



GREATER CAMBRIDGE
GREATER PETERBOROUGH

ENTERPRISE PARTNERSHIP

STRATEGIC ECONOMIC PLAN

INTERNATIONALLY COMPETITIVE/NATIONALLY SIGNIFICANT



DIGITAL
& TECHNOLOGY



COMMERCIAL
SPACE



BUSINESS
GROWTH



TRANSPORT



SKILLS



Greater Cambridge Greater Peterborough Enterprise Partnership Strategic Economic Plan



Executive Summary

Greater Cambridge Greater Peterborough - Internationally Competitive / Nationally Significant

- One of UK's and Europe's key assets, successfully competing on the international stage, with a strong presence of European and global businesses
- World-class university offer - driving a world leading research and development community – source of growth industries now and of the future
- Global expertise in cutting edge research and advanced manufacturing, e.g. bio-tech, life sciences, clean-tech, etc.
- Across the Higher Education academic disciplines, we are within the global top 10 for all but two, and within the global top 3 for half of all disciplines. We are a leading global exporter of education 'products,' e.g. through Cambridge University Press and Cambridge Assessment
- A leader in Agri-Tech, underpinned by the highest concentration of best quality farmland in the UK, and equine sciences
- Hugely important import / export trade, particularly food, engineering goods, and Intellectual Property/digital products, and related logistics and distribution networks
- Strategically important infrastructure giving access to Europe and rest of the world (London Stansted and Cambridge Airports; TEN-T route linking the Midlands through to the East Coast ports; connectivity to London)
- High quality of life - a key determinant in international business expansion / investment
- Concentration of highly skilled and adaptable labour force
- Fastest growing part of the UK over the last decade - track record of unrivalled growth generated from our two cities Cambridge and Peterborough
- The potential to build an economy that embraces other areas, M11 Corridor, A11 Corridor, Cambridge London Oxford Triangle

Our Strategic Economic Plan will:

Build on our core strengths and demonstrable growth to date
Build on our internationally recognised research and technology base
Expand our export of goods and services
Ensure that the growth agenda benefits the whole area
Provide the confidence for business to invest, locate and grow

We will encourage:

Specific technology sectors where we can build or increase our internationally competitive lead
Existing sectors that generate significant GVA / support a large number of our businesses or employees
Strong momentum around the development and successful occupancy of our Enterprise Zone
Research and innovation to fuel our technology pipe line
The role out of the Greater Cambridge City Deal to the benefit of the wider LEP area

Prioritised Intervention Packages

To be the UK's exemplar area for digital connectivity

- Identifying the opportunities to use the world-class experience of companies in our area to provide a world leading digitally connected area
- Ensure infrastructure provides world-class mobile and broadband coverage
- Supports the growth of digitally enabled businesses, the increasing digital aspirations of rural economy, and the demand from inward investors for a world-class provision

Deliver a Growth Hub to support business growth

- Translation of innovation from start-up to commercialisation
- Entrepreneurship and growing existing businesses
- Increase the export of goods and services
- Capacity to draw down financing – private and public
- Extension of existing successful grant/loan funds
- Creating a focused inward investment offering

Respond to existing pressure for the growth and retention of businesses by facilitating the provision of additional commercial space

- Support the delivery of Incubation and Innovation space in partnership with the private and public sector
- Create a fund mechanism that seeks to share capital and risk funding with the private sector
- Will cover both refurbishment and new-build
- Targets research, innovation and follow-on
- Encouraging the expansion beyond Cambridge of technology businesses

Remove the skills barriers to continued growth

- Align skills provision with business demand
- Raise aspirations and better economic awareness of the workforce
- Support more businesses to effectively plan and budget for skills and training
- Pitch to provide careers guidance for our LEP area (outside of Single Pot funding)
- Expand upon the success of our Local Skills Team project
- Facilitate Centres of Excellence for key skills shortages
- Address shortage of higher-level skills required to support the growth of technology businesses
- Improve the delivery of Careers Guidance to young people

A transport network fit for an economically vital high growth area

- Smart technology
- Work with partners to facilitate improvements on key routes
- Ensure the delivery of local transport priorities approved through the Local Transport Board
- Ensure linkage with national transport investment decisions
- Early engagement in transport studies with long term roll-out of programmes
- Identify scalable interventions that open up access to significant growth locations

Alconbury Weald Enterprise Campus

- Take forward the momentum of development on the site, including physical infrastructure, through a mix of financial investment
- Help cement the core vision of the Enterprise Campus by attraction of high technology businesses as 'early adopters' of the site
- Enterprise Campus is a priority location within the other Intervention Packages

Air Passenger Duty Holiday for long-haul flights from Stansted Airport

- Encourage the delivery of long-haul flights from Stansted Airport to key international locations via a temporary Air Passenger Duty exemption

Local Growth Fund bid

Our priority in developing this Strategic Economic Plan has been to identify the key drivers and limitations to growth. However, in terms of actions we have focused on deliverable interventions. Therefore more attention is given to the allocation in 2015/16, with indicative allocations over the longer term to 2020. In some cases this will be a continuation of activities started in 2015/16 such as Commercial Property fund. However in some cases we see activities in 2015 providing a catalyst to enable us to build up a capability that will require less funding over the long term.

To deliver the Intervention Packages the following funding is required from the Local Growth Fund:

Priority	2015/16 (£119m)	Long Term 2015-2021 (£518.1m)
Digital	£5.5m	£59.6m
Transport (plus £14m agreed)	£61.9m	£260.6m
Skills	£12.2m	£64.3m
Innovation & Incubator	£28.2m	£76.4m
Business Growth	£11.2m	£57.2m

SECTION 1: OUR STRATEGIC INTERVENTIONS TO DRIVE GROWTH

INTRODUCTION

Greater Cambridge Greater Peterborough Enterprise Partnership (LEP) is a business-led organisation focused on driving forward sustainable economic growth in our area – with local businesses, education providers, voluntary organisations and social enterprises, and the public sector working together to achieve this. Our role is to collaborate to create new jobs and the right conditions for enterprise growth, as well as to champion our area’s potential.

Since its formation the LEP has played an important role in a number of key initiatives to support economic growth. These include: the establishment of a significant new Enterprise Zone at Alconbury; securing upgrades to the A14, a key arterial route through the area that has national economic significance; negotiating with partners for a City Deal with Government for the Greater Cambridge area; securing Regional Growth Funds and Growing Places funding for key economic projects.

Initial priorities for growth across the Local Enterprise Partnership area and the whole of its economy were set out in the LEP’s **Growth Prospectus**. This reflected the issues that businesses in the area asked the LEP to focus on, and an analysis of the economic evidence base. From this we developed an **Operational Plan** to guide our work in 2013 and 2014, and now this **Draft Strategic Economic Plan** to engage in a discussion with Government on targeted funding over a period to 2020.

Our goal is to develop our internationally competitive, nationally significant economy bringing together the diverse strengths of our area.

Delivering on our goal is based on a pragmatic approach to resolving the critical barriers to, and meeting the opportunities for, economic growth through business and jobs creation in our area; combined with our views on how the LEP is best placed to add significant value. The *modus operandi* of the LEP is to:

- **Collaborate** – with businesses, social enterprises, the voluntary sector, and the public sector to deliver sustainable economic growth
- **Create** – new jobs and the right conditions for enterprise growth including support for existing and innovative funding opportunities and initiatives
- **Champion** – the commercialisation of our knowledge base to achieve further growth in our key industries, and support our people to gain the skills required by employers

This **Strategic Economic Plan** aims to release the area’s significant potential for continued economic growth, through a targeted range of interventions. It is based on significant engagement with our businesses and communities, updated economic evidence, and a robust view of what can be achieved in the short term (during 2015 and 2016) and medium term (up to 2020). It seeks the maximum leverage of private and public sector spend across our area, and makes the case for investment from the Government’s **Local Growth Fund**. This is effectively a ‘bid’ document to Government and partners, seeking to agree a deal over support for our economy.

It is important to realise that this Strategic Economic Plan can only be part of the picture in driving forward our economy and the development of our area. There are other processes and systems covering varying aspects of social, economic and environmental development. This Plan seeks to

align itself with these, for example the spatial plans being reviewed by local authorities, green infrastructure strategies, tourism strategies etc. Crucially, this Plan only negotiating directly over a proportion of public sector funding, and the LEP will need to influence the significant scale of other investment (as an example, the *No Stone Unturned: in pursuit of growth*¹ identified £50bn of public sector spend over 4 years that was crucial for economic growth – only £8bn is currently within this bidding process). Funding for investment in our key trunk roads and rail routes is not within the Local Growth Fund for example.

The LEP submitted a **European Structural and Investment Fund strategy**² in January 2014. This is our bid to access European funding for economic development and social issues. It was written in a way to support this Plan, linking to our emerging economic priorities and skills needs. If successful, this will provide about £10m per annum over 6 years.

The LEP has also been a key partner in the development and negotiation of a **City Deal for Greater Cambridge**. In many ways a forerunner of the Government's approach to Strategic Economic Plans, the City Deal process allows named cities to negotiate a deal with Government over economic growth. In the case of Greater Cambridge the Government in the Budget agreed to progress a deal that would see £500m of Government investment predominately in physical infrastructure in and around Greater Cambridge, with an extra £30bn of GVA over 30 years.

Government has recently indicated that a limited increase of up to £300m **Housing Revenue borrowing capacity** will be made available for selected authorities³. Government will be aware from discussions that have taken place on the proposed City Deal that provision of more affordable housing is critical to the continued success of the Greater Cambridge economy. Government has indicated that the proposals for affordable housing included in the City Deal should instead be pursued through the route of HRA borrowing and identified in the Strategic Economic Plan. The LEP fully supports the need for this issue to be addressed.

PRIORITISED INTERVENTION PACKAGES

The LEP has considered the evidence base, results of engaging with businesses and partners, the range of funding and investment potential, and its scope to act. We have a pipeline of projects that are being assessed against a set of criteria around Value for Money, Deliverability and Rationale. In many cases we have to undertake or request significant additional work to ensure the deliverability of projects. We will also be exploring issues that cross LEP boundaries / interact with other LEPs.

Taking the above into account we have prioritised the following Intervention Packages:

- i. DIGITAL CONNECTIVITY AND EXPLOITATION**
- ii. TRANSPORT CONNECTIVITY**
- iii. REMOVING SKILLS BARRIERS TO GROWTH**
- iv. PROVISION OF INCUBATION AND INNOVATION SPACE**
- v. ACCELERATING BUSINESS GROWTH BY TARGETED SUPPORT THROUGH A GROWTH HUB**
- vi. ALCONBURY WEALD ENTERPRISE CAMPUS**

These packages are explained in the following pages.

¹ <https://www.gov.uk/government/publications/no-stone-untuned-in-pursuit-of-growth>

² <http://www.yourlocalenterprisepartnership.co.uk/yourlep/events/european-funding-strategy-workshops/>

³ Local Authorities that own their social housing stock

i) DIGITAL CONNECTIVITY AND EXPLOITATION

- To be the UK's exemplar area for digital connectivity
- Identifying the opportunities to use the world-class experience of companies in our area to provide a world leading digitally connected area
- Ensure infrastructure provides world-class mobile and broadband coverage
- Supports the growth of digitally enabled businesses, the increasing digital aspirations of rural economy, and the demand from inward investors for a world-class provision

As a LEP we have identified a priority to address digital issues. This is not just digital infrastructure but exploiting our digital economic strengths. We have globally significant companies that export digital products, including software, gaming and education. The LEP area is internationally competitive, one of the truly global locations for innovation and research – much of which relies on an increasing throughput and exchange of digital information. We also have an advanced Agri-Tech sector increasingly reliant on digital connectivity, and a concentration of SMEs mainly based outside our two cities.

CASE STUDY: Greater Cambridge is a global leader for wireless technology and communications:

- The first single-chip Bluetooth device, which was spun out to create Cambridge Silicon Radio (CSE plc), now the market leader in Bluetooth chips
- The world's first GSM videophone for Orange was designed by Cambridge Consultants, as was the world's first digital wireless patient monitoring system
- The world's premier wireless technology network is based in Cambridge (CW, previously known as Cambridge Wireless)



One of the pre-requisites to maintaining our international attractiveness and competitiveness is the need for the cutting edge of digital infrastructure. Ironically, given that much of the current digital technology was originally invented within the LEP area, we currently have a relatively poor digital offer, especially compared internationally. This covers both internet access and mobile communications.

We are competing with areas such as Singapore, Boston and San Francisco and need to demonstrate that our area is at the forefront of digital design and innovation, digital infrastructure and digital application. In a competitive world being world class in this technology has never been more important.

Our ambition is to become the UK's **exemplar location for digital connectivity**. We want to exploit the local presence of companies driving the next generation of technology – we should be piloting this technology in our LEP, not in American cities for example. Our ask from the Local Growth Fund is to take the thinking beyond broadband and 4G rollout to create the right test-bed for digital innovation. We see that part of the work in 15/16 will establish key areas for intervention, underpinning a greater proportion of our Local Growth Fund spend being directed towards digital connectivity and exploitation in the period to 2020.

To support our emphasis on the digital agenda and the Information Economy Strategy⁴ we have also allocated resources from our European Structural and Investment Fund strategy towards the relevant ICT thematic. We see this as very much addressing the angle of expanding businesses and entrepreneurs exploiting digital opportunities, rather than infrastructure as such. This is not just in our existing digital sectors, such as the creative industries, but also challenging other sectors to embrace digital opportunities (as we have seen through new agricultural practices).

This intervention package links across to our skills agenda, internationalism, and support for SMEs located in our market towns or countryside locations. As a rapid growth area, we need to ensure that our major new developments are future enabled. Digital is also a thread that runs through our Transport Connectivity interventions. We want to increase the use of smart technology to ‘sweat our assets’ to maximise capacity and add reliability for business, provide WiFi on major road and rail routes, and also as an export of technology opportunity.

Our approach to the digital agenda is therefore an integrated approach, as shown in the following figure⁵:



We welcome the support Government has put into broadband access as a national issue (BBUK), which is being rolled out successfully within the LEP (indeed Rutland was an early pathfinder for digital connectivity, achieving 90% fibre-based coverage in 2013; and Cambridgeshire/Peterborough will have 98% fibre-based coverage in 2015⁶). However, this will

⁴ *Information Economy Strategy*. HM Government June 2013

⁵ Sourced from *connectingCambridgeshire* project

⁶ BBUK provision is on a county/unitary basis. Parts of the LEP outside of Rutland, Peterborough and Cambridgeshire are scheduled for lower levels of fibre coverage on a longer timetable).

provide a base level of connectivity (for most areas), rather than the forward looking infrastructure necessary for our international competitiveness.

We have an additional Ask of Government that the LEP area should have a special focus across Government that clearly signals to businesses the support within the GCGP area to drive the “Future Internet”– infrastructure, services, tools and applications to create, deploy and manage user-centric applications that capitalise on the latest advances in the Internet of Things and cloud computing. Technologies developed in Cambridge (but not deployed in the LEP area) include those such as:

- LTE Advanced
- Bluetooth LTE (with iBeacon technology)
- Zigbee IP
- Near Field Communication
- ISO 18000 Dash7 technology
- Next generation ISO 18000 6c technology

Not only would this cement our LEP at the heart of the development of the future Internet it would also put it as the only logical place to develop the world's next generation wireless technologies. Using the experience of world-leading cluster development, we propose to work with industry leaders on a Digital Cluster approach, and support that through the support available in our Growth Hub.

The future of our increasingly interconnected and interdependent world is digital. The convergence of technology platforms, data science and the Internet will see boundaries blurring and new solutions to societal problems emerging. Objects, devices and machines are coming online with connected intelligence - they are supplementing our lives with rich content, increasing our insight and our control over our physical world. Our digital programme seeks to harness these emerging products and services to: support continued economic growth; create new experiences that benefit our industrial clusters, and improve quality of life.

ii) TRANSPORT CONNECTIVITY

- A transport network fit for an economically vital high growth area
- Smart technology
- Work with partners to facilitate improvements to key routes
- Ensure the delivery of the six local transport priorities approved through the Local Transport Board
- Ensure linkage with national transport investment decisions
- Early engagement in transport studies with long term roll-out of programmes
- Identify scalable interventions that open up access to significant growth locations
- A freedom and flexibility to use Air Passenger Duty as a means of encouraging long-haul flights from Stansted

Introduction

The GCGP area is one of the UK's fastest growing and most dynamic areas and makes a strong contribution to UK plc, in the form of £30 billion gross value added (GVA) per annum. However, transport constraints represent a key challenge to supporting housing and employment growth and continued economic prosperity.

Many of the constraints on business and housing growth concern transport:

- road and rail 'bottlenecks' causing congestion and unreliable journey times,
- limitations on the capacity of the rail network,
- barriers to the delivery of housing for local workers
- Limited public transport in rural areas.
- east-west connectivity across the LEP area, and beyond,
- potential for mode shift towards sustainable travel modes which are not fully realised,
- Access issues in relation to Stansted and Luton Airports as well as Heathrow and Gatwick airports.

These are current problems that will worsen without further investment, and will inform the priorities for delivery in 2015/16 and beyond. They are set out in further detail below.

Key Transport Challenges and Opportunities

Lack of capacity and increasing travel demands

The majority of our main transport corridors are experiencing high traffic growth and capacity is constrained, with regular peak time congestion on key routes and especially close to key employment or service centres found in Cambridge, Peterborough and the Market towns. The diagram shows some of the current congestion hotspots across the GCGP LEP area. Travel demand is expected to grow by 23% across the GCGP LEP area to 2031, with increases of 28% in Cambridge and 30% in Peterborough forecast⁷.

⁷ Modelled forecasts informed by growth and DfT TEMPRO data.

A number of the strategic cross country routes have capacity constraints that lead to congestion and suppress planned growth. These include:

- The notorious stretch of the A14 between Cambridge and Huntingdon, part of the Benelux-east coast ports-Midlands-Ireland axis that carries up to 87,000 vehicles per day⁸ to the west of Cambridge. The A14 is crucial to planned major growth projects including the new settlement at Northstowe and at the Enterprise Zone at Alconbury Weald. Major improvements are planned to address the capacity constraints on the route from 2016.
- The A428 had seen a 43% increase in traffic since 2001, the highest growth of any trunk road in Cambridgeshire. The stretch of the A428 between the A1 and the A1198 is the only section of the route between Milton Keynes and Cambridge that is single carriageway, and suffers from significant congestion around St Neots and at Caxton Gibbet.
- The A47 is the most important east-west route in the north of the LEP area, and carries up to 42,000 vehicles a day around Peterborough, and around 22,000 vehicles a day on the single carriageway stretch around Wisbech. The mix of functions and the varying quality of the route leads to delay and to unreliable journey times. Significant levels of growth along the route including housing and employment development at Wisbech and Kings Lynn are unlikely to come forward without improvements to the A47.

Many other parts of the road network are operating at or nearing capacity. There are congestion problems on all of the key radials into Cambridge. In Peterborough there are issues with accessing the station, as well as junction capacity problems on the orbital parkway system which facilitates strategic movements and serves major existing and allocated employment and housing sites. The Market Towns also experience significant peak time congestion, including conflicts with traffic on the strategic road networks such as at Bury St Edmunds. Access to public transport is a particular issue for many rural areas.

In order to facilitate ongoing economic growth and prosperity, it is essential that key barriers and capacity constraints to travel are addressed. Making the most efficient use of the capacity on the network is key to enabling additional trips to be made via public transport, cycling and walking, in addition to minor increases in transport capacity on the local highway network.

Rurality and access

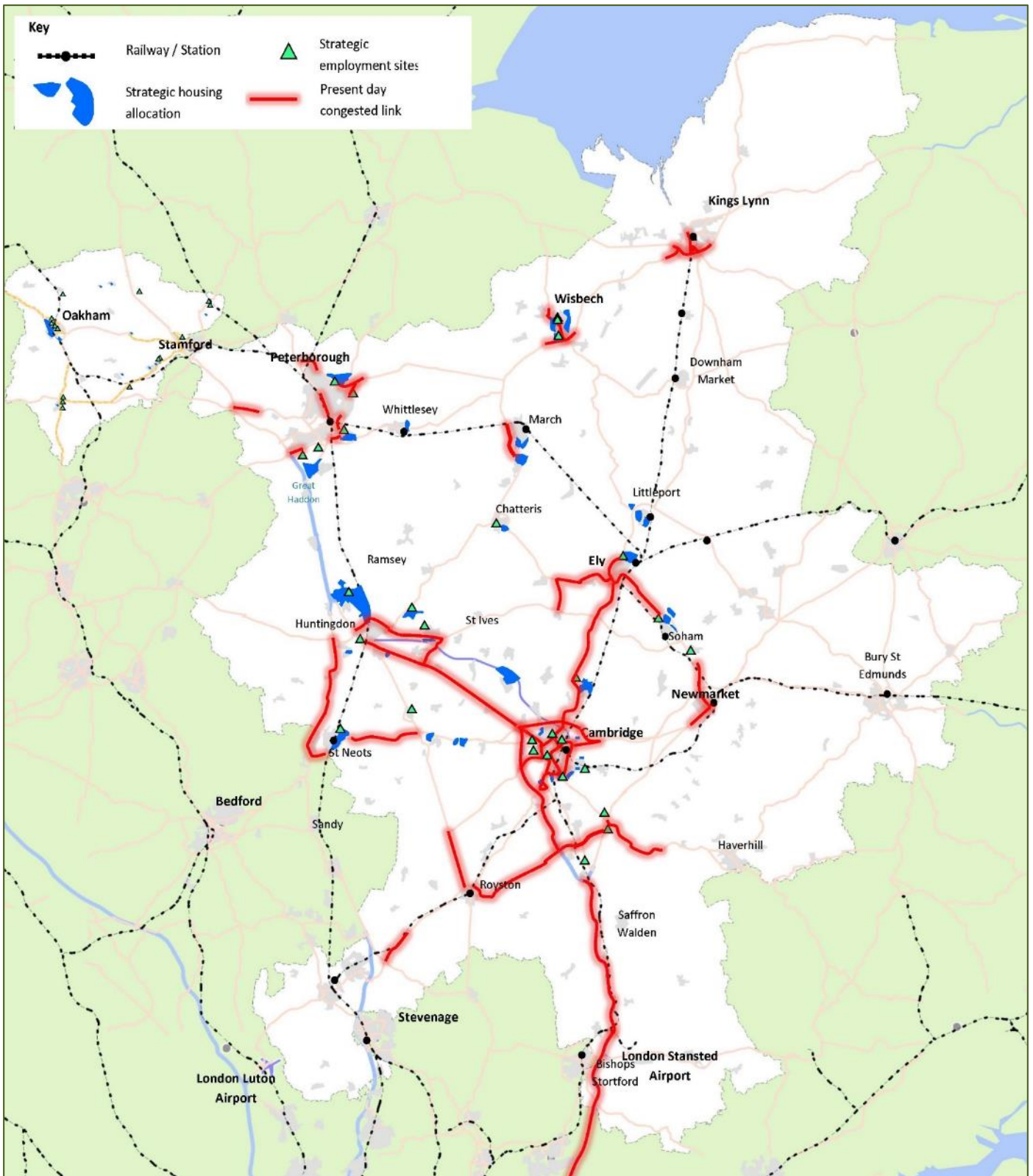
The GCGP area covers a large and rural area (3rd most rural LEP in England), car ownership levels are high. For example almost three quarters of workers (72%) in the rural districts of Cambridgeshire commuted by car in 2011⁹.

In addition, high house prices and lack of affordable housing has led to more people travelling further to work, with the average length of commute recorded as 20% greater than the national average. Across the GCGP area, access to employment, education and services remains a real challenge without a car, especially in the more rural areas outside of the cities and market towns.

