

Glenn Athey
Programme Manager
LSCC Growth Commission

glenn@lsccgrowthcommission.org.uk

14 Regent's Wharf
All Saints Street
London N1 9RL

020 7837 4477
london@nlplanning.com

nlplanning.com

Date 26 February 2016
Our ref 14949/MS/SBe/10796091v1
Your ref

Dear Sir/Madam

London Stansted Cambridge Consortium Growth Commission: 'Building Potential'

This response has been prepared by Nathaniel Lichfield & Partners (NLP) on behalf of CEG to respond to the call for evidence from the London Stansted Cambridge Consortium (LSCC) Growth Commission for any potential solutions to the principal challenges facing the LSCC ('the Corridor').

CEG is an active investor in a broad spectrum of residential and commercial property assets across the UK, with a significant interest in the growth potential of the LSCC. This interest primarily relates to the company currently working alongside other public and private organisations to deliver a number of major strategic development schemes in the Corridor that will help support significant housing and employment growth.

CEG has an excellent track record of working in partnership with communities, landowners, local authorities, strategic bodies, and other developers to find viable solutions to complex development and planning issues that fundamentally help unlock growth. CEG has access to a large resource base that supports the delivery of major strategic development schemes in the UK including being backed by international capital funds (e.g. AP4 Swedish National Pension Fund).

This representation letter provides the views of CEG in response to the call for evidence from the Growth Commission for potential solutions to the key challenges to growth within the Corridor. The format of the letter follows the brief set out by the Growth Commission, with the response focusing on the main questions and issues relating to the 'Building Potential' theme.

It should be noted that this representation letter provides the views of CEG in relation to the growth issues facing the LSCC, although the response does draw upon advice from NLP to provide further evidence supporting the views stated in this letter.



What is sustainable growth? Do you have a definition in use and operation?

The definition of sustainable growth that informs the development activities and operations of CEG in the Corridor is taken from the National Planning Policy Framework (NPPF), which represents the overarching national planning policy document that should guide all future development in the UK. The definition of sustainable development set out in the NPPF is largely informed by the well-known principle that sustainable development is about “*meeting the needs of the present without compromising the ability of future generations to meet their own needs*”, as described in Resolution 42/187 of the United Nations General Assembly in 1999.

In this context, the NPPF identifies three dimensions to achieving sustainable development in the UK: economic, social and environmental. These dimensions should be considered together when pursuing sustainable development given their mutual dependency, with the NPPF stating the following in Paragraph 8 in regards to achieving sustainable development via the planning system:

“...to achieve sustainable development, economic social and environmental gains should be sought jointly and simultaneously through the planning system. The planning system should play an active role in guiding development to sustainable solutions.”

Overall, the pursuit of sustainable development can be regarded as seeking to make positive improvements to the quality of the built, natural and historic environment, while also enhancing the quality of life for people and communities. Paragraph 9 of the NPPF designates that pursuing such sustainable development involves the following (but not limited to):

- *making it easier for jobs to be created in cities, towns and villages;*
- *moving from a net loss of bio-diversity to achieving net gains for nature;*
- *replacing poor design with better design;*
- *improving the conditions in which people live, work, travel and take leisure; and*
- *widening the choice of high quality homes.*

Looking at it from the perspective of sustainable economic growth, similar principles apply, it relates to two separate, but related notions:

- 1 the ability to maintain a rate of economic growth which can be maintained without creating other significant economic problems, especially for future generations. Thus, there may be trade-offs between rapid economic growth today, and ability to achieve growth in the future – a theme that was captured in the Stern Review: the Economics of Climate Change. Similarly, if economic growth was dependent on, for example, the quality of life in a specific urban area, then rapid or uncontrolled growth in that area in pursuit of economic growth might jeopardise its prospects of sustaining its success in the future. Looking at matters in this way can inform a cost-benefit analysis as to the optimal economic strategy for the short and long term. But these need to be properly evidenced. There are too many examples of an un-evidenced precautionary principle being applied in situations where it is not warranted, leading to concepts such as SEEDA's¹ *Smart Growth* which was perceived by many in the South East as a reason to pursue lower levels of economic growth, off-shore businesses to

