

Peterborough Station Quarter: Further Government Decentralisation

2020 CSR representation
Cambridgeshire & Peterborough Combined Authority

Scheme	Business case status	Fit with CSR objectives	VfM (Benefit Cost Ratio)	Capital cost	Timescale
Peterborough Station Quarter: Further Government Decentralisation	N/A	Levelling up economic opportunity across all nations and regions of the country. Improving the management and delivery of Government commitments.			

Cambridgeshire and Peterborough Combined Authority (CPCA) is delighted to submit this CSR 2020 Representation to HM Treasury to support the case for location of a substantial number of Central Government staff in bespoke office accommodation in Peterborough's Station quarter development to support:

- **a levelling up of prosperity** and opportunity for the "left behind" region of Peterborough and the Fens; and
- **Improving the management and delivery of Government commitments** through a more radical, efficient and effective relocation of civil service staff from London to the region.

1.1 Peterborough Station Quarter

The project aims to unlock the development of around 17 acres of surplus railway operational land around Peterborough Rail Station and create a new Station, improved public realm space retail, up to 200,000m² of commercial office accommodation, over 500 new homes, around 30 retail, food and beverage units and two new multi storey car parks (c.1800 spaces plus distribution hubs accommodating up 1600 vehicles with facilities for electric vehicle charging and bicycle hire).

Our Ask As Part of the CSR

Within this wider project, we aim to deliver 15,000m² of grade A office space to attract Government and professional service employment to the city in a highly sustainable city centre environment close to the Rail and Bus Stations and linked by improved walking and cycling routes across the city. Our request through the CSR, is that government nominate Peterborough as one of its target cities, such as York, Manchester and Birmingham, for the decentralisation of Whitehall and to commit to at least one Government Department or non-departmental public body (NDPB) becoming an anchor occupier within the planned Peterborough Station Quarter.

New office accommodation for Network Rail and LNER staff will bring up to 200 additional design, servicing and maintenance jobs to Peterborough as part of an expanded East of England regional hub.

The Station Quarter as a whole will incorporate incubation space for digital and creative industries as well as creating a hub for conferences, capitalising on the city's exceptional transport links.

The project has been formulated through collaboration between a wide range of stakeholders including:

- Cambridge and Peterborough Combined Authority

- Peterborough City Council
- Network Rail (principal land owner)
- LNER (train operating company)
- Land and property owners adjacent to the Rail Station e.g. the Queensgate Centre (Invesco), Great Northern Hotel and Waitrose.
- Wider community and statutory consultees (as defined by the planning process)

1.1.1 Aims

The Peterborough Station Quarter project overall aims to:

- Promote economic growth by attracting new investment to the city and developing more commercial business space.
- Enhance first impressions of the city with new views of Peterborough Cathedral and the historic city centre.
- Improve the customer experience for all rail station users.
- Create new facilities for Network Rail and LNER staff based in Peterborough.
- Create improved access to the station with a new entrance from the west side and two entrances from the east side.
- Improving car parking facilities to cope with future growth in passenger numbers.
- Improving traffic management arrangements and vehicular flows around the station.
- Enhance pedestrian and cycling routes from the station into the city centre

1.1.2 Environmental considerations

By improving first impressions of the city the Station Quarter will help promote Peterborough as a more attractive destination for graduate talent and provide entrepreneurial businesses with an excellent base from which to serve customers in London, the North and across the Oxford-Cambridge Arc.

Low carbon technology will be used through the project's design, construction and operational phases. Through a separate £2m feasibility exercise, funded by Innovate UK and supported by Cranfield and SSE, there are plans to extend the city's renewable energy infrastructure to the Station Quarter. Smart City concepts will be incorporated to design e.g. through intelligent traffic management and the integration EV charging points and of local distribution centres to car parks with scope for autonomous vehicle services for people and goods.

1.2 Levelling up of prosperity

Peterborough is viewed by government as one of the 'left behind' towns that has failed fully to benefit from the growth of a knowledge economy in the UK.

Furthermore, data from the [Cambridgeshire and Peterborough Independent Economic Review](#) (CPIER) updated by new econometric work ongoing to assess the extent of economic scarring resulting from the COVID Crisis, predicts that Peterborough and the Fens, will be one of the hardest hit economies in the UK. This is backed-up by the recent Centre for Cities study putting Peterborough as the 5th most "at risk" city in the UK from the economic impacts of COVID-19.