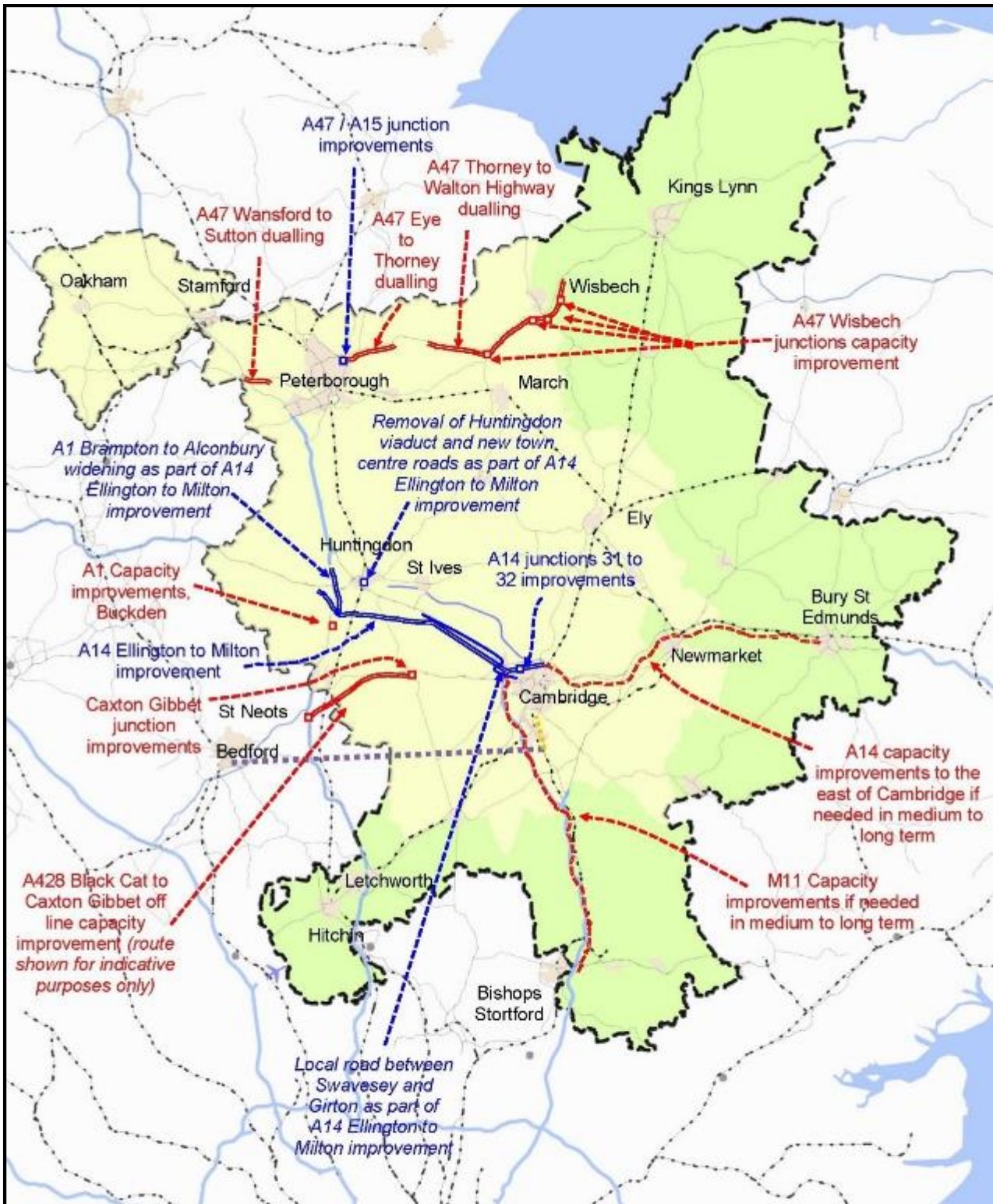
⁸ 2011 Traffic Monitoring Report, Cambridgeshire County Council

⁹ 2011 census data, Travel to work.






Major growth sites Congestion hot spots



Improvements needed on the trunk road / motorway network



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- | | |
|---|--|
|  Programmed Trunk Road or Motorway improvements |  Unprogrammed Truck Road or Motorway improvements |
|  East-Rail line (route for illustrative purposes only) | |
|  LEP area |  LTB area |

Rail links, frequency and capacity

There has been very strong growth in rail travel in the ten years from 2001, with rail journeys from stations in GCGP LEP area up by 56%¹⁰. The mode share of rail use in Cambridgeshire for the journey to work increased by 44% in the same period; compared to a 22% increase across England. The diagrams show current rail services in the GCGP LEP area, and shows what the LEP partners believe is an achievable set of service enhancements and new infrastructure (including the stations and service enhancements noted below) that would markedly enhance the rail network and drive further growth in usage of a valuable transport asset.

The north / south rail links in the area bring a competitive advantage for business. Towns and cities on the East Coast Main Line, West Anglia Main Line and Fen Line benefit from excellent connections into London. These will be further enhanced by the Thameslink programme, which will also provide direct services to Gatwick Airport. Stansted Airport is easily accessible by rail from much of the area, as are Eurostar services from St Pancras. With the completion of the Crossrail programme access to Heathrow Airport by rail will markedly improve.

However, there are major gaps in the rail network, particularly east – west where there is no link westwards from Cambridge to Bedford. This means that public transport journeys to destinations to the west (such as Oxford, Milton Keynes, Bedford, Luton and Luton Airport) are inconvenient and long winded, and suffer in comparison to the alternative car trip. A key aim of the strategy will be to improve east west rail connectivity across the Peterborough - Cambridge / London Oxford Triangle and to strengthen links between related business and scientific clusters.

We also wish to see greater access to the rail network where there is an economic case for investment, and where a new rail link or station would unlock growth or regeneration and have transformative benefits to an area. Rail offers real potential to support growth, and partners are keen to ensure it plays a more significant role and provides direct links to key employment and areas and new settlements. Examples of where we are promoting or investigating such proposals include:

- A new station to serve Cambridge Science Park to open in 2016.
- A new station to serve the Enterprise Zone at Alconbury in Huntingdonshire.
- A new station to serve the new communities of Hampton and Great Haddon in south Peterborough.
- A new station at the growing town of Soham in East Cambridgeshire.
- Investigation of the wider economic benefits of reconnecting Wisbech in Fenland to the rail network.

Enhanced frequency of trains and greater track and passenger carrying capacity is needed in many areas, including:

- Improved frequency between Cambridge and Peterborough and London

¹⁰ Data from Office of Rail Regulation (see <http://www.rail-reg.gov.uk/server/show/nav.1529>)

- Improved frequencies on rural and cross country routes:
 - Stansted Airport to Birmingham
 - Cambridge to Kings Lynn.
 - Cambridge to Norwich.
 - Cambridge to Ipswich.
 - Peterborough to Ipswich.
 - Peterborough to Lincoln.
- Longer trains on routes into London (planned as part of Thameslink programme).
- Increased track capacity at Ely and in the Cambridge area to cater for increasing numbers of services.

Improved frequencies on the rural routes will also enhance interchange opportunities on longer distance journeys at Peterborough, Ely and Cambridge, with potentially to markedly improve journey times from towns such as Oakham, Whittlesey and March to London.

Opportunities also exist for new destinations such as Nottingham and Sheffield to be served directly from Cambridge and Peterborough on the existing network. In addition, Peterborough would like to benefit from a connection to HS2 route, to gain advantage from the economic benefits associated with the scheme.

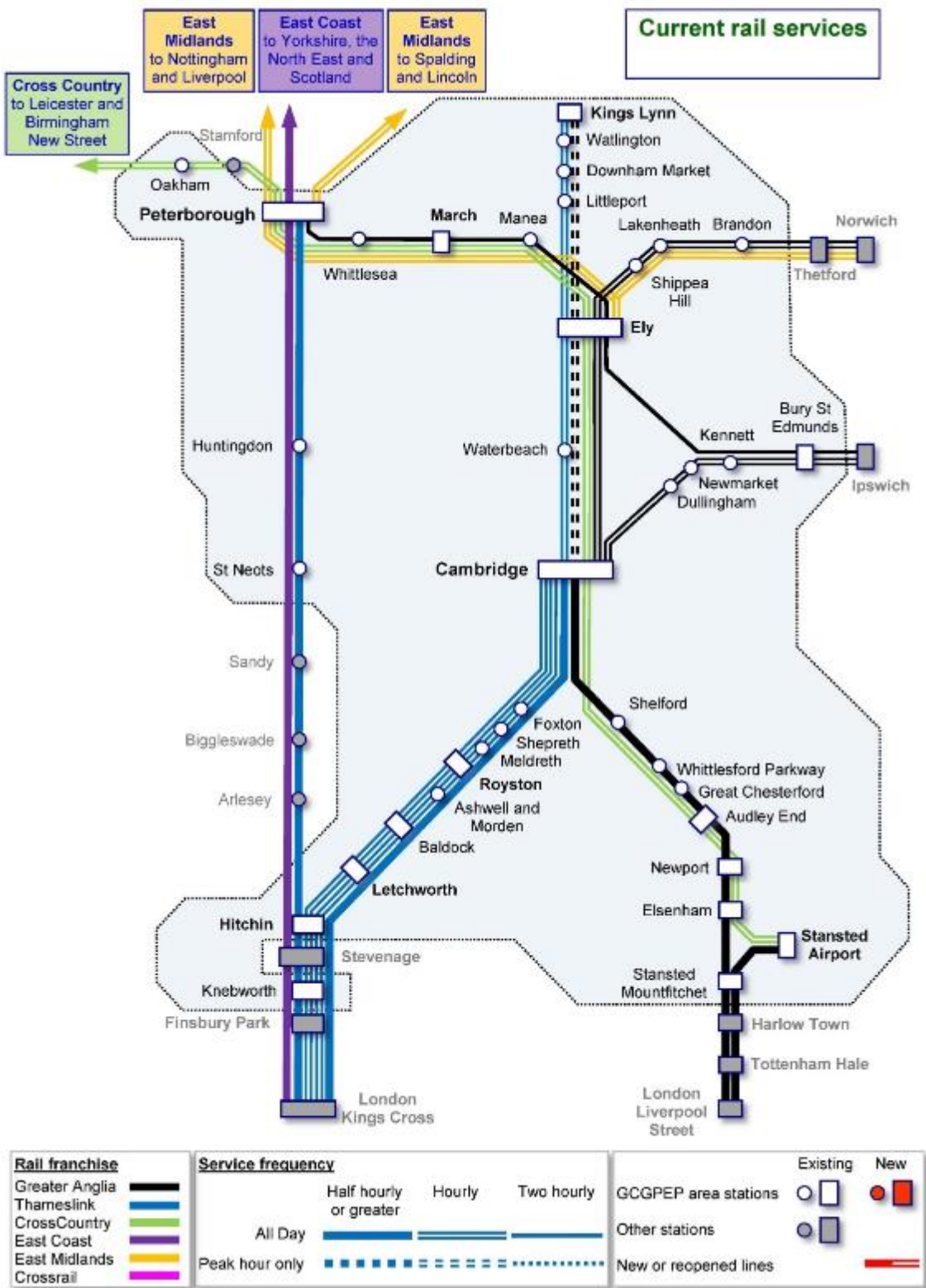
The East Coast Main Line franchise is currently out to tender, and we have concerns about the lower reliability standards that will be accepted compared to other routes in the UK. Both the passenger and freight services on the East Coast Main Line provide links to Europe resulting in economic benefits along its route.

Major upgrades are planned on the Felixstowe to Nuneaton line which will facilitate more freight travelling via rail. However the increased capacity and frequency has knock on effects in terms of delays at level crossings at Ely, March, Whittlesey and Oakham (where the level crossing is at the end of the High Street). Already significant delays on the road network are set to double at these sites unless crossings can be bridged or closed. In addition an inland port is proposed to the east of Peterborough, emphasising the importance of the east-west rail links to the area.

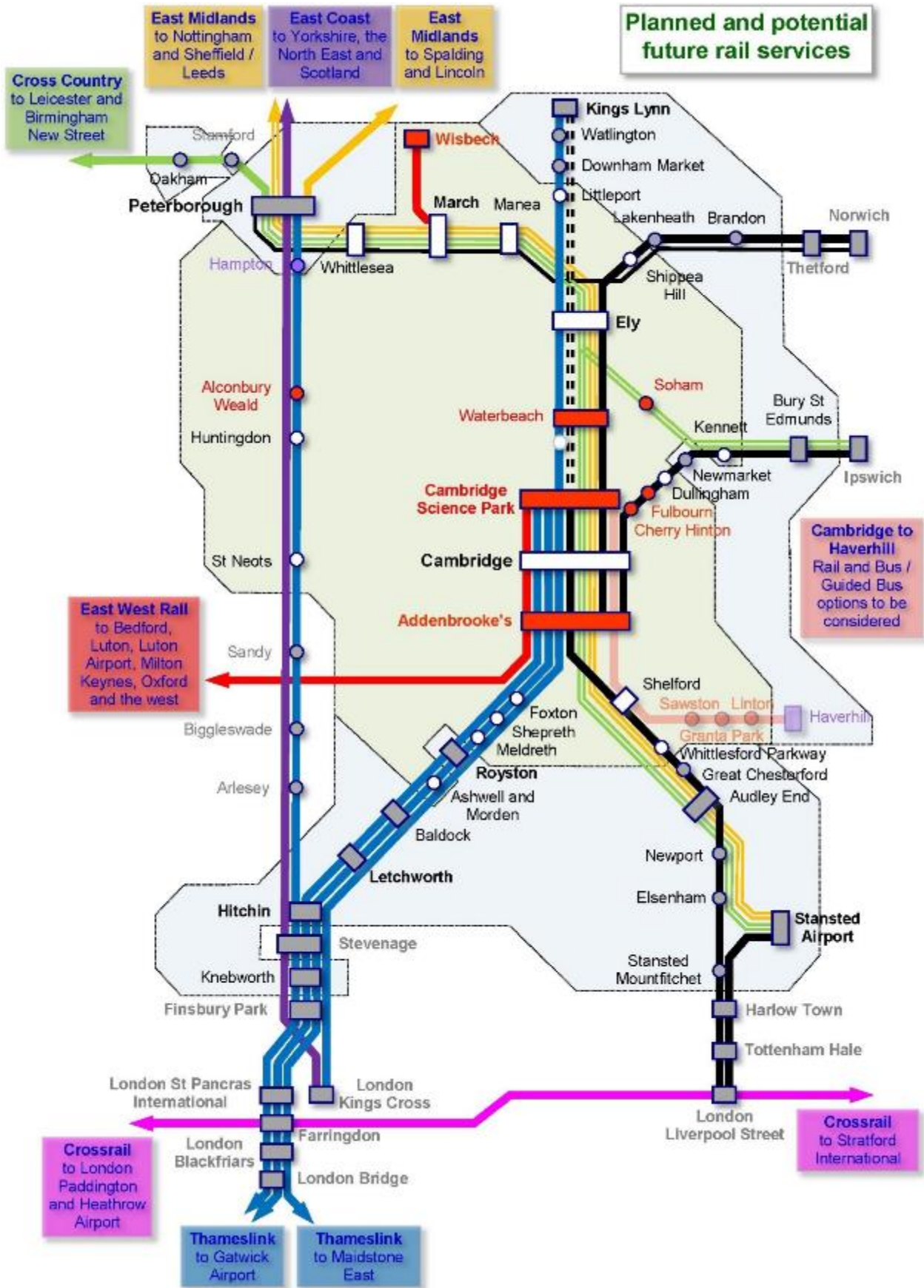
Bus use and community led transport solutions

As well as increased rail use, bus use has also increased significantly since 2001 in Cambridgeshire and particularly in Cambridge, albeit from a relatively low base. The innovative Busway which connects the location of the planned new town of Northstowe has been a real success with more than five million passenger journeys since opening in 2011, and with passenger numbers consistently exceeding predictions. In Peterborough, a 35% increase in bus use was achieved as a result of the Travel choice project and complementary improvements to the commercial bus network.

Current passenger rail services, and future plans and aspirations



Future Plans and Aspirations for Rail



In Cambridge and Peterborough and on a number of the main corridors linking them with neighbouring towns there is great potential to significantly grow patronage and reduce the demand for new car trips that would otherwise occur. Major growth at new settlements such as Northstowe, Bourn Airfield and Waterbeach can achieve very significant levels of bus use if the quality of service is such that it offers a reliable and timely alternative to a car trip. Our experience with the Busway and with Park & Ride services has demonstrated that travellers will choose to use the bus when a high quality service is provided.

However travel by bus remains a challenge in our more rural areas such as Rutland and much of the north Cambridgeshire where travel to work patterns tend to be less distinct and harder to cater for than those in urban areas. For example, in Rutland the percentage of the economically active population claiming job seekers allowance is 0.9% (January 2014). In order to grow the local economy, transport options that enable workers to access employment centres are needed, and flexibility to serve shift times and remote areas of employment.

Cycling

Cycling levels across Cambridgeshire continue to increase, with 9.4% of journeys to work made by bike (compared to 3% across England), this rises to almost 29% for journeys in Cambridge in 2011. In Peterborough, the investment in cycling as part of the Travelchoice project resulted in a 12% increase in cycling between 2004 and 2009.

There is a strong cycling culture in GCGP, which is gradually spreading. Many of the other locales within the GCGP LEP aspire to achieve the same level of cycling as Cambridge and this is evidenced by the amount of investment towards cycling initiatives across the area. Investing in cycle routes will make more efficient use of the finite capacity on network.

Local Transport Projects

While there is an obvious need for major transport improvements to address the largest capacity issues, smaller local improvements can also contribute markedly to the efficient running of the transport network. Schemes that improve safety reduce the level of delay caused by collisions. Schemes that provide new links in the pedestrian and cycle networks can lead to significantly shorter trip by these modes than the alternative car trip. Schemes to update traffic signals or to improve local traffic management can have significant benefits for business and other users and allow more efficient use of scarce road space.

A programme of smaller transport schemes typically bring similar or greater benefits overall than all but the best performing larger schemes per pound spent. While the scale of employment and population growth in the GCGP area is such that a significant number of major interventions are required, a programme of smaller schemes will remain a key part of the overall package of measures to accommodate development.

Local Sustainable Transport programmes

Local Sustainable Transport projects are typically focussed on measures that aim to achieve changes in the way people travel, and that provide nudges to change behaviour. These programmes are critically important in encouraging more people to travel by bus, rail, walking or cycling and help us make more of the finite capacity on the network. Peterborough achieved a 9% reduction in car use over a five year period through its Travelchoice project and this achievement is now being built on through the LSTF projects. Peterborough's aspiration to be the UK's Environment Capital is supported by the need to maximise the number of journeys undertaken by sustainable travel modes.

Interim monitoring reports from LSTF schemes around the LEP area are demonstrating encouraging signs of modal shift through a number of different schemes.

Low cost sustainable transport options and making the best use of existing infrastructure are a key opportunities for accommodating housing and employment growth across the LEP area. Ultimately, these projects reduce the requirement for major infrastructure investment to accommodate growth.

Vision and Strategy Approach

Our vision is for a transport network that is fit for this economically vital high growth area that helps to facilitate sustainable growth and enhance economic prosperity and enables efficient movement of goods and people.

Key economic hubs in Cambridge, Alconbury and Peterborough will be well connected to the east coast ports, airports and key economic centres by a network of high quality transport infrastructure, including fast and frequent rail links to London and further afield enabling greater connectivity and innovation.

More people will travel by bus or rail or by healthy active travel options enabling more efficient use of the network. Improvements to key road corridors will address main barriers, capacity constraints and pinch points and enable more efficient and reliable travel between key destinations.

New rail stations, improved links, and enhanced capacity and frequency on the rail network will help to ensure good connectivity to key markets and gateways including, London and the Airports, and key regional centres such as Norwich, Ipswich and Birmingham

Improved East West rail links and access along the A428, A47 and A14, will enhance economic growth opportunities and connectivity with Milton Keynes, Oxford, Luton & Bedford and the East Coast Ports.

In order to achieve this vision, the strategy is to develop a highly connected and efficient transport network which enables easy and reliable access to and between key employment clusters, growth areas and markets, and achieves these 4 main aims:

- An integrated and reliable transport network that enables efficient movement of goods and people.
- A highly connected and efficient rail network linking key destinations.
- Sustainable transport capacity to support and unlock growth along key corridors / hubs.
- Good and reliable access to and between the key economic clusters.

Freedoms and flexibility – our ask from government

We are seeking flexibility to develop and prioritise the transport programme against the criteria set out in the LTB assurance framework, allowing an agile response to opportunities and pressures that could constrain economic growth. In detail, we would like a Growth Deal to give us:

- The ability to prioritise, modify or re-profile the transport programme to ensure it remains robust and deliverable, including the ability to introduce new schemes which fit with agreed transport / economic criteria.
- Flexibility for Growth Deal funding without ring-fencing to enable the locally agreed priorities to be delivered over the programme period,
- More certainty over funding allocations to 2021 and flexibility over spending between years over the period of the whole programme to ensure that the maximum benefits can be delivered.
- The ability to pool funds or develop a rolling fund to deliver transport infrastructure, and incentivise developers and businesses to engage proactively and drive delivery of transport improvements that they need.

Programme Aims

The key challenges have informed the development of a draft programme for investment to help achieve the longer term vision for this area. Key interventions proposed in the programme are expected to deliver the following aims;

An integrated and reliable transport network that enables efficient movement of goods and people.

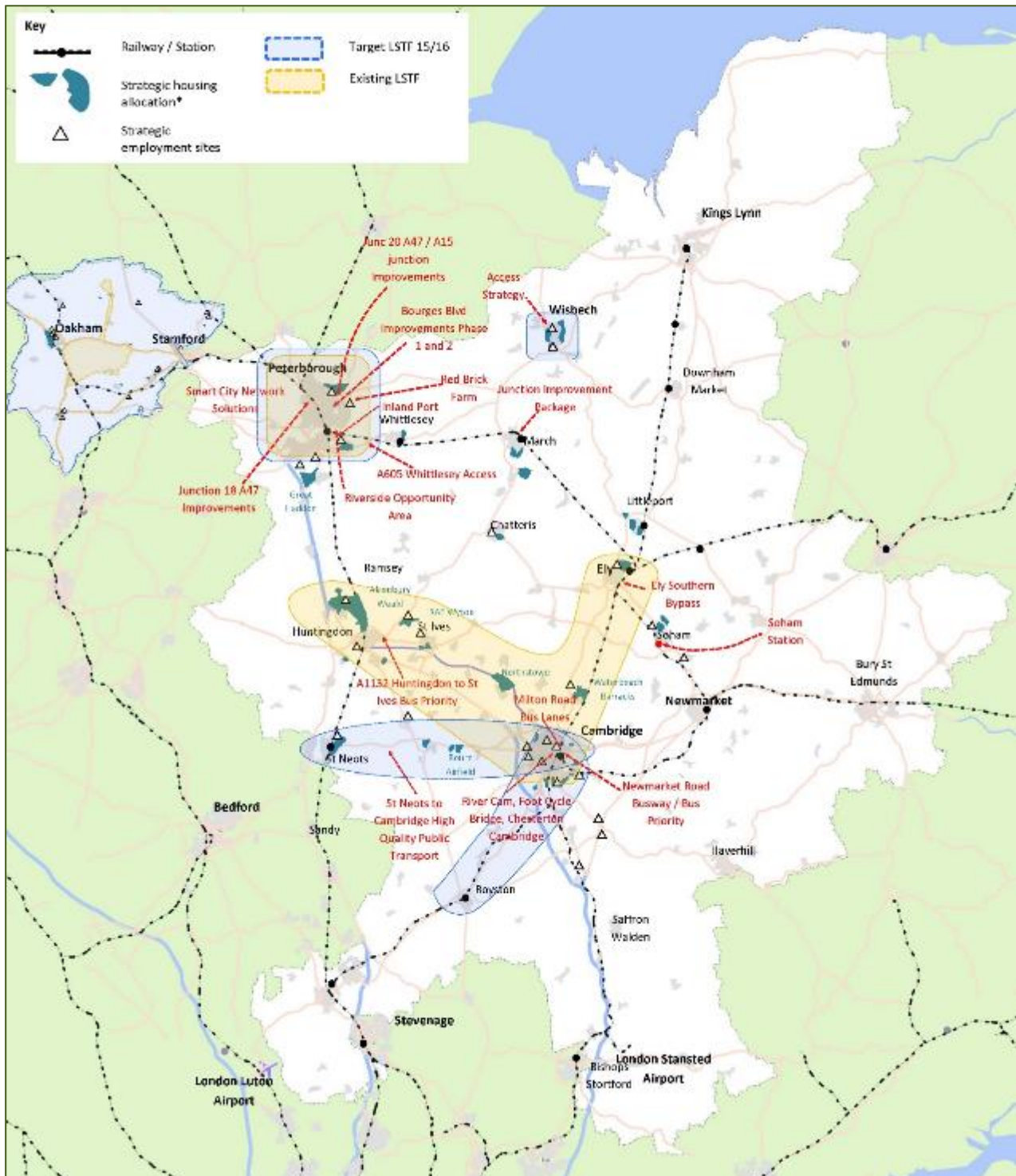
Significant investment is planned already, where key schemes like A14 Ellington to Milton improvement are being progressed with support from GCGP and local partners £100m local contribution, alongside a new station at Cambridge Science Park Station all expected to be implemented, subject to approvals 2015/2016. Capacity improvements at Junction 17-2 of the A1139 Fletton Parkway in Peterborough are already underway in order to facilitate the planned housing and employment developments at Great Haddon. A further 6 priority major schemes valued at £70m are planned for delivery by local authority partners with £14.1m LTB funding.

Investment in infrastructure will help strengthen and drive the economy, create jobs and act as a key enabler of economic growth. To provide for future travel demand, across the Greater Cambridge Greater Peterborough LEP area we need to maximise the efficiency of our networks by addressing the bottlenecks on key routes and provide more efficient high quality sustainable transport links between the main urban areas and centres of employment.

Investment is needed to enable more reliable and efficient access to the Ports, Airports and national and international Markets via the strategic road and rail network. Key priorities include improvements to the A14 (planned for Ellington to Milton), improvements to the A47 to improve capacity and journey times, similarly for the A428 and A10, where significant additional capacity will be needed. Our ask is for funding to support Route Based Strategy work and scheme

development work and to work with the Highways Agency as the responsible agency to prioritise these key routes for improvement.

Major Transport Schemes and Local Sustainable Transport programme areas of focus, GCGP LTB area



Strategic Economic Plan Transport Proposals, Cambridgeshire Peterborough and Rutland

The Greater Cambridge Greater Peterborough Enterprise Partnership's Local Transport Board have worked together with partners to develop a programme of small, medium and larger scale transport interventions.

These interventions will:

- Improve transport infrastructure and services to support the internationally competitive economy of the area.
- Support economic and housing growth and regeneration.

The programme is formed of four parts, as shown in the **Delivery Plan**;

- **Major Transport Schemes**
Larger schemes (typically those costing more than £2M).
- **Trunk Road, Motorway and major rail schemes**
Highways Agency and Network Rail schemes, and rail service improvements.
- **Local Transport Projects**
Small and medium sized schemes.
- **Local Sustainable Transport programme**
Small and medium sized schemes supported by revenue funded programmes aimed at maximising the overall benefits.

