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study.

The recommendations outlined in this interim report, represent an important step in this project. They reflect the Commission's assessment of the key challenges facing the Cambridge - Milton Keynes - Oxford corridor and actions that need to be taken now to further develop strategically significant projects. The recommendations also express the Commission's desire to work with local authorities, LEPs and national government to tackle these challenges.

While the Commission's work thus far has been on gathering and reviewing evidence, phase two of the project will see it play a more active role in the corridor - encouraging new thinking on joined-up strategic planning, governance, infrastructure financing and place-making over the next year.

The long-term success of the corridor will, of course, depend upon the sustained efforts of local and national government, on the continued success of businesses within the corridor, the commitment of investors, and the quality of its universities. The Commission's own work within the corridor will be time limited. The Commission will, therefore, use its final report and its recommendations to government in late 2017, to set out its view on:

- The institutions that will strengthen governance across the corridor, by integrating planning and infrastructure decisions and driving delivery, to maximise the benefits of infrastructure investment.
 - The design and phasing of new east-west transport links, and associated housing and development sites.
 - Design principles for infrastructure, and associated development, to ensure that it is effectively integrated into the local environment and meets the needs of residents and communities.
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- Measures to enhance local connectivity and reduce congestion to enable better journeys within the key urban centres in the corridor and to provide wider access to major new road and rail links.
- Priorities for any additional, non-transport infrastructure investment needed to unlock housing and support growth.
- Financing and funding mechanisms to unblock current barriers to the delivery of housing and infrastructure.

In developing and delivering these recommendations, the Commission will promote and build upon the best ideas from within the corridor itself - testing these through constructive challenge. It will also seek to balance the need for new plans and proposals that align to local needs, circumstances and preferences with the imperative for developing the corridor as driver of national prosperity.