The evidence base clearly shows that Peterborough and the north of the Cambridgeshire & Peterborough economy more generally (including The Fens), while not conventionally thought of as being "in the north", has been "left behind". A more inclusive recovery and regrowth strategy is needed for both the Cambridgeshire & Peterborough economy and the country. Recovering our growth ambition means that action must be taken to increase, higher value, more knowledge intense and more productive growth in places like Peterborough. Changing the spatial distribution of economic growth across the whole of the Cambridgeshire & Peterborough economy, was a key

recommendation from the CPEIR and formed the basis of the three priority goals of the local Industrial Strategy:

1. To improve the long-term capacity for growth in Greater Cambridge to support the expansion of this innovation powerhouse and, crucially, reduce the risk of any stalling in the long-term high growth rates that have been enjoyed for several decades.
2. **To increase sustainability and broaden the base of local economic growth, by identifying opportunities for high growth companies to accelerate business growth where there is greater absorptive capacity, beyond the current bottlenecks to growth in Greater Cambridge.**
3. To do this by replicating and extending the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth, creating an economy-wide business support and innovation eco-system to promote inclusive growth

The Peterborough Station Quarter project over all its phases is expected to deliver up to 2,400 new jobs including:

- 1,600 Government Hub/ Civil Service roles;
- 400 new Network Rail jobs (200 of which will be new to Peterborough);
- 120 tourism, leisure & hospitality jobs;
- 30 new business start-ups;
- 350 FTE construction jobs; and
- 100 engineering maintenance jobs.

By the time of its completion it is estimated to add £85m per annum in GVA to the regional economy in direct impacts with additional impacts through indirect and induced expenditure across the region.

The project is cross sectoral and particularly aims to boost Peterborough's ability to attract more knowledge intensive high-level employment and to take advantage of the city's proximity to London including recent reductions of rail journey times to 39 minutes on the fastest trains (and only 1 hour 10 minutes from York). This acknowledges the fact that Peterborough has a deficit of professional service and higher-level technical jobs relative to the regional and rest of England average, a lower number of public sector jobs and a real shortage of modern Grade A office accommodation. This is evidenced in the CPEIR and recent assessments of the office market in Peterborough, which identifies substantial losses in office accommodation in the city in recent years and significant shortages in key sectors, including public sector professions.

1.3 Improving the management and delivery

The Station Quarter development provides a ready opportunity to establish a new commercial centre for the relocation of civil service roles from Whitehall. There are currently 16 regional civil service hubs around England, providing modern offices and greater flexible working. The most recent of these regional hubs include those in the WMCA and CPCA. Together they have enabled 2,700 civil servants to move to new cost-saving sites, from other locations across each of those areas, into bespoke buildings in the two cities of Birmingham and Peterborough.

The Government Estates Strategy published in 2018, set out plans for a total of "around 20" to be created, with an overall aim to reduce the office buildings in which central government operates from 800 to around 200. This is expected to save an estimated £2.5bn in running costs over 20 years.

However, these regional hubs do not sufficiently address the much larger opportunity for potential savings from across Whitehall and other London and South East locations that could be generated through a more radical relocation programme. They also fail to deliver the scale of physical

regeneration and economic rejuvenation, that the infusion of relatively high skill and high wage jobs would have, particularly on those left-behind cities, that languish in the bottom 10% on both those metrics (such as Peterborough).

A much more ambitious, reinvention of the Government's civil service regionalisation plans is necessary to:

- Generate savings that could be used to help protect jobs and stimulate growth.
- Provide opportunities to transform many left-behind cities through the infusion of higher skilled and higher paid employment.

Whilst reducing the number of office buildings in which central government operates from 800 to around 200 is a step in the right direction, the real metric should be that of the number of jobs regionalised out of London and the South East, into cities with the greatest need for regeneration across the rest of England.

Close to shovel-ready projects such as the Station Quarter in Peterborough could provide a kick-start for such a wider programme. With its new 39-minute rail connection to Kings Cross, the Station Quarter Development aims to convert a huge area of existing flat, hard standing station car parking, into multi-storey, freeing up enough space for new commercial office space for 20,000 workers. Peterborough is, in particular:

- targeting investment from DEFRA and related agencies to strengthen Peterborough's position as an Agri-Tech hub; and
- seeking to build upon its existing CITB presence by integrating modern construction technologies as the Station Quarter is built out.

With land deals and planning permissions in-process, the catalyst for bringing such schemes to fruition would be a strong demonstration of central government commitment in the form of a clear intent to relocate considerably more central government staff out of London and the South East.