Programme Summary

Programme area		Funding sought (£000s)		
		2015/16	Funding sought over period from 2016/17 onwards	Other sources of funding
Capital	Major Transport Schemes programme	42,450	182,600	DfT major schemes funding, developer funding and Cambridge City Deal.
	Major Transport Schemes – unallocated capital funding	0	30,000	
	Trunk Road, Motorway and major rail schemes	0	0	
	Local Transport Projects	9,150	45,750	DfT Integrated Transport block funding and developer funding.
	Local Sustainable Transport programme	5,100	25,500	Local match funding.
Total Capital		56,700	338,000	
Reven	Major Transport Schemes development	1,200	6,000	
	Trunk Road, Motorway	0	0	

	and major rail schemes			
	Local Transport Projects	480	2,400	DfT Integrated Transport block funding and developer funding.
	Local Sustainable Transport programme ²	0	DfT	DfT LSTF funding and local match-funding.

Further Major Transport Schemes to be considered for prioritisation in the medium to longer term

Assuming funding is made available by government in the period beyond 2020/21, a longer term programme will need to be developed. Work on this programme would be informed by submissions to the GCGP as part of this process, and also by the continuing work on developing strategies and action plans to address the transport demands that are brought about by planned economic growth.

Trunk Road, Motorway and major rail schemes

In addition to the schemes on the local network noted above, the Strategic Economic Plan will also include infrastructure improvements on the nationally managed trunk road, motorway and rail networks. These infrastructure improvements are required to cater for local economic growth and for new housing and employment development. However, they typically have a wider regional, national or international impact. Prime examples of this are the improvements that are required to the A14 between Huntingdon and Cambridge, and to the Felixstowe to Nuneaton rail line, which are both part of the Trans European Transport Network and take very large quantities of freight traffic. Congestion or lack of capacity on these routes has impacts on the local and national economy.

The Highways Agency is developing route based strategies for all of the routes on the trunk road and motorway network. The detail of interventions that GCGPEP area that the LEP wishes to see may be subject to the outcome of the work to develop these strategies. In the GCGPEP area, routes will be covered by the following strategies:

- A14 and A428: **Midlands to Felixstowe** route based strategy
- M11, A1 and A1(M): **London to Leeds** route based strategy
- A11, A47 and A120: **East of England** route based strategy

Trunk Road and Motorway schemes

Scheme	Issues addressed
Trunk Road and Motorway schemes (Highways Agency)	
A14 Ellington to Milton improvement	Major capacity improvement on the A14 between Ellington to the west of Huntingdon and Milton north of Cambridge. <ul style="list-style-type: none"> • Addresses major bottleneck in the national road network, which experiences severe congestion and disproportionate impacts from incidents due to lack of capacity, high traffic flows, and lack of resilience when incidents occur.
A14 / A142 junction improvements	Capacity improvements at the junction of the A142 with the A14 north of Newmarket.
A428 Caxton Gibbet to	A comprehensive capacity improvement to the A428 / A1 between the

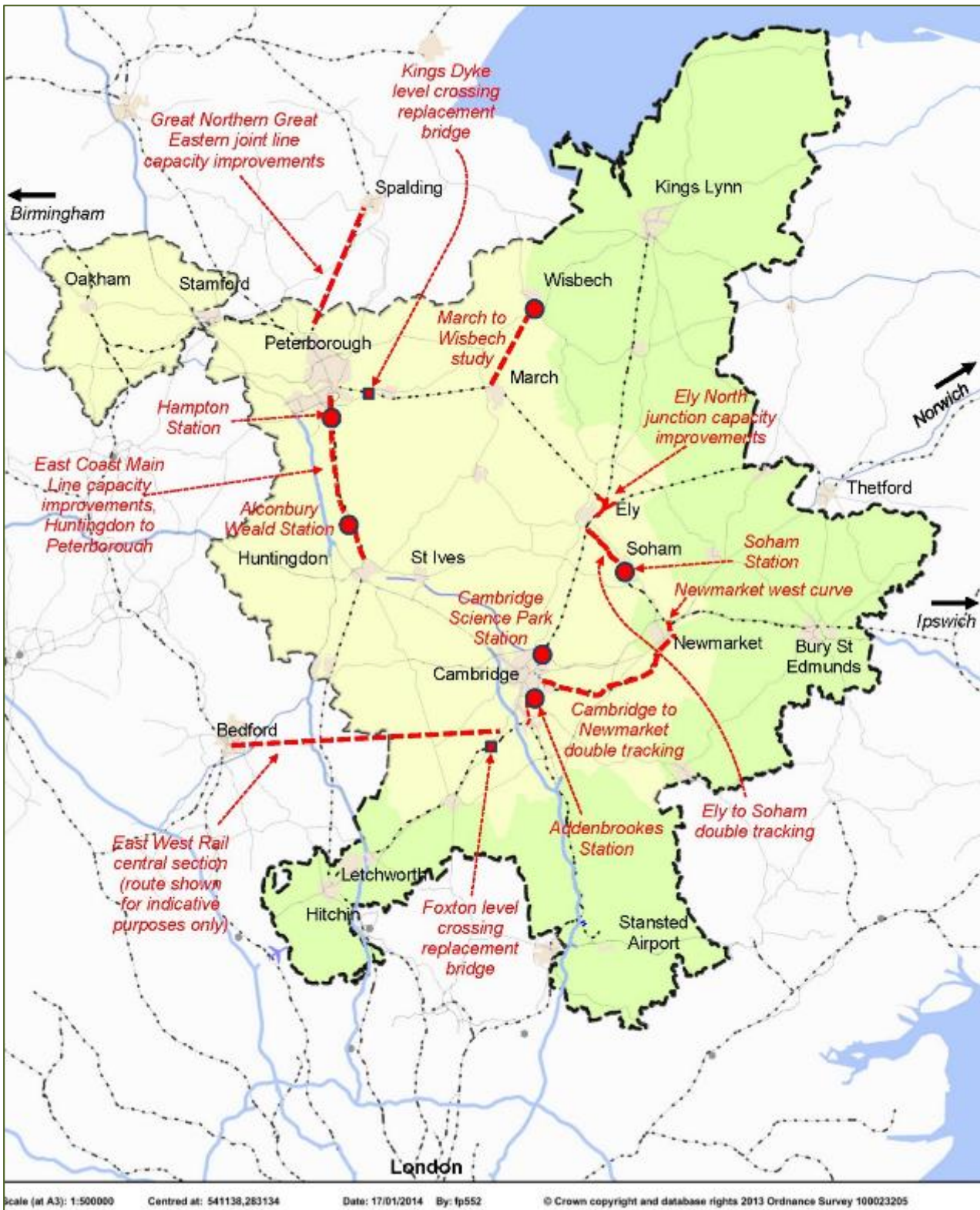
Scheme	Issues addressed
Black Cat improvement	Caxton Gibbet roundabout and Black Cat roundabouts. <ul style="list-style-type: none"> • Scheme to be determined by Felixstowe to Midlands Route Based Strategy. • Options include on line dualling or a new route.
A428 / A1198 Caxton Gibbet junction improvement	Early implementation of grade separated junctions in advance of A428 Caxton Gibbet to Black Cat improvement. <ul style="list-style-type: none"> • Improved traffic flows and reduced congestion on A428, A1 and A421 trunk roads and on the A1198.
A1 / A421 Black Cat junction improvement	<ul style="list-style-type: none"> • More reliable bus services on A428 corridor between St Neots and Cambridge.
A1 Wittering junction improvement	Improve access to Wittering, both in terms of traffic delay and road safety. As well as reduce the overall carbon footprint by eliminating the need for southbound traffic from Wittering to initially head north.
A47 Wansford to Sutton	Dualling of the A47 between Wansford and Sutton. <ul style="list-style-type: none"> • Improves access between the A1, Peterborough, Wisbech and Norfolk to the strategic transport network. • Addresses capacity issues on the route which will be exacerbated by planned growth.
A47 Eye to Thorney	Dualling of the A47 between Eye and Thorney. <ul style="list-style-type: none"> • Improves access between Peterborough, Wisbech and Norfolk to the strategic transport network. • Addresses capacity issues on the route which will be exacerbated by planned growth.
A47 Thorney to Walton Highway improvement	Dualling of the A47 between Thorney and Walton Highway. <ul style="list-style-type: none"> • Improves access between March, Wisbech and Norfolk to the strategic transport network. • Addresses capacity issues on the route which will be exacerbated by planned growth.
A47 Wisbech junctions package	Early implementation of junction improvements around Wisbech in advance of A47. Thorney to Walton Highway improvement. <ul style="list-style-type: none"> • Addresses local capacity issues on the A47 around Wisbech and provides additional transport capacity for growth in the town.
A1 Buckden improvements	A Buckden bypass, incorporating the replacement of the current at grade roundabout with a grade separated solution. <ul style="list-style-type: none"> • Removal of a major capacity constraint on the A1, reducing congestion and shortening journey times. • The A14 Ellington to Milton scheme will need to make passive provision for future implementation of improvements to the A1 in the Buckden area.

Rail schemes

Scheme	Issues addressed
Rail infrastructure schemes (Network Rail)	
Cambridge Science Park Station	New station improving access to and from Cambridge Science Park and the surrounding cluster of business parks and innovation centres, and to and from the residential areas of north and east Cambridge.
Greats Haddon Station	New station improving access to and from Great Haddon / Hampton and the surrounding area to the south of Peterborough.
Alconbury Weald Station, Huntingdonshire	New station providing access to the Enterprise Zone and housing development at Alconbury Weald, and additional flexibility to timetable services between Peterborough, Alconbury, Huntingdon, St Neots and London.
Soham Station	Scheme being pursued by Cambridgeshire County Council and East Cambridgeshire District Council with Network Rail.
Addenbrooke's Station	New station improving access to and from the Cambridge Biomedical Campus and major housing sites on the southern fringe of Cambridge. Scheme will be considered as part of work on the East West Rail (see below), and as part of the 'Cambridge centre / south east quadrant transport study'.
Ely North junction capacity improvements	Improvements needed to facilitate increases in frequency of freight and passengers services on routes through Ely, supporting the local, regional, national and international economy.
East West Rail central section	A new or reinstated rail link between Bedford / Luton and Cambridge, linking to the already committed western section to Oxford, and to the existing network to the east of Cambridge, with new service patterns seeking at least half hourly frequencies on the new links that are enabled.
Ely to Soham double tracking	Improvement needed to facilitate increases in frequency of freight
East Coast Main Line capacity improvements, Huntingdon to Peterborough	Improvement needed to enable an increase in frequency of passenger services between Peterborough, Huntingdon and onto London.
Cambridge to Newmarket double tracking	Additional passing bays or full double tracking to enable increase in frequency to half hourly of services between Cambridge, Newmarket and Ipswich.
Reinstatement of Newmarket west	Together with the schemes noted above, will allow

curve	greater flexibility of services to serve Newmarket and Soham.
GNGE Joint Line Freight upgrade (Peterborough-Spalding-Sleaford-Lincoln-Doncaster)	Upgrades to the GNGE joint line to allow freight traffic to travel on the line, therefore increasing capacity on the East Coast Mainline.
A10 Foxton level crossing, replacement with bridge or underpass	Replacement of level crossing on the A10 with a bridge or underpass on a short bypass alignment, addressing safety concerns and road and rail capacity issues, and bringing operational savings for the railway with the removal of the at grade road and footway crossings. Scheme would also include a new station footbridge, and further interchange enhancements at the adjacent Foxton Station.
A605 Kings Dyke level crossing, Whittlesey, replacement with bridge or underpass, and improvements to Whittlesey Station.	A605 Whittlesey Access.
Rail service improvements (Train Operating Companies / Department for Transport)	
Kings Lynn to Cambridge and London Kings Cross service half hourly frequency	Increase in the current hourly frequency of services between Kings Lynn and Cambridge to half hourly, by means of extending the all of the current half hourly fast services between London and Kings Cross and Cambridge to Kings Lynn.
Thameslink services into Cambridge <ul style="list-style-type: none"> Cambridge to London Kings Cross (St Pancras from 2017/18) semi-fast service half hourly frequency Cambridge to London Kings Cross (St Pancras from 2017/18) stopping service half hourly frequency 	An additional semi fast and an additional stopping service between Cambridge and London Kings Cross, providing better connectivity into Cambridge from the south, from the towns and villages of rural south Cambridgeshire and Hertfordshire, and improved journey options into London. Thameslink will bring service improvements for commuters from Peterborough to London with greater capacity and improved journey times.
Thameslink services into Peterborough <ul style="list-style-type: none"> Services improvements for travel into and through London Greater capacity on commuter services into London 	From 2018 these services will run into London St Pancras and through London to Gatwick Airport and Horsham / Three Bridges, and allowing for a change at Farringdon for services to Heathrow Airport on Crossrail, markedly improving international connection options for business travellers into Cambridgeshire, Peterborough and Hertfordshire.
East Coast Mainline <ul style="list-style-type: none"> Services improvement including journey time improvements and greater number of services Greater capacity on commuter services between Peterborough and London 	Improvements to the East Coast Mainline are of great benefit to the East of England and further afield. The East Coast Mainline provides a vital connection from the LEP area to London and also to cities and towns further north.

<p>Services linking regional cities</p> <ul style="list-style-type: none"> • Ipswich to Peterborough service hourly frequency • Cambridge to Norwich service half hourly frequency • Cambridge to Ipswich service half hourly frequency 	<p>Improved regional connectivity and increased capacity for commuter trips on the busy routes into the major regional towns and cities. Supports housing and economic growth that is planned in the towns and villages on the route.</p>
<p>Cambridge to Stansted Airport service half hourly frequency</p>	<p>Improve the Direct connectivity between the economic hubs of Cambridge and Peterborough.</p>
<p>Cambridge to Peterborough service half hourly frequency</p>	<ul style="list-style-type: none"> • It is understood that Network Rail / DfT are looking at an hourly Nottingham (or Sheffield) to Stansted Airport service, that would, with the current Birmingham New Street to Stansted service provide a half hour frequency between Peterborough, Cambridge and Stansted Airport, meeting both local needs identified here.
<p>March to Wisbech Line study work</p>	<p>Investigation of wider economic benefits of the reopening of the railway between March and Wisbech to passenger services, followed by scheme development work should the reopening prove to be viable. The study work is ongoing, and scheme development work would be taken forward by the County Council and partners as part of the 'Wisbech Access Strategy development' work detailed in 0.</p>



In the past Government has provided funding through the Local Transport Plan Integrated Transport Block for small and medium sized transport improvement projects across all areas of transport. These schemes play a critical part in maintaining the network performance, supporting development and stimulating economic growth. While funding in this area remains, it is at levels that are greatly reduced from those seen over the last ten or more years.

It is proposed that funding is allocated to programmes of small and medium sized schemes under a number of broad headings that support the economy, enhance transport capacity and improve accessibility. These are:

- Creating capacity in the network
- Improving accessibility
- Improving safety
- Technological solutions
- The sustainable transport network
- Scheme development and studies

Across the LEP schemes will support economic development and regeneration in Cambridge, Peterborough and the Market Towns by providing better access to major employment sites, new links for enterprise, and by supporting the development of new housing. Rural areas will see the prioritisation of schemes that support rural business and the local economy, and build on the strength of the area in fields such as Agri-Tech.

Local Sustainable Transport programme

The Local Sustainable Transport Fund (LSTF) has enabled local authorities to develop and deliver innovative packages of promotional and behaviour change activity that achieve maximum impact by wedding them to infrastructure improvements. These are currently being rolled out in key growth sites in the LEP area. Schemes in this area will achieve significant modal shifts towards sustainable travel, providing and freeing up capacity for greater levels of travel overall, and making more efficient use of our existing transport network. All of these contribute towards maximising our economic output.

It is proposed that this maximum impact approach is rolled out in other potential growth areas and key transport corridors over the funding period, and could include links to the development of the Agri-Tech cluster being led by the LEP. Schemes in this area will be grouped under a number of headings:

- Infrastructure delivery
 - Public Transport measures
 - Cycling and walking improvements
- Smarter choices programmes
 - Business travel
 - Travel planning
 - School travel
 - Promotion and engagement
 - Making car travel greener

Major Transport Schemes outside of the Local Transport Board area

The following major schemes are being promoted by LEPs in areas that overlap with the GCGP area. These have been assessed by the relevant LTB/LEP processes and are supported by GCGP.

Forest Heath

- Brandon Relief Road (Phase 1)

Kings Lynn and West Norfolk

- Lynn Sport Link Road, King's Lynn
- Package approach, King's Lynn
- A10/A47 Link
- Town Centre Gyrotory King's Lynn

North Hertfordshire

- Widening of the A1(M) to three lanes between junction 6 (Welwyn) and junction 8 (Stevenage north).

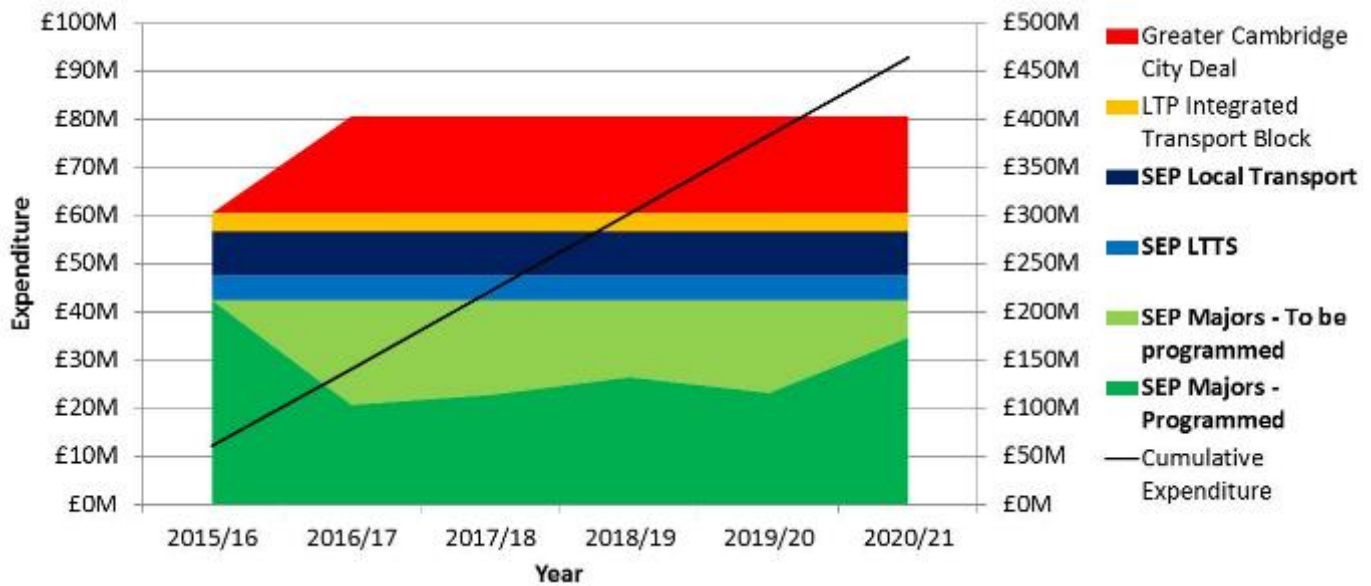
St Edmundsbury

- Bury St Edmunds Eastern Relief Road
- Urban Integrated and Sustainable Transport Improvements – Bury St Edmunds
- Local Roads Capacity Improvement – Bury St Edmunds
- Haverhill North-West Relief Road
- A1307 Haverhill-Cambridge Corridor

Local resources to support delivery of priorities

Figure 18 shows Local Transport Plan funding for the GCGP area transport authorities along with Greater Cambridge City Deal funding and the Growth Fund bid for transport infrastructure. However, a very significant transport infrastructure deficit exists across the GCGP area that is considerably larger than the ability of this funding (and of Greater Cambridge City Deal funding post 2020/21) to address.

Figure 1 Known public sector core funding and funding bids for new local transport infrastructure delivery in the GCGPEP area, 2015/16 to 2020/21.



Local Authority partners across the GCGPLEP area have therefore committed significant resources to provide transport infrastructure to support the delivery of growth priorities to 2021. Partners are committing significant investment to support growth in a number of ways, some of which are detailed below.

Cambridgeshire – Business Plans & Capital Programme Investment Priorities

In Cambridgeshire the county council is proposing significant investment towards agreed priorities which include developing the local economy for the benefit of all. The Council in its approved Business Plan for 2014/15 proposes £988m capital investment in the county to 2021. This is in addition to previous spending of £372m on some of these schemes, creating a total capital programme value of £1.3 billion.

During 2014- 15 alone, the County Council’s proposed expenditure on its capital programme is £180.4m. This is financed by a combination of the following funding streams:

- Central government and external grants (£61.6m);
- Section 106 and external contributions (£32.1m);
- Prudential borrowing (£82.0m); and
- Capital receipts (£4.7m).

Key priorities included in the Capital Programme for investment this year include the A14 upgrade (£25m), Housing provision (£18m), King’s Dyke Crossing (£14m), Renewable Energy (£10m) and meeting the increased demographic pressure for new schools and children’s centres in the latter years of the Business Plan (to reflect Increasing the capital programme from five to ten years).

Contributions from development

With significant growth planned, the infrastructure bill is very large. Developer contributions will be collected through a number of mechanisms including through planning obligations and

through Community Infrastructure Levy (CIL) payments. In addition investment may be funded by the private sector or by prudential borrowing locally.

Where it is appropriate Section 106 payments will be requested from developers to help fund infrastructure. S106 contributions can typically only be justified where infrastructure is directly tied to a development. S106 payments will be negotiated on a site by site basis, so it is difficult to precisely quantify the overall contribution that this funding source will make.

The Community Infrastructure Levy (CIL) is a levy on development which will help pay for infrastructure that is necessary to facilitate growth, and by 2015, most authorities will have an adopted CIL (those that have not will be restricted in their use of S106).

In Cambridgeshire, current estimates are that up to £50m CIL may be collected in the period to 2020/21 to support development. However, even at this level, CIL, S106 and other sources will only cover some 20% of the bill for infrastructure. The current known infrastructure funding gap is estimated to be well over £1bn for Cambridgeshire alone.

Greater Cambridge City Deal

In the 2014 budget, the Chancellor of the Exchequer announced a City Deal for Greater Cambridge. The deal, between government and Cambridgeshire County Council, Cambridge City Council, South Cambridgeshire District Council, the Greater Cambridge Greater Peterborough Enterprise Partnership and the University of Cambridge will bring up to £500 million pounds of grant funding to invest in transport infrastructure over 15 to 20 years from 2015/16, and help to unlock a £1bn investment in the area.

This City Deal funding is expected to be payable in three tranches, with an initial tranche delivering £100M in the five year period from 2015/16. Future tranches will be dependent on the local partners meeting targets that are likely to include growth and transport factors.

The funding will be used to deliver infrastructure that is necessary to support housing and jobs growth in and around Cambridge, and will focus on radial and orbital movements in and around the city, and on several of the key outer radial corridors where housing and jobs growth is planned, including the A10, A428 and A1307. The schemes that will be delivered are all included in Cambridgeshire's Long Term Transport Strategy and a detailed programme for the use of this funding will now be developed further as the deal has been agreed in principle.

City Deal will empower the local partners to support and enhance growth in the Greater Cambridge area, and will bring benefits to the rest of Cambridgeshire and the wider GCGPEP area. The deal also includes proposed changes to governance of strategic transport and planning in the Cambridge and South Cambridgeshire area, which is expected to see the formation of a Joint Committee and, pending legislative changes, a Combined Authority for the area.

The Deal is expected to be confirmed by the signing of a deal document in the coming weeks by representatives of each of the local partners and Government.

Growth Fund links with the Greater Cambridge City Deal programme

Four major schemes for which growth funding is sought form part of larger schemes that will receive funding from the City Deal. These schemes and their funding assumptions are set out below.

For the avoidance of doubt there is no duplication of funding between this bid and the City Deal programme, but failure to secure funding through Local Growth Fund for the schemes in question would bring additional pressure on the City Deal programme and reduce the capability to bring forward the development that the Growth Deal and City Deal seek.

LGF scheme: River Cam foot / cycle bridge, Chesterton, Cambridge.

Scheme forms part of a wider programme to improve pedestrian and cycle links across the city of Cambridge, in four phases.

LGF scheme: Milton Road bus lanes, Cambridge.

This scheme is a standalone priority to improve journey times and reliability of Busway and normal bus services on the Milton Road corridor. However, it is also a key component of the wider improvements needed to provide for the transport demand of the development of a new town at Waterbeach Barracks, and in particular the bus / Busway links that are planned.

LGF scheme: A428 to M11 segregated bus links.

This scheme is a standalone priority to improve journey times and reliability of bus services on the A1303 into Cambridge. However, in a similar way to the Milton Road scheme noted above, it is also a key component of the wider improvements needed to provide for the transport demand of development on the St Neots to Cambridge corridor, including at Wintringham Park St Neots, West Cambourne and Bourn Airfield.

LGF scheme: Newmarket Road bus priority – Elizabeth Way to Abbey Stadium.

Scheme is the first phase of a comprehensive treatment of Newmarket Road in three phases.

Track record of delivery

The local authorities in the LTB area have a strong track record of delivering transport schemes that allow for and create the right environment for growth in houses and jobs. Below are some brief case studies which demonstrate this.