¹ The former Regional Development Agency for the South East of England, abolished in 2011



other regions and even countries, and not meet housing needs, but without any evidence that such an approach would not harm the long term prospects of the UK economy;

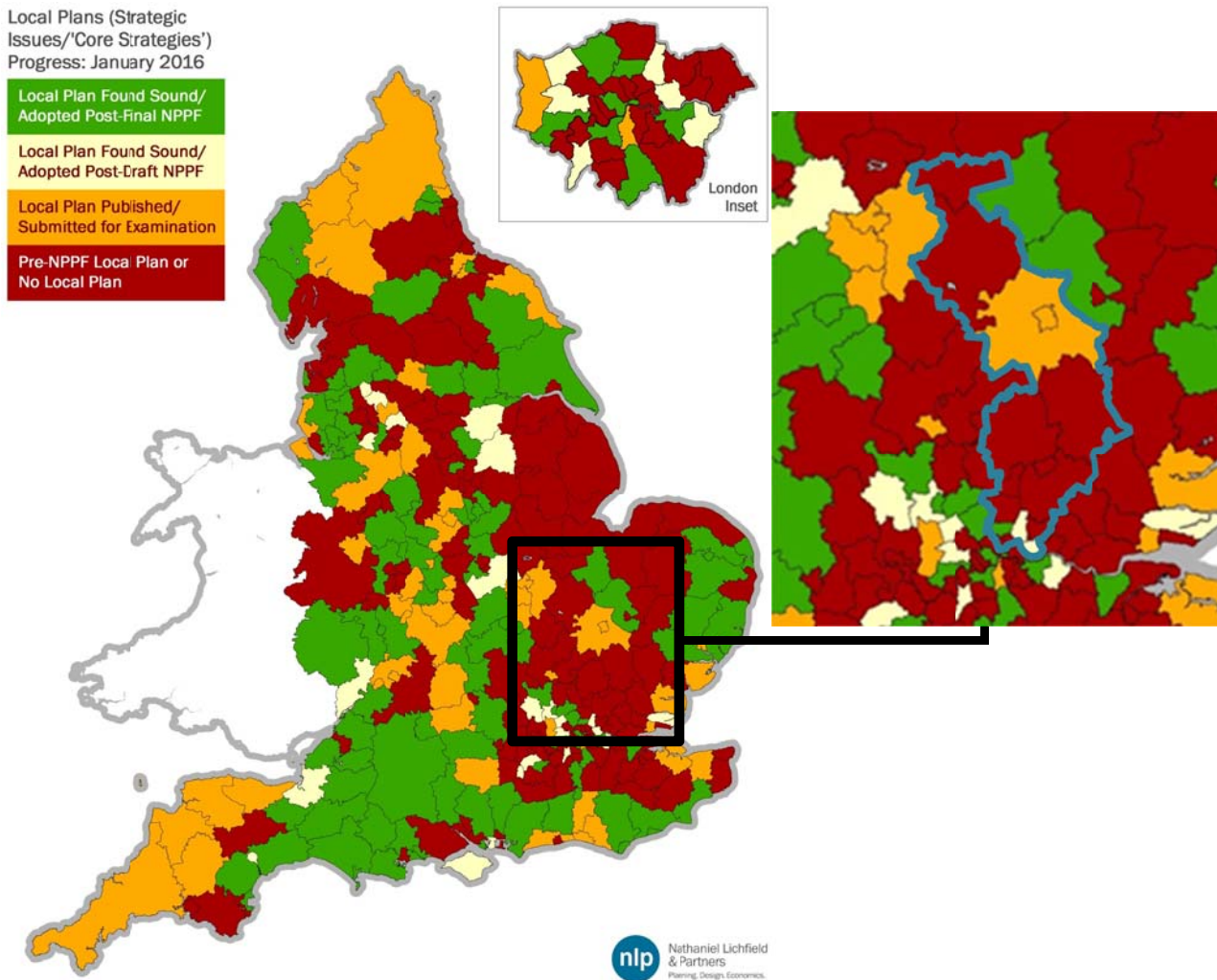
- 2 Flowing from this, sustainable economic growth needs to be based on harnessing the proceeds of existing economic success to provide the ingredients for sustaining economic growth in the future, and that is most obviously the case in terms of ensuring that, for example, there is sufficient infrastructure – e.g. on transport, utilities, and housing – necessary to support business in the long term. Locations that might appear to be achieving effortless economic growth now, but are not planning sensibly for and investing in the future, will find future growth potential unwinding rapidly. Locations such as Cambridge face obvious risks in this regard.