Addenbrooke's Access Road, Cambridge

Addenbrooke's Road was opened October 2010 and provided a new 1.5 mile link between the Addenbrooke's Hospital and Cambridge Biomedical Campus and the M11 via Trumpington. The road has allowed the Cambridge Biomedical Campus to expand and strengthen its role as an international centre for patient care, biomedical research and healthcare education. It has also supported the housing development on the southern fringe of Cambridge on the Clay Farm and Glebe Farm sites, which will have delivered around 2,580 houses when complete.

The new road has also reduced congestion in Trumpington and around Addenbrooke's. It is expected that the road will carry up to 21,500 vehicles a day once the southern fringe development is complete.

The road cost £26 million to construct and funding was a combination of grant and a rolling fund that allowed the Cambridgeshire County Council to forward fund the scheme and then claim

funding back from the developers. The first phase of the scheme was partly funded from the governments Growth Areas Fund. The tight timescales for the use of this funding meant that it only took three years for this part of the scheme to be delivered, including detailed design, the gaining of the necessary planning approvals and consents, and construction.

It can be seen that the Addenbrooke's Access Road has brought forward housing development at Clay Farm and Glebe Farm as well as employment at the hospital and the wider biomedical campus. The employment and housing growth would not have been possible without the construction of the access road.

Astra Zeneca is now moving its headquarters to the Cambridge Biomedical Campus where they will employ 2,000 people. A further 13,000 new jobs are planned for on the site, which will also house the relocated Papworth Hospital. The campus will eventually have a working population of around 30,000, making it one of the largest biomedical sites in the world.

Peterborough City Council delivery of major projects

Junction 8 of the A1139 is located to the north east of Peterborough at the intersection of the A1139 Frank Perkins Parkway and the A15 Paston Parkway. It was originally constructed as part of the 'New Town' phase of development in Peterborough, and forms part of the city's parkway network.

Major safety and congestion problems developed at the junction, which by 2006, had the third worst accident record in Cambridgeshire and Peterborough. In addition it formed a major barrier to walking and cycle trips. To resolve these issues and to provide new capacity for major growth to the east of the city, substantial improvements were needed. In 2010, a £4.75M project was implemented to increase the junction's capacity, improve safety and provide new sustainable transport connections.

The scheme involved:

- Signalising and widening of the approaches to the junction and circulating carriageway to increase capacity and improve safety.
- Provision of signalised crossing points to safely accommodate pedestrian and cycle movements on routes to Peterborough city centre.
- New road lighting to improve safety and security.

These works are facilitating development at the Paston Reserve (1,500 dwellings), along the Paston Parkway corridor (5,000 dwellings) and elsewhere in city.

Peterborough has also delivered the following major schemes over the past five years to facilitate housing and employment growth:

- Junction 5 widening scheme (£1.5m)
- Paston Parkway junction 21-22 dualling scheme (£5.8m)
- Junction 2-3 widening scheme (£7m)
- Town Bridge junction improvements (£3.7m)

The Cambridge Access Strategy and associated measures

The Cambridge Access Strategy was a programme implemented over more than ten years from the late 1990s to manage traffic and accommodate growth in the city. It had a number of elements, the most significant of which include:

Cambridgeshire Travel to Work (TfW) Partnership

TfW provides travel solutions for Cambridgeshire employers and developers, helping them to prepare and implement effective travel initiatives that ease transport and access problems associated with existing sites or new business developments. These initiatives can save business money. They promote sustainable and healthy travel, thereby increasing productivity. An added bonus is the positive corporate image generated by such initiatives. Well over 100 businesses and organisations are members. Some examples of the partner's achievements with TfW include:

- **Mott MacDonald (Cambridge)** managed an impressive multi-modal shift towards sustainable transport of a 10% increase in train use, 7.2% increase in cycling and a 3% drop in single occupancy car use. These changes were necessary due to the reduction in car parking spaces available to them, as work continues to renovate the CB1 area by the Cambridge train station. The results were down to the hard work of a motivated travel coordinator supported by TfW.
- **Hills Road Sixth Form College (Cambridge)** had an 8% rise in train use and a 2% increase in walking amongst the staff in 2013. They have also started to measure the travel patterns of their students so they can properly manage their commuting impact on the local area. The proposed additions of cycling infrastructure along Hills Road in 2014 should help facilitate a boost in their cycling levels.
- **East Cambridgeshire District Council**, based in Ely has seen a positive hike in those cycling to work. Based on the TfW annual survey figures, in 2012 4.5% were cycling to work, a year later in 2013, the figure was up to nearly 7.5% – a significant increase.
- **The CHS Group** (formerly Cambridge Housing Society) in Histon provides a wide range of high quality, good value homes, and support and care services across Cambridgeshire. Over the past year, with assistance where necessary from TfW, CHS have finalised and published their travel plan, participated in the Cambridgeshire Cycle Challenge and Walk to Work Week, and provided cycle lockers for staff. CHS's 2013 travel survey results were impressive as cycling modal share increased from 10.9% to 17%, walking increased from 3.9% to 6.0%, while drive alone decreased from 76% to 65%.
- **Huntingdonshire District Council** has over the past 12 months published its updated travel plan and launched it to staff through events and promotions, with TfW's input along the way. In the 2013 travel survey results, the Council posted its best ever figures for car sharing, up from 19.4% to 23% modal share, and for public bus, up from 1.4% to 4.1% modal share. The proportion of staff that car share is over two times greater than the average for all TfW member employers. In addition staff who drive alone to work dropped to 47.4% from 52.6% in 2012.

These changes in travel behaviour free up roadspace, reduce congestion and release capacity on the transport network to accommodate growth. Taken together, they reduce the need for far more costly infrastructure investment, emphasising the positive impact that TfW's assistance can have on the modal share statistics of Cambridgeshire employers

Engaging with Businesses in Peterborough

Engaging directly with businesses and their employees has also help to reduce congestion and free up capacity on Peterborough's transport network. The City Council has delivered personalised travel planning information to over 7,000 workers in Peterborough and the result has been an overall 5% reduction in sole occupancy vehicle trips. The scheme has so far cost £242,500 with further work planned.

Cambridgeshire - Making Assets Count (MAC) Programme

The Making Assets Count (MAC) Programme commenced in 2010 and brings public sector organisations together in a partnership that uses their combined property portfolio in a more efficient and effective manner. The partnership is composed of the five Cambridgeshire district councils, Cambridgeshire County Council, Cambridgeshire Constabulary, Cambridgeshire Fire and Rescue Service and the health service. The primary principles for the MAC Programme are to deliver better public services for communities and reduce the cost of property occupation. MAC seeks to ‘sweat assets – save services’. Making Assets Count is looking to achieve the following over the life of the Programme:

- Reduced overall footprint of estate and lower property costs.
- Delivery of significant property-related revenue savings (up to 50% has been demonstrated through business case work).
- Capital gains through the disposal of redundant properties.
- Service alignment benefits through service and partner co-location.
- Improve public services and create new retail, housing and community facilities for communities.
- Regeneration, economic development and growth across Cambridgeshire.
- Support for jobs and skills in the construction industry.
- Mapping all public sector assets through ‘Mapping the Public Realm’ to support improved property management and service delivery.

International Connectivity

The area includes London Stansted and Cambridge airports, which contribute significantly to the LEP area and wider economy. International connectivity by air is a key requirement of any major international business location. In order to help those businesses in our area continue to grow it is vital that they have connectivity with their key markets, and in the case of international businesses, their head offices and other operations. We are pleased to see the increasing international connectivity being offered by Cambridge Airport with links to key international airports in Europe. The Airports Commission¹¹ is considering the future of airports in the South East. However in the short term we know that London Stansted Airport has 50% more capacity within its approved operating parameters. We want to ensure that maximum use of made of this potential to develop long-haul routes that support our businesses. Therefore we have asked for a specific freedom and flexibility to provide Air Passenger Duty (APD) holidays as a mechanism to encourage airlines to start up new long-haul routes from Stansted. This is set out in the next section.

¹¹ <https://www.gov.uk/government/organisations/airports-commission>

Freedoms and Flexibilities – The use of temporary exemptions from Airline Passenger Duty (APD) to provide start-up support for new long-haul flights from Stansted Airport.

Outline

This paper sets out the GCGP SEP proposal for using a temporary exemption from Airline Passenger Duty (APD) as a mechanism to provide start-up support for new long-haul routes from Stansted, which will drive growth in our LEP area and that of adjoining LEPs and provide a step-change in international connectivity for the region.

Andrew Harrison, Stansted’s Managing Director, said:

“Businesses tell us again and again that they want Stansted to offer a network of long-haul routes that will connect them with their key customers and markets. Stansted serves an economic region that is strong and growing, reflecting the competitiveness of the businesses located here.”

Our LEP area’s economy and the economies of some of our neighbours, particularly along the M11 corridor, are driven by the successful growth of high value sectors. The region is known for its strength in life sciences, with global HQs for AstraZeneca, GSK, and Amgen all based in the Cambridge Cluster. Alongside the world-renowned Cambridge University, there are 37 world class life sciences research institutes in the region. The Life Sciences sector is the third largest contributor to economic growth in the UK, with more than 4,000 companies, accounting for 165,000 jobs. The region is also recognised as a hub for the UK’s £58 billion ICT sector; home to 16.8% of all UK ICT and digital media employees. It hosts the world’s biggest technology companies, including Google, Microsoft and Facebook, as well as the next generation of digital start-ups.

What characterises these sectors, and in particular the way they have grown through the linkage with our universities and research institutes, is their need for strong international connectivity. Many of our companies have multiple sites around the world in other high tech centres, many thrive on collaborative programmes with international partners and many have their main markets in overseas locations. This means they value the ability to connect quickly and efficiently with long haul destinations such as the East and West Coast of the USA, the Far East and Middle East.

Jeanette Walker, Project Director at the Cambridge Biomedical Campus, which houses more than 200 organisations and thousands of staff, said companies wanted links not only to biomedical communities in San Francisco, Boston and New Jersey, but also to Seoul, Singapore and China. “Even though they’re based in Cambridge, these [companies] have global markets or global collaborators,” she told the *Financial Times* (25th November 2013).

Harriet Fear, CEO of One Nucleus, the organisation for international life science and healthcare companies based in Cambridge and London, has said: “One Nucleus is in close touch with the senior team at Stansted about their plans for the future. We recently held a meeting for the team to meet with our members to discuss the life science and healthcare sectors’ business needs in the region. In my view a top priority has to be the introduction of a direct flight from Stansted to the USA - at least to the East coast and we’d strongly encourage companies in the region to work with the airport to make these routes a reality.”

However access to long-haul destinations is only available either at Heathrow or by using local airports to route through other European Hubs such as Schiphol, Frankfurt or Madrid for onward travel. In terms of demonstrating our areas propensity for long haul flights in its 2013 Provisional Survey the CAA noted that 11.3m passengers travelled to long-haul destinations from the Stansted catchment with 85% travelling Heathrow.

In its letter to the Airports Commission (13th November 2013) The London Stansted Cambridge Consortium (LSCC) stated that it believes that the high growth, high knowledge economies of Cambridgeshire, Essex and East Hertfordshire have suffered due to the restricted access to long-haul business destinations. Cambridge is a two hour journey from Heathrow and being able to fly directly to key markets from Stansted could greatly increase the attractiveness of the region to global investment.

It should also be noted that recent research by PWC¹² for the Airports Commission has shown that airfares from congested airports, such as Heathrow, are significantly higher than from uncongested airports. PWC found that long-haul travel from congested airports is 30% more expensive than from uncongested airports. New long-haul services from Stansted would reduce travel costs and improve the competitiveness of businesses located in the region.

A report commissioned by LSCC from Oxford Economics¹³ on the Economic Impact of Stansted Scenarios, highlights the under-representation of international HQs in towns such as Peterborough and Chelmsford, compared to similar sized towns closer to Heathrow and Gatwick. However the planned move of AstraZeneca to Cambridge has led to renewed call for long haul routes from Stansted.

“The proximity of Stansted to our future site in Cambridge means that it would be a very attractive airport for employees and visitors if more scheduled services to major overseas destinations were available. We would be very supportive of new air services from Stansted Airport to other global innovation hubs and key markets such as Washington, Boston and the Far East. Such links are vital to enable the growth of businesses such as ours in a globally competitive market” Clive Morris, VP and Head of New Opportunities Innovative Medicines at AstraZeneca.

Stansted’s Capacity and Capability

Stansted is currently operating at around 17.5 million passengers per annum (MPPA) but has the infrastructure in place to grow to at least 35 MPPA. The airport already has the infrastructure required to handle the world’s largest airliners, in terms of runway length, aircraft stands and satellites. Whilst it is not anticipated that all growth at Stansted would be long-haul, the Oxford Economics report quoted earlier highlights that there is strong potential for growing long haul flights to 15% of Stansted’s traffic (around 5.25 MPPA).

The important point to note is that the region has an airport with the capacity and capability to handle long-haul flights right now, which means that there is the potential for this intervention to take effect in 2015/16.

¹² PWC Fare Differentials Analysis for the airports commission on the impact on the impact of capacity constraints on air fares December 2013

¹³ Oxford Economics Economic Impact of Stansted Scenarios November 2013

The challenge

New services, especially long-haul, carry significant commercial risk for airlines. This is particularly the case where they start services from airports with no long haul operations, like Stansted, because there is a need to commit substantial sunk costs into establishing an operating base at a new airport and marketing the new service to create customer awareness. These include:

- Staff including a Station Manager plus Operational Support Staff
- Locally based Crews
- Aircraft Maintenance Staff and Aircraft Type Support Equipment
- Stores and Spares Holdings
- Ground Handling Staff and Equipment
- Catering
- Marketing

Whilst some of these services can be contracted in, airlines require to brand their services meaning that flexibility to reduce costs are limited. Similarly once a number of similar long-haul aircraft operate from an airport, maintenance and turnaround costs can be shared. However this opportunity is not available to early operators. Emphasising why particular support is required to attract these initial long haul operations.

The current rates of APD on long-haul act as a significant disincentive to airlines considering new routes to UK airports, relative to opportunities in other countries without such high levels of aviation taxation. The current rates of APD are likely to be a material factor in airlines' decisions about where to allocate spare aircraft capacity. For example the Air Asia decision to start a new route to Kuala Lumpur from Paris rather than Manchester was as a result of its lower APD. Also the decision by Continental Airlines (now merged with United) to withdraw its Bristol to Newark services in November 2010 as a direct result of APD costs.

The proposed solution using APD

Given the challenges noted above it is clear that airports have to work very hard to secure new routes and services, especially long haul. One way in which airports encourage new routes is to offer incentives, especially in the early years, to help the airline get the route properly established. Since acquiring the airport, MAG has been successful at Stansted in signing long-term commercial agreements with airlines which include strong incentives to drive growth.

Therefore it is proposed that in addition to the airport incentives a mechanism is introduced to allow for an APD holiday to encourage airlines to establish new long-haul routes at Stansted. This would complement the discounts that would be on offer from MAG to encourage airlines to start new routes. As an offer back to Government MAG would offer the following discounts on its standard tariffs for new long haul flights from Stansted:

Year 1 - 75%

Year 2 - 50%

Year 3 - 25%

These discounts would be available to all carriers, but would be open to commercial negotiations on the level and duration of the discount depending on the carrier and the volume/frequency of

the new services. These discounts will be included in Stansted's conditions of use for transparency.

A temporary APD exemption would be much more powerful in incentivising airlines to start new long-haul services. This is because long-haul APD rates (£71 to £146 as at April 2015) are much greater than the level of airport charges.

An independent report commissioned by Manchester Airports Group (MAG), owner of Stansted and other airport operators from York Aviation¹⁴ has identified the potential impact of an APD holiday on long-haul route development. It is noted that "Overall, analysis would seem to suggest that an APD holiday for long-haul services from uncongested UK airports has the potential to assist in enabling opportunities to come to fruition, either by giving further confidence to airlines as regards already strong opportunities or by bringing forward in time currently more speculative opportunities".

The report found that the suspension of APD – meaning that APD would be zero-rated on new long-haul routes for a defined period of time – would have a significant impact in three main ways:

- It would bring forward in time the operation of long haul routes;
- It would boost load factors such that an airline could have greater confidence in meeting its targets for a route; and
- In cases where demand appears to be sufficient but an airline may have concerns about the average yields which could be achieved, suspending APD would boost the airline profitability of the route.

Once the route is proven and the market has grown further in the intervening period, the report concluded that it should remain viable once full APD is reintroduced.

The Advantages of this approach include:

- A linkage to a proven commercial strategy – one that airports use;
- No cost to Treasury – the Treasury does not receive any income on routes which don't yet exist, so forgoing revenue on new routes until they get established costs nothing and could result in an income stream later on;
- In line with Government policy of supporting route development, as set out in the Aviation Policy Framework; and
- In line with Government objectives of making best use of existing capacity, promoting links to emerging economies and promoting economic growth.

Routes would be eligible for an exemption only if:

- Serving a new destination (not an additional frequency) not currently served from that UK airport; and

¹⁴ York Aviation The Potential Impact of an APD Holiday on Long Haul Route Development at uncongested Airports October 2013

- Creating net additional capacity. If an airline closed a route from an existing UK airport and reopened it at Stansted, it would not be eligible for the exemption. The route would need to create net additional capacity for the UK. Similarly, switching a route to a different airport serving the same city (e.g. JFK / Newark) would not be allowed.

It is proposed that the term for the relief be as follows:

- Relief to be tapered from zero over five years
- Applicable to all eligible flights starting in the qualifying period
- The first three years would be zero rated
- Followed by two years at 50% APD
- The 'qualifying period' would be the window in which eligible flights would get the exemption, e.g. 2015-2020
- An eligible flight which started in 2020 would therefore benefit from relief until 2025

A key aspect of the exemption is that it is targeted towards incentivising new long-haul routes, rather than providing reduced rates on existing services. As such, there would be no direct cost to the Treasury in terms of APD receipts. Given previous experience of operating route development funds, which were also concerned with providing start-up support for new services, we believe that it workable criteria can be developed to define which services would qualify for the exemption.

It is recognised that there may be logic in using this methodology at other airports, however the Oxford Economics report noted that "Stansted has perhaps suffered particularly from a proximity to Heathrow and also BAA's strategy in the past in relation to the London airports". It is also well placed given the proximity to areas with huge growth potential to act as a pilot to demonstrate the effectiveness of the APD holiday as a methodology.

Impact

Whilst specific airline, plane type and routes would result in differing numbers, the York Aviation report identified four examples of long-haul routes that it estimated would be operating in 2015, assuming exemption from long-haul rates of APD. These four routes New York, Toronto, Dubai, and Johannesburg would increase passenger volumes at the airport by around 600,000 passengers per annum. Once the temporary exemption had been phased out, these passengers would generate APD tax receipts of around £20 million per annum.

It should be emphasised that York identified these routes as examples of the opportunities that exist; other routes are likely to be attractive to airlines with a temporary exemption from APD.

It is also estimated that to service these new airlines and routes would result in an increase in employment of around 1,000 staff at Stansted.

In addition the use of long-haul aircraft would bring with them significant belly hold capacity. The CAA has calculated that belly hold freight typically contributes between five and ten per cent of total revenue on long-haul services¹⁵. Therefore in addition to helping to support newly

¹⁵ CAA, Connecting the Continents: Long-haul Passenger Operations from the UK, July 2007.

established routes it would provide additional cargo capacity bringing with it further increases in both revenue and jobs.

A softer benefit would come from the desire of local people to see the introduction of long-haul from Stansted rather than increases in low cost flights and this would help to build a more supportive local community around the airport. Essex County Council has publicly supported the ambition of long-haul flights from Stansted and the use of APD as means of incentivising the take up of spare capacity.¹⁶

In terms of impact to the wider local economy this affects the area in a number of ways:

- An improved FDI offer with clear evidence of Government's commitment to international connectivity in our area.
- Increased potential to attract new business and Head Offices where international connectivity is a key differentiator.
- Increased willingness of business already based in our area to grow in the UK rather than elsewhere.
- The ability to open up new routes particularly to China and other BRIC countries that are not yet available from the UK.

Wider economic impact

The economic impact of growth at Stansted listed in the Oxford Economics Report and based on generating up to 35 MPPA by 2030:

- Volume of additional GVA Generated by 2050 - £1.6bn
- Directly Generated Employment (Net of displacement) - 13,600 jobs
- Indirectly Generated Employment (Net of displacement) - 1,700 jobs
- Indirectly Generated Employment (Net of displacement) - £230m

Whilst this is not specifically long-haul it serves to demonstrate the positive economic impact that growth in traffic can have on the area's economy. Long-haul flights would provide the additional benefit as locational driver for FDI and growth on indigenous companies. Given the global importance of this region's knowledge economy much of this growth will be additionality for the UK, not a simple case of displacement from elsewhere. Making Stansted more global connected will enhance the Eastern Region, one of the few British regions positively contributing to the Treasury.

Growth spaces include Alconbury Enterprise Zone, Harlow Enterprise Zone, Tottenham regeneration area and the Olympic Park. All have direct rail and / or motorway links to the airport, with travel times of between 30 to 60 minutes.

The Airports Commission

Representations have been made in respect of Stansted Airport to the report being prepared by Sir Howard Davis.

¹⁶ Flights of Fancy Essex County Council submission to the Davies Commission Sept 2013

However based on the Commissions interim report published at the end of 2013 it is recognised that new runway capacity will not become available before 2030. In the meantime capacity exists at Stansted that could be utilised now.

In a letter to Patrick McLaughlin, the Transport Secretary and The Telegraph, 52 business leaders led by Baroness Jo Valentine Chief Executive of London First urged Government to do something now about airport capacity in order for Britain to stay internationally competitive. Particular reference was made to Stansted.

Baroness Jo Valentine, chief executive of London First and lead author of the letter, said: "The world is not waiting while we navel gaze about whether we are going to put an airport in the Thames Estuary or expand Heathrow."

Summary

Stansted Airport has already committed to investing £40m in the airport and is offering to provide a further offer back to Government of direct financial contributions to establishing long-haul routes through the discounts it is offering to airlines who start new routes. In addition whilst not quantified the airlines themselves will be investing significant up front costs in establish new routes and new operations.

Notwithstanding Treasury accounting rules the reality is that based on the proposed criteria set out in the paper these new routes would not represent any additional cost to the Treasury, but after the five year APD Holiday would provide a return to the treasury of £20m per annum.

Stansted's potential impact on our LEP area and adjacent areas is significant. Both as a symbol of economic growth intent and as a practical benefit to businesses in the area. Whilst the Airport Commission's report will generate a long-term plan for UK airports Stansted has capacity and infrastructure available now. The use of the APD Holiday mechanism represents a low cost high return model to stimulate the long-haul market now with the potential for new routes to be up and running in 2015/16.

iii) REMOVING SKILLS BARRIERS TO GROWTH

- Align skills provision with business demand
- Raise aspirations and increase economic awareness within the potential workforce
- Increase the number of businesses who plan and budget for skills and training
- Expand upon the success of our Local Skills Team project
- Facilitate Centres of Excellence for key skills shortages
- Address shortages of higher-level skills required to support the growth of technology businesses
- Provide careers guidance for our LEP area (outside of Single Pot funding)

The skills agenda is an identified priority in our Growth Prospectus and Operational Plan; it is an issue consistently raised by businesses. We have been careful to get beneath the skin of this issue – through our Skills Strategy Group (made up of two thirds business representatives), our evidence base and a targeted skills survey. Our approach is to make businesses, people, and partners locally responsible for driving the skills agenda – we are guarding against replacing a national approach with a top-down LEP version. Our focus, furthermore, is firmly on the business agenda – what employers need. We also recognise that our businesses and workforce needs are sensitive to localities and their varied economies and, furthermore, that skills attainment and business needs vary across the LEP.

In order to **align skills provision with business needs** we are focusing on three aspects: **Economic Awareness, Business Planning,** and **aligning publically funded training and skills initiatives to local business demand.**

We want business needs to drive training at a local level. We intend this to happen in three ways:



Local Skills Teams

We have funded our **Local Skills Teams** approach across the north of our LEP; we intend to cover the whole of our LEP by 2016. Local Skills Teams are tasked to work with businesses, education & training providers, and other key stakeholders to drive our strategy forward at a local level:

- 1 Getting the potential workforce, particularly young people, in front of the right local businesses (using innovative ways to enabling interaction):
- 2 Working with key businesses to raise awareness of the importance of having a highly-skilled workforce to growth, and connecting them with the right training opportunities:
- 3 Proactively gathering local intelligence on what skills businesses really need, both in person and via our skills surveys.



Objectives

- Generate aspiration and awareness of the local business economy in the potential workforce;
- Drive an agenda of business planning and budgeting for training in the locality;
- Use apprenticeships as the exemplar example for training and accessing employment for young people;
- Promote the GCGP agenda
- Build a network of businesses, training and education providers, and key partners to drive the agenda forward;
- Coordinate and deliver a range of events that bring the potential workforce into contact with their local business communities; and,
- Connect businesses with the right skills experts.

What do we need to make this happen?

- We need £1,000,000 per annum to enable us to run our project across the whole of the GCGP area
- We are asking for this to be made available for three years: 2015-2018 in order for us to bridge the gap between our current income and projected revenue from our Enterprise Zone

What are we offering in return?