This means an obvious place for Local Planning to provide the framework for these decisions to be made. The NPPF also acknowledges the need to take into account local circumstances when making decisions on how best to achieve sustainable development, in order to ensure that plans respond to the different opportunities for achieving sustainable development in different areas. This places strong emphasis on local planning authorities producing up-to-date Local Plans that objectively understand the need for development in their area while also providing sufficient flexibility to adapt to rapid changes to the local and national context. This ensures that local planning authorities and key decisions makers have all the necessary evidence to make effective decisions about how best to achieve sustainable development, both now and in the future, which reduce delays in approving developments that are sustainable by having a robust and up-to-date evidence and policy documents that can be drawn upon to make decisions.

In this context, NLP undertook an analysis in January 2016 that showed the vast majority of the local authorities positioned within the LSCC currently rely upon a pre-NPPF Local Plan or no Local Plan (Figure 1 overleaf), which means that the objectively assessed need for future housing and employment growth within the Corridor is not yet fully understood or crystallised through up-to-date development plans. This fundamentally diminishes the capacity of the Corridor to understand what constitutes sustainable development across the LSCC area, and does not provide an adequate framework for making decisions or priorities about the likely level of growth and how it can be best realised in the most sustainable manner.

Accelerating effective plan-making must be a priority for LSCC.

Figure 1 Map of Local Plans (Strategic Issues / Core Strategies) Progress, January 2016



Source: NLP analysis

What is the growth scenario that we should seek to aim for – in terms of industries, jobs, skills, quality of life and housing?

It is recognised that the LSCC is home to a variety of high value, high growth sectors that the UK leverages competitive advantage in the global market, with particular strengths in life sciences, digital & IT and agriculture, food & drink. These sectors support a significant number of specialist enterprise and occupations within the Corridor that enhances the competitiveness of the national economy through a combination of innovations, start-up businesses, and collaborations with elite university and research institutes (e.g. University of Cambridge, King's College London, and Imperial College London). These established sector specialisations are anticipated to be the core drivers of future growth within the Corridor if the adopted growth strategy for the LSCC suitably accommodates their expansion requirements while other private service sectors like professional services and administrative services also offer good prospects for strong growth in the Corridor.

Such high value sectors have historically helped stimulate stronger levels growth in the LSCC with the Growth Commission indicating that the Corridor recorded an economic growth rate that was about 20% higher than nationally between 1997 and 2014 and employment growth that was about



156% higher than nationally between 2009 and 2014 (i.e. the post-recession period). To support the continued levels of high growth in the Corridor (i.e. which acts as a core driver of growth in the national economy), it will be crucial that suitable business sites and premises are delivered across the economic corridor that meet the needs of businesses operating within high value, high growth sectors, in order to effectively compete for footloose investments within the global market. In this context the development of strategic employment sites in the Corridor is considered by CEG to be an important strategy for supporting growth in the LSCC, given the land constraints characterising existing employment sites in the Corridor and the capacity of new strategic employment sites to bring forward high quality business environments that support a mix of facilities and amenities that contribute to attractive work environments.