- We have currently budgeted for £650,000 of spend over 2014-2016 to run a Local Skills Teams Pilot Project; funds will come from our Growing Places Fund Recycle. This launches on 6 May 2014
- The expertise and experience of the Peterborough Skills Vision project has been transferred to our Local Skills Teams Pilot; this has enabled a fast start and will drastically reduce development costs
- Working from the Peterborough Model, we expect business time match in the project to be around £214,000 per annum
- We aim to commoditise some of the services after the pilot project is finished. Income from this will be small initially but we expect to project to be self-funded within ten years

Our evidence suggests that the potential workforce generally has a poor awareness of the economic landscape, whether they are currently in education or of working age. This can cover: understanding of the world of work, being prepared for work, enterprise and entrepreneurialism. For instance, Young Chambers, in its survey of 1600 secondary schools, has identified that only around 3% (East Anglia) of 11-19 year olds recognise engineering as a potential career. Nationally the top three aspirations are teaching, media & performing arts, and sport (23%)¹⁷. Key economic sectors in our LEP (manufacturing, construction, and scientific and technical) employ 26% of the workforce and contribute 33% GVA; there is a clear imbalance between aspiration and awareness. On the other hand, businesses are poor at considering their future skills needs and planning for them. Evidence shows a majority of SMEs don't have a process for planning their future skills needs, or indeed any form of basic training plan. Yet evidence also shows how businesses that are good in this aspect are more profitable and grow faster. In its 2013 Annual Report the Growth Accelerator initiative identified people and skills, plus planning and strategy, as the most common barriers to growth.¹⁸

We want the training landscape to be **driven by businesses** on the demand side, backed up by better economic awareness, and therefore demand, on the supply side. We have set in place a number of **Local Skills Teams** (LSTs) across part of the LEP to facilitate this. LSTs provide: a coordination service to enable business engagement with education and training partners, work with businesses to encourage and support better planning with a focus on skills, and drive local data and intelligence needed by education and training to align aspirations and skills plus allow funding bodies to place their money where most needed. The concept of LSTs originates, and builds on, the work undertaken by Peterborough Skills Service, which has seen Peterborough achieve a reduction in NEETs at a faster rate than comparator locations. This project encompasses all students and shows the strength of a local economy-led agenda that is inclusive of harder to reach groups, but targets what is needed locally in terms of business demand first. One ask in this Strategy is to build upon our project and expand our Local Skills Team project to cover the whole of the LEP from 2015/16 onwards.

Our skills approach is therefore:

Align training to business demand

- Gather and understand the data that allows a comprehensive and authoritative case to be put to education and training providers
- Encourage strategic links at director level between businesses and education & training providers
- Create student demand through economic awareness
- Drive business demand through better planning and budgeting
- Generate an understanding of aspirational, future sectors, and technologies
- Focus funds and initiatives at the areas we identify using our business relationships and data to build skills infrastructure

Economic awareness of the potential workforce

Empower people to make an informed choice about careers, education, and training

¹⁷ '5th Matrix Ambition Charts, 11-19 years' Young Chambers, 2013.

¹⁸ 'Where high growth happens' Growth Accelerator Annual Report, 2013.

- Initiatives and projects to bring businesses into contact with young people, those out of work, and those looking to understand their opportunities whilst in work
- Education and training providers to make the development of economic awareness a strategic priority
- Businesses to see involvement with schools and education providers as a strategic priority and support initiatives and projects aimed at addressing the issue of economic awareness

Businesses planning and budgeting for training

Driving the training landscape from business demand and creating the data needed to provide targeted careers information and training

- Initiatives and projects that get businesses planning and budgeting for training
- Businesses to see planning as a key part of their business model

We have access to real-time evidence of current and historical job vacancies which give a snapshot of skills needs and we are aware of key skills shortages. Our skills survey, currently underway, will give us an overview of the LEP area for all sectors. Its micro-level element will look in detail, via telephone interviews and workshops, at specific growth sectors across the LEP to deliver a detailed set of data driven by each economic locality in the LEP. We aim to be the authoritative voice on skills in our LEP and become the 'go-to' body for strategic skills work.

We were provided with £100,000 of SFA funding to produce a skills strategy and action plan focusing on our Enterprise Zone, Alconbury Weald Enterprise Campus. We are now carrying out actions highlighted by our business interactions and survey works; all of which fall under the strategy outlined above and were instrumental in its final design. This project has highlighted the importance of building a plan from the ground up. By working with businesses and key partners, from a business demand perspective, we have enabled a bringing together of disparate groups around a key theme that is inclusive of other agendas. We have identified, furthermore, several key projects that can enable skills development in a focused way around the high technology and advanced manufacturing aspirations of the Enterprise Zone. For example, there is a clear need for a flexible and innovative training facility that can adapt quickly the ever changing high-level skills needs of advanced manufacturing and R&D locally. Our work with real-time LMI shows us that skills needs can change rapidly. During the micro-survey that we carried out around Alconbury Weald during late 2012, Computer Aided Design skills were identified as being a requirement locally in numbers that suggested formal training could provide an answer. Currently this requirement has disappeared from the LMI information with computer programming skills now the dominant technical skill required. Current FE provision was unable to move quickly enough to address this, but a well-designed facility that links with local businesses that have planned for future skills could provide a responsive future proof skills hub.

We plan to facilitate Centres of Excellence for addressing higher-level skills issues. This links with the Government's national approach, such as encouragement of STEM skills and University Technical Colleges (UTC). Not every skills gap is big enough to justify a UTC. We know there is an issue in our LEP area around technician level skills in the science and biotechnology sectors; this is being addressed through the Cambridge UTC and via the proposed Greater Cambridge City Deal. Locally, focused, small facilities can provide the flexibility needed in the modern high-level skills environment to really address skills needs as they occur on a niche level compared to UTCs.

We are also working with the Cambridge-based Institute of Manufacturing (IfM) to produce a set of core competencies that are based in local 'making' sectors. Local FE can tap into these at a basic level with small responsive Centres of Excellence fine-tuning the more specialised skills to produce an extremely well skilled local pool of talent to feed into the advanced manufacturing base locally.

We need to continue our investment in our local training provision, whilst we need the flexible space outlined above, there is a clear need to invest in our colleges in order that they: a) are capable of reacting to the student demand we intend to create in our key sectors, and b) continue to produce the high level of skills they already produce in key LEP areas. Currently, several of our colleges have STEM subject space that is either not large enough, or in sub-standard teaching environments. There is also a lack of good quality construction teaching facilities that are able to react to modern building techniques and offer students the skills development they need in this area. Improving the infrastructure for this provision fits very well with our skills aspirations and national policy for STEM. We are also looking at a specific proposal to address these issues on the Enterprise Campus through a new/relocated college provision.

There is a clear need for better access to Higher Education in the north of the LEP. We currently have two world-class universities, one operating in a non-local market place. Anglia Ruskin University provides an impressive array of business focused training and qualifications, through its campus at Cambridge and via University Centre Peterborough (UCP). UCP has been very successful in designing and delivering courses that are demand-led by local businesses, particularly in the Leadership and Management field. The data produced by Peterborough's Skills Service, furthermore, has proved an essential element in proving skills gaps and showing overall demand of the right type of training. We would like to extend this approach into King's Lynn in conjunction with College of West Anglia and our Local Skills Team project; this would be need to be a collaborative funding bid explored between our LEP and New Anglia LEP.

It is important we lever in other funds against this Strategy. We are in positive discussions with SFA and DWP around their opt-in to match fund our proposed ESIF allocation of approx. £4m per annum under the Skills and Employability thematic. Our discussions have centred on an approach that is business-led (and client group inclusive), rather than focusing on specific client groups. Projects will align with the strategy of economic awareness/business planning approach set out above. Our next ask via this SEP is therefore to match via the Local Growth Fund our ESIF allocation under the Skills and Employability thematic. In developing an Intervention Package we are working with the SFA, DWP, Jobcentre Plus, private, and public providers – overseen by our Skills Strategy Group. We are looking to influence investment from these partners, and also to leverage the maximum from the European Social Fund element of our European Structural and Investment Fund strategy.

Careers Guidance

When we submitted our original SEP we highlighted the feedback that we had had from local businesses and the community that careers guidance in schools does not currently give businesses the confidence that we are preparing our young people with the necessary information and focus to allow them to make good decisions about their future.

This concern is reflected at the national level. Specifically that:

- Advice is not balanced with an over emphasis on academic rather than vocational training
- Ofsted reported in September that three-quarters of schools visited by inspectors were not delivering adequate careers advice
- Responsibility for careers guidance has been devolved to individual schools, but the Ofsted report suggested that 'very few' schools had the skills to deliver this
- CBI has stated that careers advice is on 'life support' in many schools, with young people having little knowledge of the workplace
- At the beginning of the year, the Education Committee reported there had been a 'worrying deterioration' in careers advice, highlighted the need for young people to have face-to-face advice, rather than relying on websites or phone lines

Further to our original submission the Government has announced a number of new initiatives around careers guidance and support for young people and to help them to determine the best route for future employment and career development.

Therefore, whilst the LEP still sees careers guidance as a vital contributor to the long-term economic development of its area it has determined that it will monitor progress on the new initiatives rather than offering specific interventions at this stage.

However, we would like to reiterate our offer to Government to work with the careers guidance service and our local partners to play an active role through our Local Skills Teams in providing a linkage between aspiration and careers guidance.

We still believe that the LEP is well placed to:

- Combine getting business into schools with Careers Guidance
- Equally emphasise academic and vocational career paths
- Demonstrate linkage with the local economy
- Build aspiration
- Provide linkage to varying work experiences

iv) PROVISION OF INNOVATION AND INCUBATION SPACE

- Support a range of projects that deliver innovation and incubator space across the LEP area
- Create a fund mechanism for the period of the SEP that will allow greater flexibilities on the use of this funding to support innovation and incubator space
- Address both refurbishment and new-build issues
- Target research, innovation and follow-on space
- Encourage the expansion beyond Cambridge of technology businesses

The LEP is a growth location, with pent-up demand for business expansion (although not evenly spread across the LEP area) that will be released through the intervention packages in the Strategy. However, the LEP area already experiences challenges over the provision of the right amount and quality of commercial space, which will continue as a potential drag on expansion. We also have transformational projects across the LEP area that can be accelerated by earlier provision of commercial space.

Evidence of need: the benefit of Innovation Centres

Innovation centres create a focal point for the aggregation of all the necessary components in support of the establishment and catalysing the early growth of SMEs'. Many of these companies go on to provide high value job opportunities and a high proportion is driving the UK Knowledge Economy. Innovation centres are increasingly corner-stoning activities on wider science and technology parks nurturing interactive communities that drive innovation, entrepreneurship and enterprise.

Over the last few years science parks and innovation centres have faced major challenges posed by the economy and changes to the national and local political landscapes. Science parks deliver at a regional level and in the past worked regionally to secure funding to drive SME-directed initiatives. With the move to a national strategy and delivery mechanisms there is now a need to reconnect the science park movement such that the parks can deliver local translation of the national programmes.

Our first expectation would be that the market ought to respond to these demands. However, this has not been the case. Since the recession, traditional lenders for UK property have deleveraged from property. Evidenced by UK real estate debt (i.e. lending) declining by 8 per cent in 2012 (De Montfort University).

There remains a case for LEP incentives and gap funding – both in our cities where there is pent up demand for innovation and incubator space and also in our wider LEP area where we are seeking to encourage businesses looking for space of this type to locate, encouraging beyond our cities.

Innovation centres and science parks can provide supportive environments with the following characteristics all of which help SMEs grow:

- Open innovation communities help the translation of world leading research into innovative products for the global market

- Shared spaces, formal and informal, provide neutral locations for this sharing of information, skills and expertise
- Physical clustering of organisations makes it efficient to deliver business support services to one location
- Opportunity to share equipment is particularly relevant for small tech companies for which capital expenditure is limited
- Flexibility of accommodation offering makes it easy for organisations to expand (or shrink) without having to relocate personnel
- Building and IT infrastructures made available to support SMEs at a level that individual companies would struggle to source themselves from single budgets so catalysing growth through reducing cash-burn.

Development Cost and Value

Privately funded Innovation Centres do not achieve commercially satisfactory investment returns in property terms. The approach to commercial property valuation means that they cost more to build than they are worth when built. Today the gap funding requirement is 35-50% of cost; so a 3,000 sq m office based centre may cost £6 million to deliver but only be worth £3 million on completion. The reasons for this disparity, by comparison to conventional office development, include the following, which all have a cumulative effect on viability.

Cost per Lettable Area

There is a need to sub-divide the building into many individual spaces and to provide furniture and fittings and the building is less efficient than a “conventional” office or laboratory building as more space is given over to corridors and communal areas which don’t directly generate income. Lettable space may only be 75% of the gross floor area, not 85% as expected for a standard commercial building.

The net income is reduced by the significant costs of staffing such facilities, whose input is often not fully covered by the service charge paid by tenants within their inclusive rents. Net rent may therefore come down to say 80% of rent per square metre generally achievable in the market place.

Reduced Comparative Valuation

The centres take a number of years (generally around 3) to reach a long term level of occupancy, because of the number of suites of space. This is factored in by investors. Investors require a higher return (yield) of around 10% as rental income is viewed as higher risk due to occupiers weaker covenant strength.

‘Full occupancy’ level is generally around 80-90% of the whole, because of the churn of tenants, whereas a conventional office would generally be 100% occupied at ‘full occupancy.’ This reduces rental income but also means that the centre has to constantly carry some vacant unit costs that are irrecoverable from tenants (rates, service charges, etc.).

The accommodation is generally let on very flexible lease arrangements, and often to early stage businesses whose covenant strength is weak, which combine to cause investors in such buildings to demand a higher rate of return than for a more conventionally let property with fewer, longer leases and potentially better covenants. In calculating the value in the market place of the created investment, we might only be able to multiply net rent receivable by 8 not 11.

Capital Contribution to Gap Fund Development

In the past, funding from Development Agencies and the European Union has assisted by contributing towards the gap funding in the capital cost of delivery of these centres. Today availability of such funding is much more limited, although some funds are available through government initiatives such as the Growing Places Fund and the LEP has earmarked £4.3 million of its indicative 2014-20 European Regional Development Fund (ERDF) allocation for incubation space (e.g. demonstration and user-test facility space and open access to equipment/ technical facilities) which leads directly to the delivery of innovation.

Case Study – Babraham Research Campus

Babraham Research Campus near Cambridge co-locates academic research from Babraham Institute alongside 50 companies on site. The translational and impact outcomes of potential academic-commercial interactions is invaluable, taking advantage of the specialist resources within both the Institute and Babraham Bioscience Technologies.

The Campus offers commercial property to companies on market and commercial terms. Babraham Bioscience Technologies offer short and flexible access and leases - including access to laboratories on a day rate - rather than cheaper access. This helps to differentiate Babraham and helps to fill a market-failure gap.

“I have been very keen that our rents are upper market rents to avoid any question of undercutting the private sector and any state aid issues – for example we don’t offer rent free periods.” – Derek Jones, CEO, Babraham Bioscience Technologies.

There are now fifty organisations on the Campus, with a pipeline of enquiries for space with about 20+ companies wishing to locate there. Many of the companies are in their growth stages, and wish to explore their expansion plans. However, the vast majority are not yet profitable, and rely upon funding from the venture capital community, business angels, and grants. This funding cycle tends to be short-term up to 3 years and often tranching against successful milestones. These companies therefore cannot commit to traditional long-term (5-10 years plus) leases.

A key feature of the Campus is the flexibility that can be offered to match leases and access to facilities to funding cycles. This helps bridge the ‘valley-of-death’ of early-stage funding by ensuring that such a gap does not occur in access to facilities. This is a clear market-failure which the Campus is able to address.

Babraham’s original model was one of Grow-and-go, i.e. companies would incubate here and relocate to commercial space (e.g. at nearby Granta Park). However, where companies are receiving funding, they often want to stay on the campus because (a) there is no alternative space in the region, (b) the disruption of laboratory relocation is underestimated and (c) businesses do not increase their staff numbers to a point where they are seeking a sole-occupancy building, although there are exceptions. Therefore, there is a need to manage growth companies at present, rather than attracting new ones.

In our original draft SEP, we proposed that £10m of Local Growth Funding in 2015/16 could be deployed to create a local fund mechanism to facilitate the investment in commercial innovation and incubation space. Following Government feedback we have drawn up, on the basis of consultation with businesses and Local Authorities, a list of projects scheduled to start in 2015/16 which are included in our Delivery Plan.

To enable the longer term response to evidenced business demand and our wider strategy beyond 2015/16, we would still propose to create our own fund mechanism, which would be matched with the proposed ERDF funding referred to above.

We have a track record, having successfully deployed our Growing Places Fund (and already receiving returns back for recycling on further projects) and with our work with partners in bringing forward new space on the Haverhill Research Park, the Future Business Centre in Cambridge and our Enterprise Zone at Alconbury Weald. Our governance mechanism through our Investment Sub-Committee is well established.

The City Deal is addressing physical connectivity in the Greater Cambridge area. A key part of our approach to ensure that the ring of market towns and wider locations benefit from this investment, and are in a position to take advantage of better connectivity by growing their own economic offer. In this 'transition zone' the market has not been facilitating this future opportunity, particular for space to translate innovation into development.

The Greater Peterborough area has facilitated significant additional growth in commercial space, although reflecting its different economic base. The current focus here (with also the upgrading of the rail station) is on targeted improvements to strengthen its attraction to, and expansion of, its higher skilled sectors.

We have a high proportion of SMEs based outside our two cities and market towns. We aim to link with our strategy of grow-on existing businesses (particularly through exporting) to ensure that appropriate premises are available.

As set out later in the Alconbury Weald Enterprise Campus intervention package, there is an opportunity to stimulate additional investment in our Enterprise Zone. This will respond to both business demand and also underpin the vision for the EZ as a location that interfaces between innovation and commercialisation. We envisage that the Commercial Space Fund would look to bring forward investment at a faster rate on the EZ (including the Innovation Hub expansion, amenity centre and support for 'early mover' technology businesses).

This programme aims to support the development of innovation and incubator space within the LEP area. The main aspects of this programme include:

- focused on developments that support jobs
- measures and incentives to stimulate the development and build-out of commercial space
- measures and incentives to provide innovation and incubator accommodation on terms suitable for small growth businesses (short term leases, reasonable bonds/deposits)
- aimed at addressing localised lack of provision; lack of quality innovation and incubator space; and support for extension of successful business and technology parks / sites

- financial incentives and assistance for the refurbishment and conversion of old buildings with heritage value – into new, commercially viable functions

The types of innovation and incubator property development supported could include:

- gap finance for commercial property developments or refurbishments (including heritage-related refurbishments)
- incentivised interest rates and charges for developers to provide small business – friendly lease terms (short term, reasonable bonds/deposits, reasonable break clauses)
- expansion of successful business parks, incubators or managed workspace – particularly those at capacity or full
- provision of follow-on space
- mortgage co-financing or guarantees for development on the Alconbury EZ site
- equity partnership for property development on the Alconbury EZ site

As evidence of market support for the need for innovation and incubator space we have noted quotes from letters we have received in support of this initiative.

“While we are rightly proud of Cambridge’s position as one of the world’s leading centre’s for innovation, we cannot ignore the fact that it is becoming more and more difficult for young companies to find space to establish themselves in and around Cambridge, potentially forcing them out of the area.”

“The low commercial returns and need for short-term tenancies has resulted in this (innovation and incubator space) type of accommodation which the market is not able to currently address.”

Tony Raven, Chief Executive of Cambridge Enterprise

“In particular, we understand the challenges faced by innovative companies in our local area, and the difficulties associated with finding appropriate and available space for research and development. It is important that we ensure the continued provision such space, particularly in areas where we have strong clusters of expertise.”

Ian Anderson, Innovation Director of Bespak

v) ACCELERATING BUSINESS GROWTH BY TARGETED GROWTH HUB SUPPORT

- Translation of innovation from start-up to commercialisation
- Entrepreneurship and growing existing businesses
- Increase the export of goods and services
- Capacity to draw down financing – private and public
- Extension of existing successful grant/loan funds
- Creating a focused inward investment offering

Growth Hub

The GCGP Growth Hub approach is consistent with Government aims to simplify the Business Support landscape in order to boost economic performance by enabling the LEP and partners to focus business support efforts on four areas of activity:

1. Management and strategic co-ordination – improve efficiency, effectiveness and responsiveness of the local business support offer by understanding customer needs, improving co-ordination with support efforts, eliminating duplication, evaluating and improving performance and closing local initiatives that no longer offer value for money.
2. Establish a one stop shop - improve co-ordination, raise awareness and increase uptake of local and national business support by providing a single point of access for all businesses wishing to access business innovation and trade.
3. Create bespoke business innovation and trade support – identify gaps, commission additional services to meet business needs.
4. Improving reach of national policies – signpost to national schemes, amplify national schemes, close working relationships with BIS, UKTI, and TSB.

Rationale for a Growth Hub

Business has expressed concerns that the business support landscape is confusing, with a wide range of local and national offers that are hard to understand. The Growth Hub Programme seeks to make business support simpler and easier to access for business, improving the efficiency and effectiveness of local and national business support schemes while also targeting the entrepreneurs and growth businesses that Greater Cambridge and Greater Peterborough will rely on for its future growth.

There are some well-established market failures and obstacles which prevent many companies from achieving their growth potential. For example, the Small Business Survey 2012 identified three reasons for the lack of take-up of business support:

- not being clear how to access those services
- not having developed relationships with the providers of business support services
- not being aware of the benefits those services may bring.

These market failures of information and relationships are compounded by four barriers to business growth identified from the survey:

- Strategy – 65% didn't have a formal business plan
- People Management – 68% didn't train their managers in managing people
- Finance – 76% didn't access finance
- New Market Entry – 57% did not introduce new or improved products.

The Growth Hub will provide a focal point for businesses wishing to grow, providing a co-ordinated and cohesive growth programme, business networks, growth groups and links to specialist information, advice and services for businesses with significant growth potential.

To support growth businesses and to help them tackle the barriers set out above GCGP with its partners including Universities, Chambers of Commerce, and with other business groups, will develop a Growth Hub:

- Providing a central location and organisation for strategic management, co-ordination and access to information and business support useful to these businesses
- Raising business awareness of 'where to go' for help and advice, and consequently driving demand for those services
- Through the formation of a Growth Hub, available to businesses across the LEP area, remove any current fragmentation of services, any lack of co-ordination between them, improving the effectiveness of portal interventions and consequent low level of business awareness and engagement

The Growth Hub services will support businesses to grow by signposting them to existing support packages that meet their business needs, making best use of existing Government assets and diagnostic tools, and developing and securing new bespoke business products which support those sectors that have greater potential for GVA growth, innovation and export of ideas and products in the GCGP area. Integrating the work of the LEP, Universities and other partner organisations will provide a seamless support services for all business, but also providing targeted products particularly at those with high growth potential in knowledge intensive sectors.

The Growth Hub

The Growth Hub will provide an online portal service with an early focus on:

- Co-ordinating a range of private and public, local and national services
- Enhance, grow and co-ordinate business support products across the LEP area
- Signposting to national and local business support, as well as bespoke programmes that make full use of national assets including web content, the Business Link helpline, and mentoring resources
- Navigation through skills support

- Leverage existing support through business representative bodies

“Having a clear understanding of local business needs, we appreciate the importance of bringing together the wide range of different business support opportunities available to the marketplace. By creating a growth hub we firmly believe that more businesses will benefit from the support available to them locally.”

John Bridge, Chief Executive of the Cambridgeshire Chambers of Commerce

A small team of five experts and hub co-ordinators will:

- complement the national contact centre and national products, supporting the diagnostic and triage function that directs business to the most appropriate support
- Direct these businesses to the existing national and local support, focusing local intervention support on the key growth businesses in the Knowledge, Innovation and Export Intensive sectors.
- Provide access to networks, coaching, mentors or experts

By providing a clear signposting route, co-ordinated through a Growth Hub team, growth businesses will be able to access the specific support they require to grow. Co-ordinators will be key to the triage model, to quickly identify priority needs and the most appropriate solutions, through introductory level local programmes as required followed by the appropriate national programmes. GCGP is currently co-designing the additional support available locally through the ESIF. This will bring extra provision from the Growth Accelerator programme, UKTI and the Manufacturing Advisory Service.

The team will also work with Chambers of Commerce and other business representative bodies to enhance:

- Business to business networking through growth lunches and specialist events
- Expert growth advice and planning services, Growth Start-up, Mentoring, Digital Growth, and Access to Finance products
- Access to a wealth of public and private sector business and professional partners with a range of specialist knowledge and skills including MAS (the Manufacturing Advisory Service), UKTI Trade and Investment, and Growth Accelerator plus a network of committed private providers who share our vision for supporting growth, with additional support from Local Authority Economic Development teams.
- Potential to develop new networks similar to the Cambridge Network to support a key sector.

Bespoke Products as part of Growth Hub

Leverage of Funding Opportunities

Our Science, Industry and Innovation Council, which contains successful entrepreneurs and industry leaders, has led the debate on what interventions are required to support business. Our

innovation workshops and consultations have identified a broad area of intervention which includes the need to provide the capacity to access and combine the available funding to jump across the 'valley of death' from idea to commercial product. Businesses rarely have the capacity to engage and crucially draw together national and international public sector funding opportunities, not least because of the proliferation of different schemes and different criteria. Our over representation of SME's, especially in the innovation field, magnifies the impact of this challenge. Yet it is often by assembling packages across different funding streams that make a commercial proposition for business growth.

GCGP has identified a specific need to work with businesses to identify finance solutions particularly to combine separate funding opportunities to make more effective integrated packages. This includes national mechanisms such as TSB which the LEP wants to lever into the LEP area given our strength in innovation. It also includes co-ordinating MAS/ GA/ UKTI funding offers, Government funding (particularly the 'No Stone Unturned' resources external to the Local Growth Fund EG TSB, DeFRA), ESIF and other European Funding, GCGP own funding and other local funding sources.

The components of this package will be delivered by a Hub Co-ordinator / Enterprise Manager Post (part funded by the LEP), EU Delivery Team (part funded by ESIF Technical Assistance Fund), Brussels office business support (funded by LEP) and the GCGP core team. The Growth Hub provides the opportunity and for a single conversation to access this available funding and secure this collaboration.

Supporting New Businesses and Existing Businesses to Grow

This product is a core element of the hub proposition, signposting businesses to the existing sources of support for growth. The objective is to provide a high quality one stop shop and to improve the 'access readiness' of our businesses. The Growth Hub products represent an enhanced offer to the current business support landscape and will ensure that services are specifically tailored to GCGP businesses needs and support their full growth potential. A key role of the Growth Hub team will be to ensure that businesses are supported to take up and utilise services as well as maintaining close relationships with key businesses in order to support and influence their major business and investment decisions.

Not every part of the LEP will be an engine for new start-ups, and therefore growing existing companies is also a key priority. This links across to support in our draft European Structural and Investment Fund strategy for SME growth, and developing business growth skills in existing owners. In our more rural areas, and especially in the north and east where economic conditions are more difficult, it is especially important to exploit the potential of existing businesses to successfully adapt and grow. Simple funding mechanisms like the current ERDF funded Grants4Growth can be crucial in driving that growth. We are looking to continue a similar mechanism.

We are also aware that the Graduate Programmes currently focus on Cambridge and Peterborough and there is a need to deliver mechanisms which both support the expansion of

that programme to our more rural areas and also raise the opportunities that such a programme offers to our businesses. *The Growth Hub will develop a Graduate Development Programme that both highlights the opportunities within our more rural areas, but also informs the University teaching and investment programmes. We propose the inclusion of budget for dedicated members of staff within our universities to act as key contacts for the Hub core team accountable also to GCGP for ensuring referrals are effectively managed into universities as the providing organisation. Universities are large, complex places with a huge array of research capabilities and facilities as well as the support they provide in terms of accessing other funding, providing projects like KTPs and supplying talent via graduates and upskilling/ developing the workforce. Similar systems operate under an initiative called i10 which was a partnership between all universities in the East of England with a link person in each HEI who also had an outward facing function to promote the services provided by HEIs and improve “access readiness”.*

This product will link with business start-up and development support on offer from opt-ins (MAS,GA, UKTI, SFA) and from University of Cambridge and Anglia Ruskin University offering products to enable businesses to take ideas to start up to commercialisation.

Get Exporting

A current LEP priority is internationalism and growing exports (with a ‘Get Exporting’ programme planned to launch in May 2014). All our business growth packages will be designed with the intention to maximise potential for export growth. This also crosses over to our Digital exploitation approach, as our digital exports are a significant contribution to GVA.

A key priority is to maximise potential for export growth. This product will support an export support campaign and offer, drawing together a number of strands already delivered and run by partners in our area. To leverage additional support and an enhanced offer we are negotiating with UKTI to opt in and match with our draft European Structural and Investment Fund strategy allocation to drive this export agenda in key sectors.

The LEP will also align negotiations over the outputs required from the Growth Accelerator and Manufacturing Advice Service opt ins, link into the provision of specialist European Advice service already funded by the LEP and Government support for STEM related development .

Some of the other national programmes such as UKTI, the Manufacturing Advisory Service and the TSB supply chain programme provide good bases upon which to develop and expand those services to support a wider range of businesses; here we can combine the national resource with our own resources, ERDF and RGF to provide a more comprehensive service offer that best exploits the growth potential of GCGP.

BUILDING ON FUNDING SUCCESS

Growing Places Fund

Locally, our Growing Places Fund has been one of the best performing across the country, receiving and fully investing £16.1 million that has helped to lever in a further £26 million of private and public funding and will unlock a total of 12,500 new jobs across the LEP area. Looking

ahead, the LEP is recycling repaid loans and is keen to see even more jobs created through the scheme.

Initially conceived as a means of addressing infrastructure blockages, Growing Places Funding is making a difference in unlocking access to important sites for significant housing growth. For example, provision of a £780,000 loan from the Growing Places Fund will enable essential works to be done to facilitate the construction of 1,500 new homes at Northstowe, part of a wider development comprising 10,000 new homes.

Growing Places Funding supports innovative projects that will help to unlock jobs and accelerate economic growth right across the GCGP area. We have already seen what a difference additional loan financing can make to projects within our area, and we are therefore keen to encourage organisations to think about how a loan from the Growing Places Fund could help them to achieve their ambitions.

The Growing Places Fund is targeted primarily at projects which can repay in three years or less to facilitate further recycling, although longer payback periods may be considered. The LEP welcomes a wide range of projects, including those that:

- facilitate drivers of growth, e.g. through loans for SMEs to start up and grow
- provide new office, training and general employment space
- support access works to unlock commercial or mixed-used developments
- provide site servicing to support the creation of new employment space

Two of these successful projects were cited in Government's annual progress report¹⁹ on the Growing Places Fund: the Huntingdon West Link Road, which has opened up 3,000 sq m of industrial floor space and 100 housing units; and development of 11.8 hectares of land at Haverhill to provide 150 new homes and, in subsequent phases, an innovation centre, community facilities and a Research Park.

"Growing Places Funding allowed us to complete a key element of infrastructure (at Haverhill Research Park) earlier than would have otherwise been possible. We couldn't have got this far without the foresight and willingness of partners to back us and we will now be moving ahead with the marketing of the park as a whole."

Nic Rumsey, Director, Carisbrooke Developments

Other successful commercial projects supported by the first round of funding included the Future Business Centre in Cambridge, Delamore Fenland Horticulture Academy near Wisbech and Oakham Enterprise Park.

¹⁹ The Growing Places Fund: Investing in Infrastructure. Department for Communities and Local Government, November 2013

“We are extremely happy with the process that we undertook and are very grateful to the LEP for their help and professional approach to the (Fenland Horticulture Academy) project. We would certainly be encouraged to engage further with the LEP and our other partners in the future and we look forward to the continued success of the project.”

Wayne Eady, Managing Director Delamore

A second round of projects is set to benefit from £5 million of recycled funding, creating scope for further investment and leverage and the potential to unlock around 4,000 jobs across the LEP area. This call has been oversubscribed, demonstrating a clear demand for this type of market intervention and the effectiveness of these loans as a weapon in our armoury for engaging with local businesses. Moreover, the flexibility of the fund means it can deliver a range of growth-related outputs, from construction of new-build innovation units to unlocking sites for housing growth.

“To turn our vision for the Future Business Centre into reality we worked with a range of partners to get the funding we need in place. Growing Places Funding was an important part of this equation, helping us to lever in additional funds and make this vision become a reality. We already have over 60% of the space let, have a steady stream of enquiries for the remaining space and meeting rooms, and are excited about the future.”

Dr Martin Clark, Deputy Chief Executive, Future Business

We have demonstrated that this is an approach that works, and having received considerable interest from in local businesses in bidding for recycled funds in our second round. We are keen to secure an additional £5 million from the Local Growth Fund to build on the success already achieved with the Growing Places Fund in the GCGP area and to enable a third round of bids to be secured sooner rather than later.

Cluster Development

Within GCGP we have the extraordinarily successful ‘Cambridge Network’ cluster approach for high tech businesses (including bio-tech), and One Nucleus for life sciences and healthcare companies. The LEP has also supported, with the help of private funding, the creation of an Agri-Tech cluster organisation, which is being mentored through its start-up phase by one of Cambridge’s premier Networking Organisations.

This model works and is a unique offer for GCGP in driving forward innovation and growth. This product seeks to promote the types of networking/agglomeration effects seen in the bio-tech industry to other sectors. The networking products and opportunities are needed to extend the reach of incubation and innovation start-ups and wider collaborations between businesses.

There are real opportunities to harness the combined research excellence of another growth sector supporting and increasing the application of world-class science into businesses. It is

hoped that this will deliver great advances in efficiency and productivity within that chosen sector.

A 'networking' intervention product also links to our proposal for a Commercial Space funding mechanism, by offering opportunities to extend the reach of incubation and innovation start-up centres, and also links to our proposals under the Enterprise Zone for creating the space for academia and business to engage together.

The LEP has the benefit of the UK's only integrated multi-discipline research and teaching centre for manufacture, the Institute of Manufacturing, located at the University of Cambridge. We propose to develop a product to work with the IoM, MAS and the growth accelerator programme to expand capabilities in the supply chain/ downstream manufacture, including the capture of local 'D' of R&D.

Agri-Tech cluster and growth

Agri-Tech is a multi-faceted sector. It includes agricultural research, seeds, agrochemicals, machinery, engineering and other inputs across arable and livestock agriculture, horticulture and food processing, packaging and retailing.

The Eastern Agri-Tech Growth Initiative is a £3.2m scheme designed to provide a significant boost to the agriculture and food production industry in the Eastern Region (The funding has come from round 4 of the Government's Regional Growth Fund). The scheme will invest in the development and commercialisation of agricultural research and development, SME and supply chain development generating employment, and essential skills development.

"Agriculture is a technical industry, utilising IT to improve efficiency and maximise productivity in a sustainable way. The average age of a farmer is 59 and we need to encourage the brightest and forward thinking entrepreneurs, scientists, scientists and operators to work at all levels in the sector and allied businesses."

NFU

The Eastern England Agri-Tech Growth Initiative brings together leading agriculture, research, science and technology assets in the East of England to strengthen a nationally significant, vibrant new cluster that can bring a truly global reach and impetus to the emerging UK Agri-Tech sector. This cluster is bringing together the research organisations, farmers and processors and will work with the LEP to support growth in this sector. Through private sector support the cluster has now appointed its own CEO. For the first time the "Cereals 2014" exhibition and business event will be held in the GCGP area, attracting more than 22,000 visitors. We are already exploring the potential to host an international Agri-Tech conference in 2015 and will look to identify key strategic interventions over the next five years.

The Eastern Agri-Tech Growth Initiative aims to support 365 local jobs (create 294 jobs and protect 71 jobs) between January 2014 and March 2018.

The scheme is managed by Greater Cambridge Greater Peterborough Enterprise Partnership (GCGP) and is delivered in partnership with Cambridgeshire County Council (the Accountable body), New Anglia Local Enterprise Partnership and Norfolk County Council.

The Eastern Agri-Tech Growth Initiative is supported by the Gatsby Foundation, the Food Farming and Rural Economy Board, the National Institute of Agriculture and Botany, the John Innes Centre and Sainsbury Laboratory and promoted via the Local Enterprise Partnership network.

By integrating with a wide range of national and local programmes from the public and private sector, including the £70 million Agri-Tech Catalyst scheme from the Technology Strategy Board and the Grants4Growth scheme, the Eastern Agri-Tech Growth Initiative supports the aims and objectives of both the GCGP and New Anglia LEP and Central Government in terms of jobs creation and economic growth.

The launch of our Eastern Agri-Tech Growth Initiative has generated a lot of interest from businesses (and agricultural intermediaries) particularly in the areas of crop bioscience (roots and tubers, cereals, fresh produce), engineering (hardware and systems) and ICT-based systems (including informatics).

“Agriculture and horticulture face the challenge of producing more food, in a sustainable way, to support a growing local and global population. Converting research and development findings into practical solutions in the field are required. The NFU welcomes the UK Agri-Tech Strategy and GCGP’s commitment to support the initiative. Further business development programmes will be required which the LEP has recognised.”

NFU

The Eastern Agri-Tech Growth Initiative is seen as a critical component of developing the emerging Eastern England Agri-Tech Cluster, which in turn has been created to help demonstrate and build critical mass for the Agricultural Technologies sector in eastern England and enable the Cluster to become a global innovation hub for 21st Century agriculture.

“We are pleased that the LEP has recognised the huge potential that Agri-Tech has to build on the excellent farming, research and processing activities in our area to be a leading growth sector. The LEP’s Eastern Agri-Tech Initiative, with its establishment of an Innovation Centre and grants for business together with the creation of a new Agri-Tech “cluster” are a helpful start.”

John Shropshire, CEO, G’s Fresh Ltd

We are developing a growing pipeline of potential investment projects which are seeking financial support from our Growth and R&D Funds. The intervention rates for our Growth and R&D Funds are 25% and 50% respectively. The grants on offer from our Growth Fund equates to £5,500 per job created and/protected. The Eastern Agri-Tech programme is due to end in March 2015. The table below shows the current level of take up.

Enquiries To Date	No of Pre-Qualification Questionnaires Received to Date	No of Eligible Applicants Invited to Apply	Applications Received for Growth Fund	Applications Received for R & D Fund
63	22	21	1	1

We are promoting the Eastern Agri-Tech Growth Initiative through a combination of direct marketing activities and using our network of local authority economic development teams, business consultants, and other key intermediaries. We have also attended Agri-Tech related events and will attend others as suitable opportunities arise.

By building on the work that our Eastern Agri-Tech Growth Initiative has started, we believe that for an additional £3.2m of Government funding, we could lever in the equivalent from private sector sources. On the assumption that we operated a similar funding split between Growth (£2.5m) and R&D (£500k) projects, using the same ratio model of £5,500 per job created/protected (which was accepted and approved for our Regional Growth Fund bid), we could deliver approximately 450 jobs (including apprenticeship positions) under the Growth banner and 40 jobs under R&D (on the basis that R&D positions attracted higher salaries) per annum. Part of the total funding allocation (approx. £200k would be needed to cover programme management and other delivery costs).

Digital growth support

The Growth Hub will also link to our work on the Digital cluster. As set out in the chapter on digital agenda, the Digital Growth programme will enable business to recognise and identify the benefit of digital technology and the wider infrastructure has to offer. The Hub will provide one to one support with a digital specialist alongside a coordinated programme of events and specialist workshops that highlight the opportunities digital technology offers business. This product seeks to improve innovation and use of technology within business to improve its value thereby supporting job security and job growth.

“As a regional centre of excellence, St John’s also understands the importance of fostering innovation and applying ideas created around Cambridge and Peterborough. Supporting the digital agenda, and harnessing its full benefit locally, would have a significant positive impact on both the local economy and the international reputation of our area.” David Gill from St John’s Innovation Centre

Innovation / Incubation Space Management

GCGP is a world renowned location for innovation with presence of angel investors, legal and financial support and networks. We have a strong platform for growth but this could be significantly improved if we commercialised more innovation across a wider range of sectors to commercialisation and supported the development of that innovation locally. Through the Growth Hub GCGP would seek to maximise the use of new / existing innovation space through a managed and proactive approach to Start-Up, commercialisation and Grow on ensuring that at each stage in the life-cycle of the business, the most appropriate form of business location is adopted releasing incubator space for new start-ups. This links to our investment in new Incubation and Innovation space.

“Our facilities are full and we have a backlog of companies wishing to relocate here, whilst also having companies already here who wish to expand their operations.” Prof Derek Jones from Babraham Research Campus

Innovation Readiness

There is an opportunity to boost new businesses ‘access readiness’ for investment through the Growth Hub approach, which would provide co-ordinated support to our target business sectors. It is not a generic business support approach. We are looking to align this product with our negotiations over the outputs required from the Growth Accelerator and Manufacturing Advice Service opt-ins, link into the provision of specialist European advice service already funded by the LEP, and Government support for STEM related development.

To support take up, we propose to support Innovation Vouchers - allowing companies to purchase expertise at reduced cost from our Universities to access specialist facilities, mentoring, internships and consultancy or a combination of the above. These vouchers would act as a bridge for companies to connect with the wealth of expertise and facilities available from our rich university research base including access to commercial research, consultancy projects and premises for hire.

Inward Investment

We have seen, with AstraZeneca’s decision this year to announce the relocation of its research operations and head office to Cambridge, the draw that our area has for international companies. In addition Peterborough continues to attract international businesses in its sectors. However it would be complacent to assume we were doing enough and there is evidence that we are not presenting a clearly articulated package that will allow our area the best chance of ensuring it brings in new international businesses in addition to facilitating innovation and growth in home grown companies.

It has already been noted that as well as being an area that generates world leading ideas we need to be an area that develops and manufactures the products that flow out of this. Often we see our technologies taken offshore for development. One approach to improving this is to ensure we present a compelling case for international businesses to locating in our area to carry out this development.

Whilst our local authorities have done good work, with Peterborough being particularly effective, there is currently no coordinated package. We see the Growth Hub as having the potential to work with partners to provide a clear inward investment offer and support service to potential companies interested in moving into the UK. It is recognised that our diverse area has differing offers for different sectors and the work done with UKTI to best present our Enterprise Zone has made it clear that we need to be focussed and targeted.

We have already commissioned independent work on the attractiveness of the area to international businesses that will take place next year and want to be able to build on that to improve and focus our work.

Partnerships and Funding

The GCGP has a complex and 'messy' geography which covers 13 Local Authorities, a series of both county-wide and locally based Chambers of Commerce and an Economic Development Company – Opportunity Peterborough. Each Chamber has a separate and distinct offer: both Suffolk and Cambridgeshire with a focus on international trade and exports; Rutland (covered by Leicestershire Chamber) offering a Business Resource Centre and signposting to key products such as Venture Navigator; and with local chambers such as Haverhill and Bury St Edmunds acting as a voice for local business and providing start and grow information.

Other key partners include:

- University of Cambridge
- Anglia Ruskin University
- Institute of Manufacturing

The management of the Growth Hub will be led by GCGP with the support of an operational advisory group with key representatives of Universities, business organisations including the Chambers of Commerce and national representatives. This advisory board will provide a strategic overview of the range of business growth programmes to be delivered across the GCGP area and will be accountable to the LEP Board.

The Bid is for £3.2m revenue over three years, £8m capital.

£500k per annum to establish the Hub and cover core delivery:

- a core team of five Growth Hub staff, responsible for development of the referral and delivery network, handling of enquiries; run an IT and telephone based service to diagnose client needs, Hub events, and monitoring impacts;
- development and maintenance of the website;
- Hub's launch event;
- a bidding team responsible for securing external funds to enhance the Hub offer.

£500k to develop and deliver the bespoke Products and services referred to above.

£3.2m for the Agri-Tech cluster and Growth Initiative

£5m for an extension of Growing Places Fund

Monitoring

A monitoring framework will be established to measure the increased economic performance, new and safeguarded jobs and investment leverage.

The Growth Hub outputs will be to:

- Provide at least 12 hours of support to 800 businesses to improve their performance
- Provide assistance to 150 individuals who wish to start a growth business
- Secure or safeguard 200 jobs.
- Lever £2m in public and private sector investment

The Agri-Tech outputs will be to:

- Create 2940 jobs

The Growing Places outputs will be:

- Create 18,000 jobs

vi) ALCONBURY WEALD ENTERPRISE CAMPUS

- Taking forward the momentum of development on the site, including physical and social infrastructure, through a mix of financial investment
- Help cement the core vision of the Enterprise Campus by attracting high technology businesses as 'early adopters' of the site
- Enterprise Campus is a priority location within the other Intervention Packages

The Alconbury Weald site at 575 hectares is the largest brownfield site in the south of England in single ownership. The development of the site will deliver high quality employment space with associated housing and community facilities and will, over time, bring with it significant infrastructure improvements by the provision of a new railway station on the East Coast Mainline and an extension of the Cambridgeshire Guided Bus to the site. Enterprise Zone designation was awarded in August 2011 to 150 hectares over three sites within the overall development with potential for 8,000 new jobs to be created. The owners and developers, Urban&Civic, have an exceptional track record in creating new and sustainable business locations including Stockley Park (Heathrow), Stratford City, Paddington Basin, Merry Hill (Midlands) and Westfield London.

The Enterprise Campus has the scale, strategic location, and excellent communications links to provide for the grow-on needs of the Cambridge-based clusters, and to draw the Peterborough and Cambridge economies closer together. It has the potential to draw in businesses who may otherwise locate elsewhere in Europe due to the lack of availability of large-scale development space close to Cambridge, and businesses looking for grow-on space.

At the core of the Enterprise Zone is our desire is to help strengthen the manufacturing base across the LEP area by bridging the gap between research parks and commercially viable manufacturing space. In particular, to encourage second and third phase ideas being worked upon by our scientists, academics and entrepreneurs, to be taken into local production rather than lost overseas. This approach has delivered early results in that the new tenants already taken up occupancy on the Campus are doing exactly that: using the flexible space on site to develop and commercialise low carbon products and processes including the recycling of plastic laminates (Enval), transporting freight by magnetic propulsion (Mole solutions) and developing components to reduce use and waste of water (Aquavent). Potential tenants in discussion about locating to the site also reflect the target sectors of manufacturing, advanced engineering and low carbon technologies. 238 jobs have been created on the site.

In just two years Urban and Civic have invested, without recourse to public funding, over £6 million in creating a new construction entrance for the development and an aspirational Campus entrance lined with mature lime trees, leading to the flagship £2.3m incubator building. This building provides 15,000 sq ft, for start-up businesses and was released for occupation in January 2014.

Local access to jobs have always been a feature of the EZ business plan and Urban& Civic have begun work on the creation of a jobs academy for the EZ, and the broader Alconbury Weald site, linked to DWP objectives and have a track record of creating and promoting these academies. The EZ is immediately adjacent to one of the most deprived wards in the LEP area. By working with local schools and the College and delivering specific training opportunities on site, new educational and employment opportunities will be created.

Second Phase Delivery

The LEP has been in discussion with the developers to identify areas of investment which could help further unlock the potential of the site, and overcome barriers to businesses wanting to move into this location in the short term. We are also in discussion with a number of companies looking to access the Innovation strand of our Draft European Structural and Investment Fund strategy. As the vision for the site is to transform it into a location for grow-on and high technology firms, it is important to create the right conditions to attract those businesses, rather than general location for businesses. As well as the developers own expertise, we can input the unique perspective of what it takes to make a successful science park from the Cambridge experience. To this end the LEP has worked through its Science, Industry and Innovation Council to both promote the EZ to research and technology businesses but also to understand the needs of business. Areas for investment include:

- Bringing forward additional investment in creating serviceable plots (during 2014) which minimise the perceived risks to businesses and delays in new build
- Developing additional areas/buildings (during 2015) which create continued momentum at a time when banks and businesses are nervous of investing and share the risks across the developers, the partners and the businesses
- Cement the shared vision for the potential of this site at the start of its transformation: this includes road access, digital and service infrastructure, branding
- Assist in attracting high technology businesses as ‘early adopters’ of the site, who need the confidence to buy into the future vision of the Campus
- Investing in the high quality business networking and shared amenity space which creates a real sense of community among businesses on site and connects businesses across the local area with the dynamism and profile of the Campus
- Provide onsite interface between Academia, Research and Technology which is a hallmark of Cambridge’s successful technology parks, including a Technical & Vocational Centre (it is intended that this latter element will be supported from the Local Growth Fund – drawing upon the F.E. Capital contribution)

Working in Partnership

Principles of leveraging investment into Alconbury Campus:

- The existing investment strategy for Alconbury Campus comes in the form of long term private sector investment from GI Partners
- Urban&Civic are in a strong position to take on loans from Government to expedite spend which would have occurred later in the development. Those loans allow earlier and longer-profiled spend which can be balanced against the future programmed spend for that work. Therefore they offer pure acceleration of planned work to bring forward earlier building options
- Urban&Civic can take on grants for specific shorter term spends, where this brings forward facilities which offer a greater benefit to the wider area: maximising the profile, investment and connections of the Campus development into the wider economic area. This can also include funding via the European Structural and Investment Fund strategy

These principles enable the LEP’s funding choices to work with the strengths of the site’s private sector investors and prioritise investment of public money where it can have maximum impact and widest benefit across the LEP area.

THE IMPORTANCE OF HOUSING TO THE STRATEGIC ECONOMIC PLAN

Introduction

The GCGP area is forecast to experience significant population growth over the next twenty years. For large parts of the area this represents a continuation of past trends; for example, population growth in Cambridgeshire from the 2001 Census to 2011 was faster than in any other English County. Additionally, Peterborough saw the largest population growth nationally of any city over the past year²⁰.

All parts of the GCGP area have a good understanding of their development needs and are planning for levels of housing and jobs to accommodate future economic growth. Further details are provided below.

However, ensuring that the necessary infrastructure is provided, in particular the transport interventions sought through the SEP, is critical to overcome existing infrastructure deficits related to where people live and work. This will enable future housing and jobs growth to be accommodated in a way that will allow the efficient and effective movement of goods and people.

Recent Housing Activity

The GCGP area's economic strengths and related population growth have led to significant and continued pressure for growth over recent times. Over a ten year period from 2002 to 2012 just under 66,000 additional homes were built across the area. This represents some 89% of the challenging growth targets included in the former East of England Plan (the Regional Spatial Strategy). This is a good achievement bearing in mind that these higher than previous targets were adopted in 2008 and applied retrospectively; and due to the slowdown in house building activity as a result of the recession.

Looking at strategic development locations, the area will see a significant uplift in economic activity and population through the new Enterprise Zone on the former Alconbury Airfield. The increased population resulting from the creation of some 8,000 additional jobs will require a balanced and carefully planned approach to housing. Ensuring sustainable travel choices are available is vital with the strategic scale of development anticipated at the Enterprise Zone. Key strategic elements could include a new rail station at Alconbury and links to the Cambridgeshire Guided Busway.