In addition, the future growth of high value, high growth sectors within the LSCC will fundamentally depend on businesses being able to access a highly skilled labour force with the skills required to fill specialist roles. It is therefore critical that the Corridor is able to attract and retain skilled workers which is becoming increasingly difficult given the growing mobility of skilled workers within a highly competitive global labour market. In this context, it is considered to be the ability of locations within the LSCC to provide footloose workers with a work-life proposition that both promotes higher value employment opportunities with the accompanying lifestyle and amenities that increasingly affect the decisions of skilled workers. The qualitative housing requirement of such people is therefore an important consideration for attracting and retaining skilled workers within the Corridor with housing needs ranging from urban living for younger workers to large family-sized homes for higher paid executives (i.e. with the affordability of homes a key issues for all workers).

Overall, the future growth scenario for the LSCC should focus on continuing to stimulate the strong levels of economic and employment growth recorded in the sub-region, understanding the need to deliver a variety of employment sites across the Corridor that provide the type of environments that attract and retain higher value sectors. This is a vital component of the UK's success in a global economy. The continued growth of such sectors will also be reliant on the capacity of the Corridor to attract skilled workers, meaning the future growth scenario for the LSCC should ensure suitable levels of housing and quality of life is supported in the sub-region, so that the liveability and lifestyle offer of the Corridor effectively competes with other locations around the world. To achieve these growth objectives, CEG proposes the delivery of strategic housing and employment sites would contribute significantly to this economic vision.

What can each 'node' in the corridor offer in terms of potential roles and developments?

The most important nodes of high value economic activity in the Corridor can clearly be found in Cambridge and London, particularly in terms of life sciences and IT & digital. These clusters have been described as two of the most successful high technology clusters in Europe and should be the key focus of future growth to ensure that competitive advantages developed in these locations are retained for the national economy.

However future growth opportunities are also recognised by CEG outside these major nodes of high-end business activity in other locations within the Corridor that benefit from excellent transport connectivity. Generally, the capacity of Cambridge and London to accommodate additional large-scale development is limited given a shortfall of available employment land, meaning other smaller business locations (e.g. the Enterprise Zone in Harlow and Bioscience Catalyst in Stevenage) will increasingly become a focus of complementary investment and growth within the Corridor.



In addition, promotion of the Park Plaza West site in Broxbourne (adjacent to the M25) by CEG for a high value business park represents a good example of a strategic employment development in the LSCC being viable outside current nodes of major business activity. Although Broxbourne has historically had a lesser economic role in the Corridor, the Borough does benefit from its strategic location and connectivity to London and the wider LSCC area, which offers good opportunities for sustainable development in the future. The proposed strategic employment development at Park Plaza West by CEG would therefore deliver a large Grade A business park that would support the critical mass and type of environment required to attract high value sector activities to the area, despite minimal business activity of similar nature being supported in Broxbourne historically, thus supporting the creation of a new node (albeit a smaller node) that draws upon existing transport infrastructure to develop excellent links with other key economic nodes in the LSCC (e.g. Cambridge and London).

CEG is also presently in the process of delivering other strategic development projects within the Corridor that will accommodate major housing and employment growth, and is actively seeking further projects. Some of the key development schemes currently being promoted by CEG within the LSCC outside Park Plaza West in Broxbourne include the following:

- **South East Cambridge:** The site is being promoted for sustainable release from the Green Belt to serve the needs of Cambridge, with the draft proposals envisaging the site supporting up to 4,000 new homes and some 10 hectares of employment development, including some extensions to Peterhouse Technology Park where ARM Holdings PLC is based (CEG recently secured planning permission for a new HQ for ARM)
- **Latton Priory Farm, Harlow:** The 600 acre strategic development site is being promoted as a major urban extension to the south of Harlow town, which will support a significant level of new housing and stimulate business growth in the local economy.