Major urban extensions to Cambridge and the new town of Northstowe are now coming forward. Cambridge University is planning a strategic expansion area to the north-west of the city, while the Addenbrookes biomedical campus has enhanced the institution's international reputation. Urban capacity within Cambridge will be an important source of future development opportunities. This includes expanded employment opportunities around the proposed new Science Park rail station to the north of the city. Peterborough continues to implement a significant growth strategy through urban extensions, development at district centres and major city centre regeneration.

King's Lynn as the key economic driver for a significant rural sub-region is the main employment, retail and cultural centre to the north-east of the area. It will provide for over 7,000 new homes through the regeneration of brownfield land and urban expansion, facilitating at least 3,000 new jobs in existing and new employment areas to the east and south of the town and through a

²⁰ *Cities Outlook 2014*, Centre for Cities.

major extension to the town centre. To the south of the area, strategic employment land has been allocated close to Stansted airport to build on this highly accessible location at the junction of the M11, A120, main line rail and international airport.

Planning for Future Housing Growth

To create the right conditions for the new housing to be built it is essential that local authorities put in place up-to-date plans which provide sufficient land in the right locations to meet future needs. The area has a good track record of planning for future growth and many of the local planning authorities within the GCGP area are currently preparing local plan reviews to update their development strategies to 2031 or beyond.

A large part of the area is made of the Cambridge Housing Market Area, which comprises all the Cambridgeshire and west Suffolk districts. These authorities have aligned preparation of their local plans and collaborated in preparing evidence of the future levels of housing needed to support population and economic growth. The output of this collaboration is a 'Memorandum of Co-operation', which sets out the agreement to the levels of growth required. This amounts to some 93,000 additional houses across the market area between 2011 and 2031.

Taking existing and emerging plans together, around 156,000 additional homes are planned across the GCGP area as a whole over the next 20 years. This represents an ambitious target as it amounts to 7,800 homes a year up to 2031. In only one year since 2002 has this number of homes been built.

This level of planned housing growth exceeds national household projections over the same period by 10,000²¹. The levels of growth included in development plans across the constituent authorities in the LEP area are set out in the table below.

District	Local period	Plan	Proposed Adoption date	Adopted/Emerging Housing Numbers (2011-31 unless stated)	How Many Homes (2011-31)
Cambridge	2011-31		Spring-15	14,000	9,358
East Cambridgeshire	2011-31		Summer-14	11,500	12,353
Fenland	2011-31		Spring-14	11,000	13,410
Forest Heath	2012-31		Autumn-14	7,000	7,168
Huntingdonshire	2011-31/36		Spring-15	17,000/ 21,000 (2011-36)	16,209
King Lynn & West Norfolk	2011-26			16,500 (2001-21, RSS)	15,278
North Hertfordshire	2011-31		Not set	10,700: last consulted figure	13,783
Peterborough	2009-26			24,450 (2011-26)	17,639
Rutland	2010-26			3000 (2006-26; RSS); 1,919 2010-26	3,603

²¹ The 'How Many Homes' website sets out 2008 ONS household projections for 2011-31, the most recent set of national forecasts that cover the same 20 year period as local plans.

District	Local period	Plan	Proposed Adoption date	Adopted/Emerging Housing Numbers (2011-31 unless stated)	How Many Homes (2011-31)
South Cambridgeshire	2011-31		Summer-15	19,000	18,207
St Edmundsbury	2008-31			11,000	10,999
Uttlesford	2013-2028		Spring-15	10,460	8,020
GCGP Total				156,610	146,027

As can be seen, the area has ambitious plans coming forward or in place to address the anticipated housing needs of the future population, which are essential to help drive economic growth.

Supporting Housing Delivery

At present there are 33,000 unbuilt houses with planning permission across the area. Local housing trajectories forecast that over 8,000 homes will be built in 2015/16, the initial period covered by the Single Local Growth Fund.

Local partners have acted where intervention has been necessary to ensure much-needed housing is built. For example, some 4,000 houses are planned at the Cambridge southern fringe. In 2009 one of the largest sites, Clay Farm, was stalled by the recession and the up-front costs of site preparation. Local partners entered into an innovative equity loan deal with the developer, Countryside Properties, which saw £8m loaned to enable development to begin. The local authorities will see this money returned with an additional profit share to reinvest in local growth and infrastructure.

More recently, the area has committed £100m of partner funding to upgrades to the A14. This is critical not only to improve the movement of goods on this major route, but also to facilitate a number of strategic development sites, including the 10,000 house new settlement of Northstowe.

Additionally through its Growing Places Fund GCGP have supported schemes that enable housing delivery. For example, Haverhill Research Park where access was provided to land that enabled the future development of 150 houses. In addition, funding is being provided to support housing development at Northstowe, the largest single housing development in the LEP area.

With the present economic recovery and the relative strength of the economy within the GCGP area, the LEP and its local partners do not consider there is a need for specific market interventions of the type described above, which were necessary at the height of the recession. However, it is essential that the levels of housing growth seen in recent years and planned for the future are supported by the necessary infrastructure. Experience and evidence indicates that this cannot be provided solely by developers and there is a proper role for public funding to contribute towards infrastructure provision, particularly transport.

Therefore, while housing is not identified as a separate theme in the SEP, it has a central relationship with those that are included. In particular, the transport interventions sought through the SEP are critical to overcome existing infrastructure deficits related to where people

live and work; and they will enable future housing and jobs growth to be accommodated in a way that will allow the efficient and effective movement of goods and people.

In addition, supporting delivery of the Enterprise Zone at Alconbury Weald and other new commercial floorspace is essential to ensure housing and jobs are provided together across the area. Better matching of skills to business needs will ensure the workforce that is housed in the area in future is well-prepared (including the necessary construction skills and capacity to build the planned housing); while digital connectivity will enable new homes as well as business space to provide better and more effective working environments.

There are, therefore, important links between housing the anticipated future population and the interventions identified in the SEP. Each of the areas of intervention are central to ensuring proper integration between where people live and work, with the right supporting infrastructure. Individual projects listed in this document include information about how many jobs and homes they will help to deliver.

Housing Challenges

Affordability

The spatial scale of the GCGP area means that it encompasses a range of different housing sub-markets. However, housing affordability is a significant challenge to a greater or lesser extent across the whole area. Average house prices are now around nine times the average income in the least affordable locations, and five times the average income in the most affordable. Average house prices range from £394,000 in Cambridge to £157,000 in Fenland.

As already identified, the local authorities' development plans include ambitious levels of growth that will fully meet future population levels. The critical issue to address, therefore, is ensuring the right mix of houses to meet particular needs in different localities.

Affordability is a particular challenge in the Greater Cambridge area: average house prices in Cambridge have increased by 50% in the last eight years²². The Greater Cambridge City Deal seeks freedoms and flexibilities to enable delivery of 33,000 planned houses and supporting infrastructure. The Deal originally also identified innovative approaches to delivering more affordable housing. However, government has indicated that these proposals should instead be pursued through the SEP in relation to the increase of up to £300m of Housing Revenue borrowing capacity.

The relevant local authorities, Cambridge City Council and South Cambridgeshire District Council together with the LEP, are engaged in discussions with DCLG about how additional borrowing capacity through the HRCA might best be deployed to provide more affordable housing for the greater Cambridge area.

Role of the Homes and Communities Agency

The HCA has a critical role in supporting housing growth across the LEP area. This has tended to focus most on strategic sites in which the Agency has an interest on behalf of government, notably Northstowe. While there are good reasons for this, the area would benefit from a more proactive engagement by the HCA to help address housing and affordable housing delivery more

²² Data from Hometrack, 2004-12.

generally, in support of the government's objective of promoting economic growth. This could include, for example, a greater recognition of particular challenges in certain areas and a more flexible response. A good example is the affordability of local rent levels and where these are set through the recently introduced 'affordable rent' housing model.

How the SEP will maximise housing delivery through its offer

Market conditions, land prices and viability vary widely across the LEP area. However, the area as a whole has proved relatively resilient to the economic downturn. With a strong plan-led development strategy in the process of being updated, it is expected that the market will respond. Major challenges remain, however, in terms of providing supporting infrastructure and appropriate levels of affordable housing – issues which are addressed in part through this SEP.

Individual projects proposed by the LEP and its partners could, directly or indirectly, facilitate the delivery of a significant number of new homes, as well as supporting growth strategies more generally.

Conclusions

Provision of sufficient housing of the right type in the right locations is critical to the continued economic success of the GCGP area. The SEP submitted to government includes a range of intervention packages that will help support housing delivery, whether directly or indirectly. However, greater clarity from government about its housing 'offer' and a more proactive role for the HCA would assist the LEP and its partners in achieving their delivery objectives.

SECTION 2: SUPPORTING EVIDENCE

KEY CHARACTERISTICS OF THE LEP AREA

DIVERSE ECONOMY

The area's diverse economy has national and international strengths in Information and Communications Technologies (ICT), creative industries, bio-medical, low carbon and environmental goods, high value engineering and manufacturing sectors:

- **Biotech and life sciences:** A cluster of nearly 300 companies including Napp Pharmaceuticals, Amgen, Bepak, Nestor and Medimmune. The presence of Addenbrooke's, an internationally renowned NHS Trust university teaching hospital, further strengthens and supports the cluster, as does the Cambridge BioMedical Campus, home of the new Medical Research Council Laboratory of Molecular Biology, Cancer Research UK and GlaxoSmithKline. Astra Zeneca will also be moving its global HQ and main UK research facility there in 2016, with the creation of more than 2,000 jobs.
- **ICT and telecommunications:** Rooted in the LEP area's internationally significant ICT, software and telecoms cluster employing nearly 50,000 individuals. Key businesses include ARM, the world's premier semiconductor IP supplier and Autonomy, a University of Cambridge spin-out formerly (before being acquired by Hewlett Packard) the second largest pure software company in Europe.
- **Low carbon environmental goods and services:** Where Peterborough is home to 335 companies and organisations with 6,000 jobs and a £600m turnover that anchors a much broader sector of firms and capabilities across the area.
- **Manufacturing, engineering and processing:** The LEP area hosts engineering firms with a global presence, such as Perkins which for 75 years has led the field in the design and manufacture of high performance diesel engines; BAe Systems; and Marshall Aerospace, one of Europe's leading aerospace companies with extensive experience in aircraft design, aircraft manufacture and aircraft maintenance. There are also strong capabilities along the A1 corridor from Huntingdon and in Kings Lynn.
- **Agriculture, food and drink:** The LEP is home to a strong and fast-evolving food processing and agribusiness sector. Inward investment from across Europe is achieving ground breaking initiatives in food technology. Key businesses include British Sugar, Premier Foods, Nestlé Purina, Bakkavor, and Produce World Group, all UK market leaders. A world renowned equine industry is located around Newmarket.
- **Logistics:** Building on Peterborough's strengths as a value added logistics hub, the LEP area is home to a range of nationally important logistics operators including IKEA, Amazon, Tesco and Debenhams.

CASE STUDY: British Sugar

The largest and most efficient sugar beet processing factory in the world is located in Wixington, West Norfolk. It hosts the first industrial scale bio-ethanol fuel manufacturing plant in the UK, using waste heat and CO2 to grow one fifth of the UK's commercial tomato crop.



- **Water and energy:** Operating in the driest region in the country both Anglian Water, Britain's largest water and waste utility with over 5m customers, and Cambridge Water companies are sector leaders and there is a strong R&D and commercial presence in the cities; with significant bio-renewables production companies across the rural economy.
- **Creative industries:** Technology-based creative companies turn over more than £1billion per annum in the area. The key sub-sectors demonstrating significant national growth (publishing, software and computer gaming) are also the LEP area's most established creative industry clusters. Ten per cent of the UK's computer games developers are within five miles of Cambridge city centre. Key businesses include: Bauer Media, Cambridge University Press, the BAFTA-winning Sony Computer Entertainment's Cambridge Studio, Supreme Being (urban fashion) and Jagex whose 'RuneScape' is the world's most popular, free massively multiplayer online role-playing game. The LEP area is also home to a high level of international arts and cultural activity, corresponding to the international profile of local industry and business
- **Visitor economy:** More than 20 million visitors come each year to our distinctive heritage attractions such as Cambridge, Ely, Bury St Edmunds and Peterborough, horse racing at Newmarket, the Imperial War Museum at Duxford, and our rural habitats, such as Wicken Fen, Great Fen and Rutland Water, our Fenland waterways and the North Norfolk Coast.

Based on a strong track record and an international reputation for excellence and technological innovation, research and development is a major driver of the local and national economy with considerable potential to grow further and to build on future opportunities for market application of technology. The 'eight great technologies' identified in the Government's Industrial Strategy are all component parts of the LEP area's smart specialisation in innovation.

The LEP Network (2012) report *Creating Successful Local Economies: Review of Local Enterprise Partnership area economies* in 2012 looked at LEP areas with consistently high economic output per capita and strong historic growth rates. LEP area was placed among the 10 top-performers. Indicators that contributed to its position included: GVA per head (using Cambridgeshire and Peterborough as "proxy" for LEP area) at £21,700 (current basic prices) in 2009, this ranked it 9th; innovation indicator (patents per 100,000 residents, 2007) – LEP was top ranked of all the LEP areas; share of employment in the knowledge economy and high & medium technology manufacturing (9th); and business formation and creative destruction: churn rate (7th).

The LEP area is home to a high level of international arts and cultural activity, corresponding to the international profile of local industry and business. Touring companies regularly deliver performances across the world, artifacts are loaned to major global cultural institutions, and venues host a wealth of international exhibitions, residences and performances. However, the value of investment in the innovation and creativity of the expanding hi-tech sector in particular, so fundamental to their brands and growth strategies, could be deepened and enriched by targeted investment in leading arts and cultural organisations. More broadly the ability to stage regular cultural events of international quality has a documented economic impact both short and longer term.

SPATIAL AREA

The LEP area comprises Rutland Unitary Authority (UA), Peterborough UA, Cambridgeshire County (with its five lower tier local authorities – Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, and South Cambridgeshire) which are solely in this LEP area; together with five

lower tier local authorities that overlap other LEP areas: King’s Lynn & West Norfolk, Forest Heath and St Edmundsbury (overlap New Anglia LEP); Uttlesford (South East LEP); and North Hertfordshire (Hertfordshire LEP). The members that overlap other LEP areas account for 48 per cent by area, and 38 per cent by population of LEP.²³

LEP is the sixth largest LEP by area, at some 7250 sq. km. It is in the least densely populated quartile of LEP areas, and in population terms, ranks 17th, with a population of 1,371,289 (2011 Census).

The two cities, Peterborough and Cambridge, are major employment centres, providing 31 per cent of all LEP area employment on a workplace basis. Both cities support jobs for residents that live in surrounding districts, who commute in. Taking the balance of net in- and out- commuting, both cities combined attract 48,000 more in-commuters than out-commuters. 69 per cent of employment is not in the two main urban centres. Local economies have their own characteristics, challenges and opportunities.

Map of Greater Cambridge Greater Peterborough



²³ In this analysis, all figures are for the LEP geography of these twelve UALAD (unitary authorities/ local authority districts), except where not available. Where data is available only for UA / County (Rutland, Peterborough and Cambridgeshire) or NUTS3 areas (Peterborough and Cambridgeshire) this is clearly identified.

Key Routes



OPPORTUNITIES AND CHALLENGES – AN OVERVIEW

The LEP area is extremely diverse, with city, country and coastal communities, global to local businesses, a varied economic base, set across different landscapes. Socio-economically, the remote rurality of parts of the Fens and the north/east of the area contrasts with the relative affluence of South Cambridgeshire, Uttlesford and North Hertfordshire. Pockets of deprivation exist across the LEP area.

Spatially, the LEP area consists of two compact cities and a network of market towns, set within the most productive countryside of the UK. Large parts of our countryside are of the highest environmental importance, with significant parts protected at the national and European level. Part of the area is coastal, and significant areas are defended from tidal or river flooding. Currently, there are just under 63,000 businesses (local units), the majority being small or medium-sized employers, contributing over £30 billion to the national economy.

The LEP area faces significant challenges and opportunities. Major long-term challenges relate to infrastructural constraints (such as transport and housing) and provision for the workforce needs of business, which are both regarded as inadequate to support sustainable economic growth. The carrying capacity of the environment is being stressed for example: water supply is over-abstracted; almost no spare capacity in utilities; vulnerable to flood risk; there are significant challenges of climate change adaptation.

Agglomeration effects have also served to concentrate growth in certain locations, leaving challenges for areas with a low presence of key growth businesses. This is reflected in the socio-economic characteristics of the area, with a distinctive north/east pattern of higher deprivation, along with pockets across the LEP area. There are complex issues around migration, ranging from movement among the area's high end workforce and potential future non-EU migration.

These long term challenges are also firmly within the context of one of the highest rates of population growth in the UK over the past 20 years. Driven by economic migration, that growth is further expected to continue for the next 20 years. This provides considerable opportunities for further economic growth, as long as barriers to this can be addressed and growth is genuinely sustainable. For example, a recent report by the McKinsey Global Institute indicates that Peterborough has the potential to increase gross domestic product (GDP) by 40 per cent from 2007 to 2025²⁴.

Short-term challenges are mainly concerned with the after-effects of recession and the slow recovery of the UK and Western European economies – and the need to continue to support businesses and residents in adjusting to the new economic landscape and finding new markets/job opportunities. The LEP area also has a number of major assets and capabilities which represent opportunities. These range from the Enterprise Zone at Alconbury and our world-class industrial and technological specialisms and capabilities to the vibrant and successful businesses in the area.

As an Enterprise Partnership, therefore, the LEP takes a two-track approach – one that delivers some immediate stimulus and support for economic growth; and another that invests in the long-term economic growth prospects of the area. Although our own resources are limited, we aim to use them to optimise the beneficial impact on our local economy. Later we provide further details of the opportunities and challenges focused particularly around transport, housing and skills as the core areas included in the Growth Deal guidance.

LOCAL AREA ECONOMIC ANALYSIS

This section provides an analysis of the local economy for the Greater Cambridge Greater Peterborough Area. It focusses on the context, issues and long term economic trends facing the local area and provides the evidence base for the intervention proposals set out in the Strategic Economic Plan.

Economic output

Overall the impact of recession on the LEP area has been less severe than for England as a whole. In 2013, employment was 2.8 per cent above the pre-recession total in 2008, outperforming the 0.9 per cent rise in England over the same time period. Only two LEP areas fared better than LEP on this measure – London and Northamptonshire²⁵.

Industry structure

LEP area's industry structure is differentiated from England²⁶ in the following activities:

²⁴ <http://www.peterboroughtoday.co.uk/news/features/news-features/peterborough-of-the-future-1-2558993>

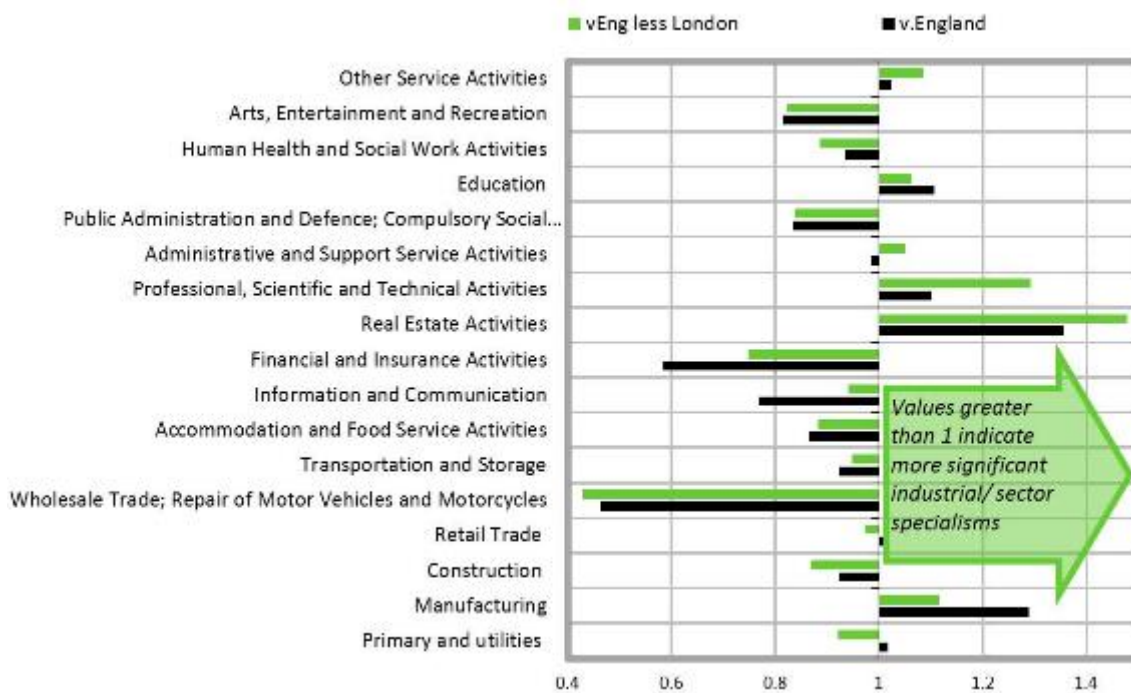
²⁵ Sub-regional employment statistics are from the Annual Population Survey (Workplace Analysis). To increase reliability, full year to **June 2013** is compared to full year to June 2008.

²⁶ A concise way of presenting an area comparison to a benchmark is the Location Quotient (LQ). The share of employees is compared. An LQ of 1.00 means the area's share is the same as for the benchmark; an LQ above 1.00 indicates that the industry is more strongly present, and less than 1.00 that the industry is "under-represented".

- A higher employee concentration in Real Estate (LQ 1.36), Manufacturing (1.29), and Education (1.11)
- A lower employee concentration in Distribution other than Retail (i.e. Warehousing etc) (LQ 0.46); Financial & Insurance (0.58), and Information and Communications (0.77)

Because of London’s dominance in specific activities, it is sometimes more telling to remove it from a comparison benchmark. Differences between LEP area’s structure and “**England without London**” are, LEP area’s **higher employee concentration** in Real Estate (LQ 1.48), Professional Scientific and Technical Activities (1.29), and Manufacturing (1.12); **lower employee concentration** in Distribution other than Retail (i.e. Warehousing, etc.) (LQ 0.43); Financial and Insurance (0.75), and Arts, Entertainment and Recreation (0.82). (Source: BRES 2010)

Industrial specialisms in the Greater Cambridge Greater Peterborough Area – measured by location quotients compared to the England, 2010



Source: BRES 2010

POSITIVE FACTORS



The LEP area economy as a whole has been more resilient in recession than the England average, though with divergent stories at local level. Cambridge and its immediate neighbours have fared relatively well, being hit less hard than nationally, while some northern parts of the LEP area have fared less well.

Over the past decade, the LEP area's fundamental strengths have supported an economic output (GVA) growth rate substantially higher than England, creating output £2bn higher in 2011 than if the LEP area had only matched UK average growth. Total GVA of the LEP area is estimated at approximately £30 billion. A higher-than-England-average economic activity rate, matched with population expansion, put LEP area's workforce growth in the top 10 of LEP areas.

The LEP area as a whole has high rates of labour market participation, and a lower unemployment rate than nationally. Enterprise survival rates are consistently stronger in the LEP area than in England on average.

Job losses in the LEP area over the past two years was in part moderated by new business proprietors. The LEP area had over 5,500 business births in 2012, and while total jobs fell by 4,000 in between 2008 and 2011, more recent data suggest that the fall in employment (employees and working proprietors) has been less than the fall in employee jobs on their own. Over 68 per cent of LEP's businesses (local units) are in the 0-4 employee size band; 52 per cent are rural. Clearly, micro- and small- businesses are significant for the LEP area.

The LEP area is one of the top 10 LEP areas for the share of employment in the knowledge economy and high and medium technology manufacturing. The Greater Cambridge area has a European Commission Award for Excellence in Innovative Regions and is the largest UK cluster of scientific R&D industry employment outside London.

The LEP area has higher than average export potential, based on its industrial structure. Advanced economies are still facing uncertain demand growth in home markets while emerging and developing economies are growing more consistently, so export markets are likely to offer growth opportunities not available at home.

Challenges to economic growth

Travel demand is likely to increase by 40% in the area to 2031 and some key road stretches already suffer severe congestion, notoriously the A14 on the Benelux-east coast ports-Midlands-Ireland axis. The A14 is crucial to planned major development projects such as the new settlement at Northstowe. Other key cross county routes where significant growth is planned and capacity constraints need to be addressed include the A428 (Cambridge to Bedford road), A10 connecting London to Ely and A47 from Norfolk through to Peterborough.

Passenger rail use grew strongly in 2000-2009, with journeys up by 53 per cent, and north/south rail links – to the capital and to St Pancras International for connection with Eurostar – are a competitive advantage. Airports are accessible, with Stansted and Cambridge (both inside the LEP area) and Birmingham rail-linked, and Luton just outside the LEP area.

Broadband availability has been a weakness with four of the LEP's 12 local authorities in the worst 20 per cent of England for the 2Mbit/s broadband target in OFCOM's 2011 broadband maps.

Housing affordability is a particular concern for some parts of the LEP area, and is seen as a constraint on growth. Employers can find it difficult to recruit in competition with areas where employees would be better off elsewhere through lower house prices. While the housing stock across the LEP as a whole increased over the past five years by 4.2 per cent, compared to England 2.7 per cent, in 2011/12 net additions were at 57 per cent of their 2007/08 level (*66% of their 2006/7 level*) as a result of recessionary effects.

Shortage of available and affordable housing within reasonable journey time of key employment centres - has driven unsustainable housing prices (purchase and rental), meaning that many key workers cannot afford to live in, or within reasonable journey times of, our key job sites. For example average house prices in Cambridge have increased 50% in the last 8 years are now around 8.7 times average salary compared to around 6.7 for England (and there is evidence that this increasing trend correlates to the decreasing trend in GVA growth). Housing waiting lists across the City Deal area exceed 11,000 people. Population growth in Cambridgeshire from the 2001 census to 2011 was faster than in any other English County.

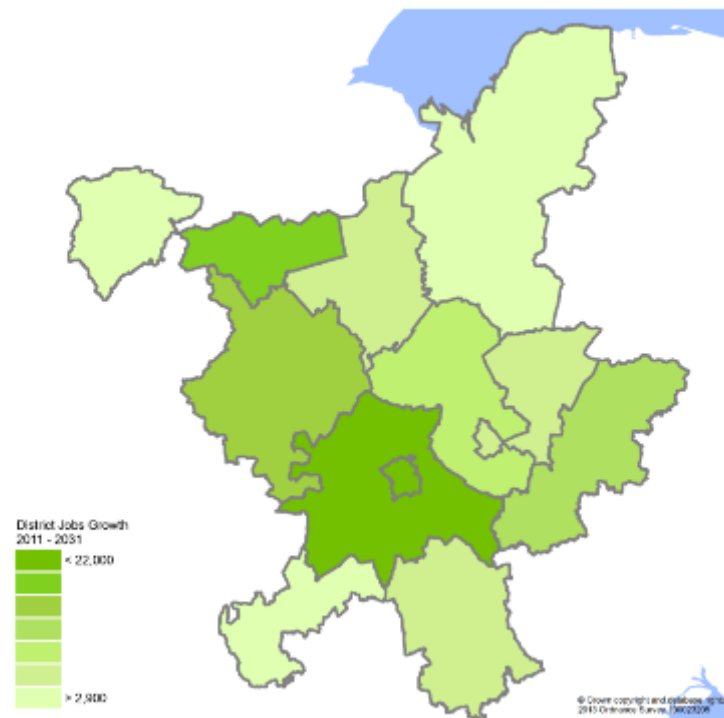
The impact of all this is to suppress demand and build inefficiency into the economic landscape, making it harder for firms to recruit and retain staff and to access markets. In the specific case of Greater Cambridge it competes with Silicon Valley, Boston, Bangalore, Berlin and Singapore but is smaller and more constrained than these areas by these infrastructure issues. A failure to address these problems could see Greater Cambridge, and so the UK, lose out to these other city regions, which are investing heavily in infrastructure to attract new business and support their existing clusters.

The overall skills and qualifications attainment of LEP residents is a strength, although there are certain local areas where skills are a challenge. Skills are important in enabling successful economic performance, attracting businesses to locate in the local area and equipping firms for exporting. The LEP area ranks highly amongst LEP areas by the share of Degree-level (or equivalent) qualified residents, and the share of residents in high level occupations, especially professionals. The share of young people qualifying at level 2 (The equivalent of 5 GCSE's at grades A to C) is equal to, and level 3 (The equivalent of 'A' levels) thresholds by age 19²⁷ is higher than for England. However, some of the local areas within the LEP area have very different skills and qualifications profiles. In some communities there are a significant proportion of adults with very low levels of entry level (level 2) qualifications.

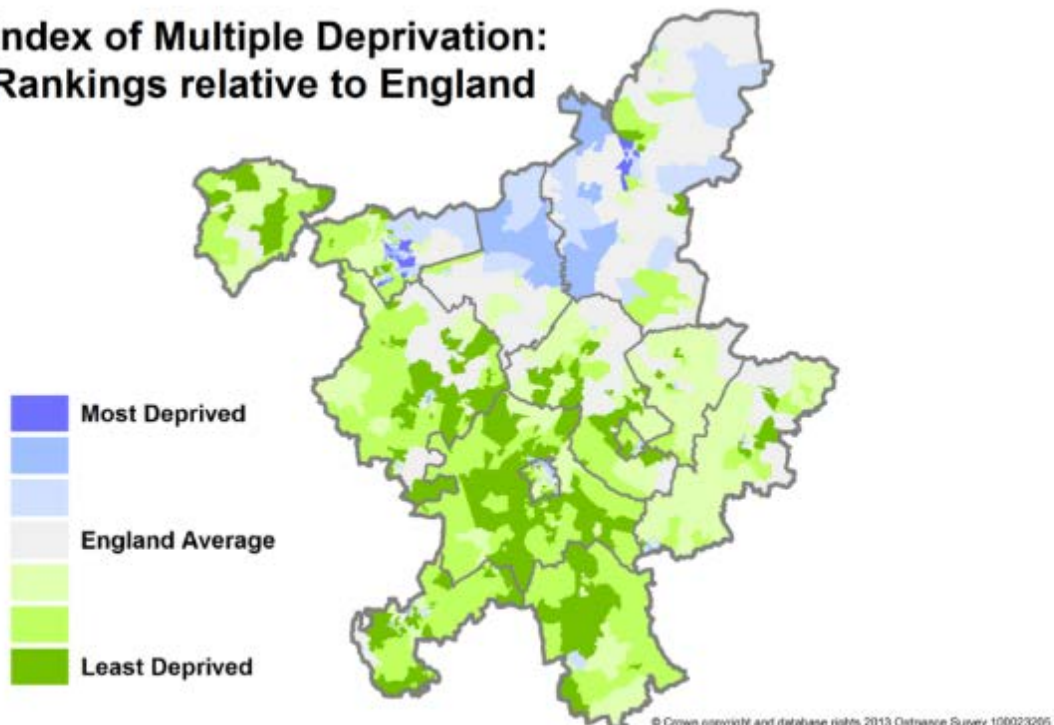
The socio-economic profile of the area shows a distinctive pattern of more challenging outcomes in the north and east of the LEP, reflecting in part the rurality and coastal nature. Addressing this is a sub-theme across our interventions.

²⁷ For Cambridgeshire, Peterborough and Rutland, since data is only available for three Upper Tier authorities

Jobs Growth 2011 - 2031



Index of Multiple Deprivation: Rankings relative to England



Addressing the barriers to future growth

The LEP area is forecast to experience significant job and population growth over the next twenty years. For large parts of the area this represents a continuation of past trends; for example, population growth in Cambridgeshire from the 2001 Census to 2011 was faster than in any other English County.

The bulk of this population increase arises from economic migration, rather than natural change (births and deaths), reflecting the relative economic strength and attractiveness of the area to those wishing to live and work here. Data from the 2011 Census indicates that the actual population of the area at 2011 was 1.37 million. Forecast increases²⁸ over the next twenty years to 2031 range from a continuation of the Census trend, which would result in some 1.66 million people (290,000 more than in 2011), to a high migration scenario based on strong economic growth. This would see in the order of 1.69 million people in the area at 2031 (320,000 more than in 2011).

These levels of population growth will make significant demands on services and the need for additional housing and infrastructure, particularly for transport. The nature of the migration also reflects the different economies within the overall area. While much of the migration is internationally driven, areas to the north experience more migrant workers involved in agriculture and lower skilled activities than the south of the area, which reflects a higher skills base focused on the knowledge economy. Achieving greater equality of skills across the area is an important ambition for the LEP and its partners.

All parts of the LEP area have a good understanding of their development needs and are planning for levels of housing and jobs to accommodate future economic growth. Based on the above analysis about barriers to future growth, ensuring that planned housing and infrastructure is delivered is critical to ensuring that the full economic potential of the area is realised.

Greater Cambridge City Deal

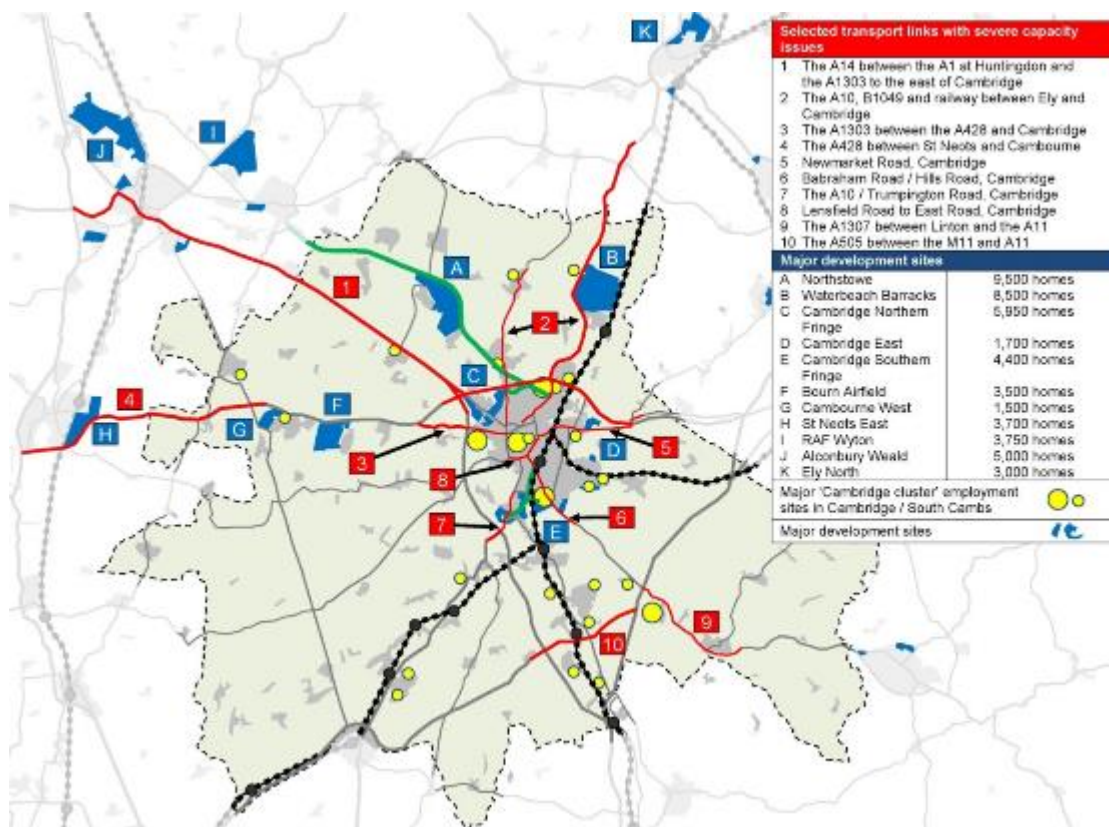
The Greater Cambridge city region is one of the second wave City Deal proposals. Negotiations with Government are nearing completion, which will see an innovative new approach to facilitating economic growth across the city region. This is essential to maintain and enhance its role as a national and international centre for innovation.

Success to date has created housing supply & affordability constraints, and chronic transport congestion, that threaten to choke off further economic growth. The area needs to achieve:

- New ways of funding infrastructure by keeping more of our growth dividends locally.
- Fast, reliable, affordable ways of travelling between business and housing hubs.
- The right number, types and tenures of housing (market, rented, social), in the right places, well-connected to employment centres (both virtually and physically), so that workers can find the housing they need, and can get to work to take up the jobs essential to economic success.

The priority projects for the City Deal include multi-modal transport schemes that will enable people living at the planned new town of Northstowe to easily travel to work in the employment areas within and around Cambridge, including the proposed sites for Astra Zeneca, and to the rail stations. The next priorities are multi-modal transport schemes facilitating key labour markets, enhancing capacity in and around Cambridge and supporting the proposed new settlements at Bourne and Waterbeach. The focus of these developments and schemes is early delivery, within ten years, subject to the necessary investment (including developer contributions) being secured to support early delivery. The main elements of the strategy are shown below.

²⁸ East of England Forecasting Model



Relationship of the Greater Cambridge City Deal with the LEP area Growth Deal

The issues that are currently barriers to economic growth in the area – transport infrastructure constraints and a shortage of affordable housing – also affect other parts of the LEP area to different degrees. Therefore, the Growth Deal has been developed to complement the City Deal, to ensure that the two approaches work together effectively. As the core of one of the two distinct functional economic areas within the wider LEP geography, the ripple effect of a thriving Cambridge is critical to the wider economic goals for the LEP area.

The LEP has helped to shape the plans for the City Deal and sees them as augmenting the ability of the wider economic strategy of the LEP to deliver its growth aspirations, and entirely congruent with an approach to managing a future Single Capital Pot devolution at the LEP level.

Spatial Approach across the LEP area

The LEP area stretches from Stansted airport to the south to the rapidly growing city of Peterborough to the north. It encompasses a number of major transport routes, reflecting its good connectivity to London, the east coast ports, the midlands and beyond. The A1(M), M11, A14, A47, A11, A428 and A10 are key strategic routes to move goods and people within and through the area.

Main rail lines include the east coast line, connecting Peterborough to London; the Cambridge to Liverpool Street line and the West Anglia line, connecting Kings Lynn, Ely and Cambridge to London. Recent years have seen a significant increase in rail patronage.

The LEP area lies at the northern end of the London-Stansted-Cambridge corridor and the LEP is part of the consortium of organisations that are collaborating to develop the economic strengths and connectivity across the strategic corridor from north London to Peterborough. LEP will look to foster these important strategic relationships to ensure that investment decisions and interventions are as effective as possible to facilitate economic growth.

Many of the market towns in the south, including Huntingdon, St Neots, Ely, Royston, Saffron Walden and Haverhill look to the Cambridge economy and services, although they continue to develop and strengthen their own local economies, retail and service offers. The area includes unique pockets of national and international economic excellence outside the cities, notably the equine-related industries at Newmarket.

To the north Peterborough is the major centre of employment and growth, while King's Lynn is also a focal point for significant economic growth and regeneration. There is a strong functional economic relationship between surrounding towns and villages with Peterborough. However, Rutland also has a functional economic relationship with neighbouring areas in Leicestershire and Northamptonshire. Similarly, Wisbech relates economically to Peterborough, but also to King's Lynn given their proximity.

The strategic road network is extremely busy and a number of key routes suffer congestion at peak times, particularly as a result of out-commuting from parts of the area. This reflects a need to create sustainable patterns of development, including access to public transport and a balance of jobs and homes. However, significant future growth in terms of jobs and housing will place increasing demands on existing and for new infrastructure, which in turn has implications for economic growth.

Housing affordability is acute in many parts of the strategic area, particularly to the south. It remains an important objective for the authorities to maximise affordable housing provision to support the social and economic well-being of the area and local communities.

Current and future growth

The LEP area's economic strengths and related population growth have led to significant and continued pressure for growth over recent times.

The area will see a significant uplift in economic activity and population through the new Enterprise Zone on the former Alconbury Airfield. The increased population resulting from the creation of some 8,000 additional jobs will require a balanced and carefully planned approach to housing. Ensuring sustainable travel choices are available is vital with the strategic scale of development anticipated at the Enterprise Zone. Key strategic elements could include a new rail station at Alconbury and links to the Cambridgeshire Guided Busway.

Major urban extensions to Cambridge and the new town of Northstowe are now coming forward. Cambridge University is planning a strategic expansion area to the north-west of the city, while the Addenbrookes biomedical campus has enhanced the institution's international reputation. Urban capacity within Cambridge will be an important source of future development opportunities. This includes expanded employment opportunities around the proposed new Science Park rail station to the north of the city. Peterborough continues to implement a

significant growth strategy through urban extensions, development at district centres and major city centre regeneration.

King's Lynn as the key economic driver for a significant rural sub-region is the main employment, retail and cultural centre. It will provide for over 7,000 new homes through the regeneration of brownfield land and urban expansion, facilitating at least 3,000 new jobs in existing and new employment areas to the east and south of the town and through a major extension to the town centre. To the south of the area, strategic employment land has been allocated close to Stansted airport to build on this highly accessible location at the junction of the M11, A120, main line rail and international airport.

Further sustainable locations for growth focus mainly on the area's market towns and proposed new settlements, the latter largely to serve the growth of Cambridge.

Housing

The LEP recognises the importance of providing sufficient housing of different types and tenures to support its economic growth objectives. Due to the extent of economic migration and the strength of the economy, providing additional housing is critically important to service the economy and provide labour mobility across the area.

Over a ten year period from 2002 to 2012 just over 64,000 additional homes were built across the LEP area. This represents some 89% of the challenging growth targets included in the former East of England Plan (the Regional Spatial Strategy). This is a good achievement bearing in mind that these higher than previous targets were adopted in 2008 and applied retrospectively; and due to the slow down in house building activity as a result of the recession.

CASE STUDY: Cambridge Housing Market Area

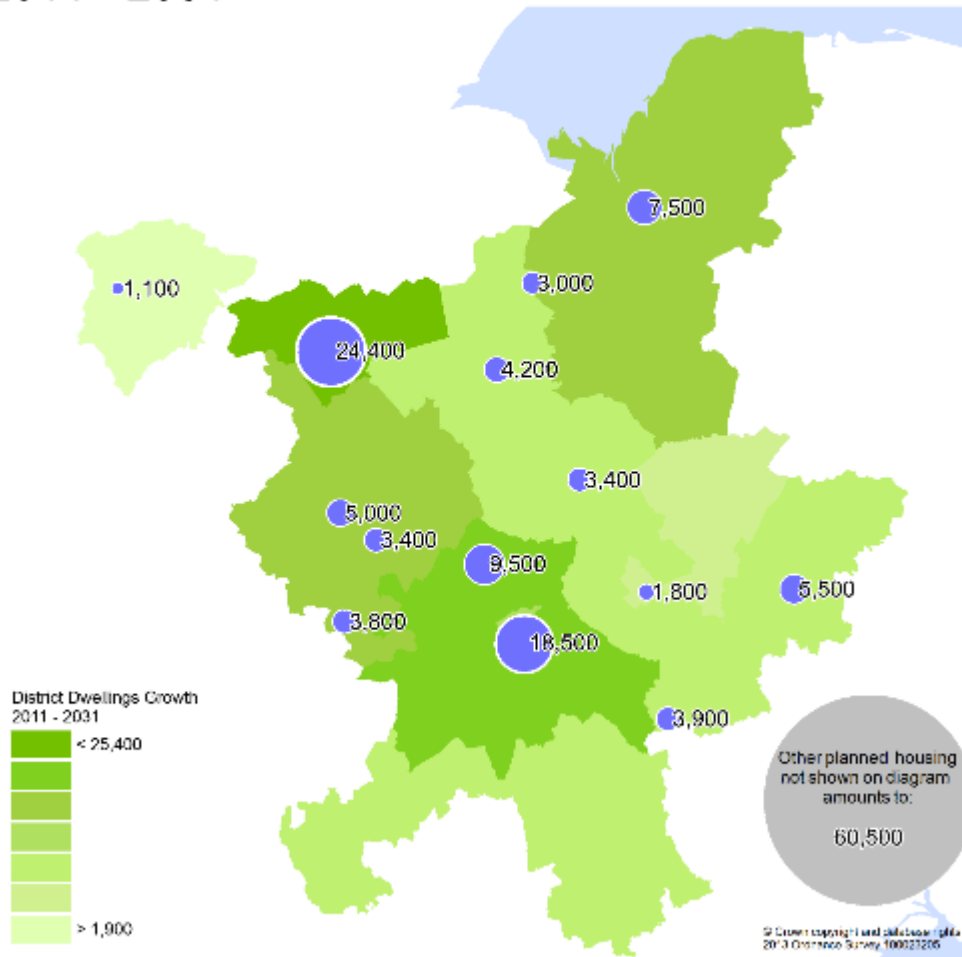
comprises all the Cambridge and West Suffolk districts. These authorities have aligned preparation of their local plans and collaborated in preparing evidence of the future levels of housing needed to support population and economic growth. The output of this collaboration is a 'Memorandum of Co-operation', which sets out the agreement to the levels of growth required. This amounts to some 93,000 additional houses across the market area between 2011 and 2031.



As well as delivery of housing, the area has a good track record of planning for future growth. Many of the local planning authorities within the LEP area are currently preparing local plan reviews to update their development strategies to 2031 or beyond.

Taking existing and emerging plans together, around 156,000 additional homes are planned across the LEP area as a whole over the next twenty years. These new homes will meet the future population's requirements and will facilitate continued economic growth of the area. They will, however, place significant demands on the need for upgraded and new supporting infrastructure, not least for transport.

Town and Total District Housing Growth 2011 - 2031



Sustainable development

This Strategy is concentrated on delivery economic growth that is planned for in the spatial strategies of the local authorities. These are assessed for sustainable development. Hence this strategy does not focus on complementary activities such as environmental facilities, even though they are essential. We have commissioned Sustainability East to provide a light touch assessment of this document to ensure that we are consistent.

GOVERNANCE ARRANGEMENTS



Our business-led Board and working groups reach out across a wide range of business and public sector interests within the LEP. We have specialist boards providing advice across topics such as innovation and technology, skills, banking, and voluntary/social enterprise. Our agreed Growth Prospectus published in 2012 has wide sign-up and support from across the LEP, and we have drawn upon that to evolve this Strategic Economic Plan.

Our business representation on the Board includes the Chambers of Commerce, SME's Entrepreneurs and, in agreement with the Board we are expanding our business representation.

We have a strong relationship with both the business and the public sector, including the Universities and colleges who have representation on the Board.

In our area we have strongly business focussed Local Authorities who have worked together on a number of projects supporting growth. All thirteen of our Local Authority Leaders are fully engaged with five being elected to represent the Local Authority community on the LEP Board. Additionally they all come together as a Leaders Committee which, in response to the growth deal, is finalising formal Terms of Reference by which they collectively take responsibilities for funding and delivering the local government related actions of the SEP. They are looking to identify pooling of powers and funding that will facilitate successful delivery of the SEP. Following a recent peer review of economic development, the local authorities are considering how they might reshape their own economic development functions to maximise connectivity and the use of their resources. The Local Government Association is promoting a programme termed Rewiring Public Services and local authorities in the area are also considering the potential to participate in this to deliver public services within an ever tightening fiscal climate.

The dual scrutiny of the business and public sector provides significant constructive challenge to our SEP development. We have also engaged a light touch appraisal of impacts on economic/social/environmental issues, have a Voluntary and Social Enterprise sub-group, and good support from BIS Local team.

The LEP is established as a Company, and is following all appropriate reporting standards. An assurance framework is in place governing decision-making on expenditure and grants. Cambridgeshire County Council acts as the financial Accountable Body for public funds. Where decisions need to be made with other LEPs we envisage that this will be on the basis of a double lock, leading to a contractual arrangement if appropriate. We have already established joint RGF programmes, transport interventions and EU support programmes with neighbouring LEPs'

The LEP is a member of the Local Transport Body where we have worked successfully to identify and approve the first six priority transport programmes. In response to new responsibilities for LEPs the Local Transport Body is developing proposals to become more formally part of the LEP as one of its sub groups. It is examining its membership in the context of looking at a wider set of transport issues (including rail and trunk roads) and the overlap of the LEP boundary with areas currently covered by neighbouring Local Transport Bodies.

Constraints on resources have precluded the use of consultancy support on scheme evaluation so far. Based on our experience with the City Deal process, technical and consultancy support is likely to be required during the negotiation phase to support the evidence base.

Engagement

We firmly believe that our plans can only truly represent our area if we gather ideas and feedback from our local businesses, which is why we have undertaken a full programme of engagement over the past eight months.

Utilising our already strong network of contacts, we put out a call for project proposals via our mailing list, our social media channels and our local business representative organisations. In total we received over 300 individual project ideas that have been reviewed and refined by our team, and also by our specialist sub-groups.

Meetings were held with our Skills Strategy Group, which includes representatives from both the education and business arenas; our Business Representatives Group, which includes members from a range of organisations including the Chamber of Commerce, FSB and IoD; our Voluntary and Social Enterprise sub-group, which includes members from a wide range of organisations; our Science Innovation and Industry Council sub-group, which includes leaders in the field of innovation from the University of Cambridge and industry; and our Local Authority Leaders, Chief Executives and Economic Development Officers, who have an important role to play in the delivery of elements of this plan.

Feedback from all of these channels was then taken to our LEP Summit in November where over 130 people gathered together to review and prioritise proposals for our plan further. This engagement and input has not only led to the creation of this plan, but also to firm commitments of future support from a wide range of organisations in the future.

Following on from the Summit we have had detailed conversations with a wide range of partners to secure commitment to our project proposals and further scope out our plans. We have also sense checked our thinking with industry leaders across a range of sector, many of whom we have quoted within this document. We have also taken on-board feedback from our draft Strategic Economic Plan from both Government and other key stakeholders to ensure we deliver an innovative, yet localised plan for our area.

Good engagement, partnership working and communications require sufficient resources. There is a concern that current core funding available for the LEP provides the bare minimum to delivery current responsibilities, and does not factor in additional essential work around engagement, programme facilitation and project delivery as the SEP and other commitments progress. We have made the same point in our draft European Structural and Investment Fund strategy, with an offer to Government to assist in the co-design of an appropriate engagement process.

Annex 1: Draft European Structural and Investment Fund strategy: split of allocations



Priority themes for European Regional Development Fund:

Innovation	(40%)
ICT	(10%)
SME competitiveness	(25%)
Low carbon	(25%)

Priority themes for European Social Fund:

Skills	(40%)
Employment	(40%)
Social inclusion	(20%)