These strategic developments support existing economic nodes (e.g. Cambridge) and the creation of new nodes (e.g. Harlow) through the delivery of additional housing and employment uses, which support the growth aspirations of the Corridor. As noted earlier, the development of new housing at such locations as South East Cambridge and Latton Priory Farm will help attract and retain skilled workers within the LSCC by delivering high quality residential areas that meet the needs of a range of skilled workers, helping the Corridor create an attractive lifestyle offer for potential workers.

Who are the exemplar 'ideas economies/regions', what we can learn from around the world? What places have you engaged with, have been impressed with, and why?

The recent evidence report *The London-Stansted-Cambridge-Corridor: Lessons from Global Experience* produced by Professor Michael Enright in November 2015 for the Growth Commission indicated that there might be specific airport-related opportunities for growth in the LSCC, with the presence of Stansted Airport at the centre of the Corridor representing a considerable asset for the sub-region. The airport is recognised to be a major employer in the Corridor with the potential to be an even greater economic node in the sub-region, as well as providing access to a variety of short to medium-haul destinations that offers additional growth opportunities to the LSCC.

In this context, NLP recently completed work in respect of the Strategic Outer London Development Centre (identified in the Outer London Commission and London Plan) for growth at and around London's Biggin Hill Airport (LBHA) in Bromley. LBHA is clearly of a different scale to Stansted, being a focused business aviation airport, but it nevertheless provides a good example



of how an airport is being identified as a growth lever. To inform the policy approach at Biggin Hill, NLP reviewed the economic activities concentrated in and around several European airports as existing case study examples. From this, one of the most impressive airport locations in Europe that was reviewed as part of the study was the economic area located in close proximity to the Cannes Mandelieu Airport in southern France, which is the second largest business aviation airport in the country after Paris-Le Bourget. The airport handles general tourism and business aviation passengers, with approximately 82% of its 72,000 arriving passengers per year tourists and conference delegates and 18% business tourists. The Cannes Mandelieu Airport itself supported a total of 41 companies and just 270 jobs at the time of the study, contributing more than 84 million Euros annually to the regional economy.

More important, was that despite being a relatively small airport, the Cannes Mandelieu Airport supports the activities of an important knowledge-based economy that accommodates a significant concentration of high value, high growth employment opportunities in France. The airport services an economy that is based on financial services in nearby Monaco, a large aerospace sector, and the sizeable 2,400ha Sophia-Antipolis technology park. The technology park accommodated around 1,400 specialist technology and life science firms at the time of the study, making it one of the largest and most successful business and technology parks in Europe. It accommodates over 30,000 high value jobs and offers a key focus for cutting edge innovation, playing host to a number of European headquarters and a range of highly influential decision makers.

The **Sophia-Antipolis technology park** represents an exemplar knowledge-intensive location that helps drive high value economic growth in France, with the major science and technology location characterised by its multi-cultural and multi-disciplinary community that focuses on innovation associated with a range of forward-looking sectors and value-adding enterprise. Regarded as one of the most prestigious knowledge-based locations in the world, the business and technology park provides a quality environment that includes a large amount of green space, with about two-thirds of the 2,400ha Sophia-Antipolis technology park characterised as natural and green spaces.

In this context, NLP concluded that the critical success factors for the Sophia-Antipolis technology park related to the ability to 'think big' in terms of providing sufficient land and space for development, in an excellent environment, within a strategic location that has already attracted a substantial cluster of high value sectors to the location, as well as the close proximity of the economic area to key business transport routes such as the Cannes Mandelieu Airport. The easy access to transport routes represents a vital factor driving forward growth in the economic area located close to the airport, as well as for the Cannes Mandelieu Airport itself.

This exemplar case study of a world-leading knowledge-based economy focused in and around the Sophia-Antipolis technology and business park indicates that the role of international transport connections should not be underplayed, and that they provide significant opportunities to attract global companies that rely upon international travel as part of their multi-national operations. Given the position of Stansted Airport at the heart of the Corridor, this case study example indicates that:

- growth opportunities associated with the airport should be properly recognised as part of the growth strategy for the LSCC;
- existing and new economic nodes in the sub-region should draw upon the links with the airport to attract new business and employment activities to the knowledge-based corridor;



- the LSCC should ‘think big’ – it is difficult to comprehend a development with the ambition and scope of Sophia-Antipolis being brought forward in a planned way in the south of England, but one can clearly see the agglomeration benefits that arise from it, and perhaps only the LSCC corridor (alongside, maybe the M4 corridor) has the critical mass of knowledge-based industry already in place on which to build such a cluster.

What have other places like the LSCC area done to boost sustainable growth? What are some of the lessons and solutions that we could draw from?

Although there are few examples in the UK of sub-regional economic areas that have achieved the same level of economic performance and growth as the LSCC, there are a number of other sub-regional economies in the UK that could provide lessons to the Corridor in terms of boosting levels of sustainable economic growth. One of these sub-regional economic areas is the Greater Brighton & Coastal West Sussex sub-region, which has identified that achieving long-term sustainable growth in the area will depend on effectively addressing a number of key strategic issues including the provision of employment land, housing, transport and other infrastructure, in an integrated and deliverable way. These strategic issues were considered in a series of background studies for the Greater Brighton City Region led by NLP in 2015 focused on the economy, housing and transport system.

In this context, one of the key considerations for the Greater Brighton & Coastal West Sussex sub-region was to understand the capacity of the area to support growth, both in terms of the existing supply of housing and employment floorspace in the sub-region, and the additional provision in the area that will come forward through planned strategic development sites. This involved identifying a portfolio of potential strategic development sites that are expected to come forward in the sub-regional economy and the expected capacity of these sites to deliver new housing and commercial uses. Given the highly constrained nature of the Greater Brighton & Coastal West Sussex sub-region between the English Channel to the south and the Sussex Downs to the north, this portfolio of development sites represented vital growth locations across the sub-region.

This strategic growth consideration for the Greater Brighton & Coastal West Sussex sub-region provided a strong understanding of the role that each local authority area played within the wider sub-region, and the capacity of these areas to support strategic housing and employment growth in the future, including identifying areas of potential misalignment. By assessing the strategic issues related to the economy, housing and transport system across the sub-region in an integrated way it was also possible to better understand the reliance of these different dimensions on each other in supporting sustainable growth in the sub-region.

Overall, the key lesson for the LSCC from the strategic growth activities undertaken by the Greater Brighton & Coastal West Sussex sub-region relates to considering how sustainable growth can be achieved in the economic corridor in a sustainable and integrated manner, taking into account the role of the economy, housing market and transport network in contributing to future growth. The identification of a portfolio of strategic development sites within the sub-region also ensures a more coordinated approach to growth in the area, and spreads development outside the current clusters of economic activity to other appropriate locations within the wider sub-region.

With the LSCC also characterised as being constrained with limited developable land for housing and employment uses, it is reasonable to suggest that the Growth Commission should take note from the Greater Brighton & Coastal West Sussex sub-region by considering the role that strategic



development sites should playing in supporting future growth in the Corridor. The identification of portfolio of development sites in the LSCC will help provide a coordinated approach to growth that will help spread future developments to the most sustainable locations within the Corridor (including those locations with excellent access to transport connections).

Concluding Remarks

We trust that these comments have been helpful to the work being undertaken by the Growth Commission and look forward to being involved in the next stages of the project. If you would like to further discuss any of the issues we have raised in our representation letter, please contact me on the details below, or alternatively Jon Allen of CEG (E: jon.allen@ceg.co.uk | T: 020 7730 9090).

Yours faithfully

A handwritten signature in blue ink, appearing to read 'MSpry'.

Matthew Spry
Senior Director, Head of Economics

E: mspry@nlplanning.com

T: 0207 837 4477

Copy: Jon Allen (CEG)