

## Essex County Council Response to London Stansted Cambridge Consortium's Growth Commission:

Date: 19<sup>th</sup> February 2015

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1. Essex County Council (ECC) welcomes the opportunity to contribute the London Stansted Cambridge Consortium's Growth Commission and applauds the LSCC for the initiative.
2. ECC is committed to supporting sustainable economic growth and recognises the need to work collaboratively with both private and public sector partners to secure this growth. Seeking synergies, agreement on strategic priorities and innovative solutions to unblock barriers to growth will be crucial if Essex and the wider region is to fulfil its growth potential.
3. ECC's economic plans focus on four key growth corridors. The 'West Essex' corridor sits in the heart of the London Stansted Cambridge Corridor (LSCC) encompassing the districts of Uttlesford, Harlow and Epping Forest, stretching along the M11 corridor linking Stansted with both London and Cambridge. You will note that much of our analysis will be based on this growth corridor, referred to as 'West Essex'.
4. West Essex (WE) has many assets that provide a potential springboard for economic growth. In preparing our submission to the Independent Commission, we have organised our evidence on West Essex's economic assets into the following theses:
  - a. workforce;
  - b. connectivity;
  - c. London Stansted Airport
  - d. development in Harlow; and
  - e. the potential for growth in key sectors.

### **Assets**

#### **Workforce**

5. The workforce of West Essex is sizable and relatively low cost. 73.5% of residents are economically active, the highest proportion in Essex. (A workforce of approximately 182,800 workers.) ECC forecasts based on data from the 2001 and 2011 census and the 2013 East of England Forecasting Model (EEFM) indicate that West Essex is expected to see the greatest increase (both absolute and proportional) in the number of employee jobs, with a predicted 14,800 increase (11%) over the 2014-2031 period.
6. Greater Essex labour costs are estimated to be 20% cheaper for a typical logistics operation than London and 50% cheaper than Hamburg or Antwerp. In comparison to rival UK Advanced Manufacturing centres, businesses in Greater Essex (GE) save up to 24% on labour costs when operating a typical R&D Centre. Per square metre GE is 40% cheaper than London. For Life Sciences, a specialism for LSCC, GE offers up to 30% labour cost savings compared to Dublin, Frankfurt, London or Paris.<sup>1</sup>

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<sup>1</sup> Regeneris Consulting (2015) Greater Essex External Economies Commission - Economic Linkages

7. In terms of skills, 25% of the WE population hold NVQ Level 4+ (above Greater Essex and SELEP levels) and the LSCC is strengthened by the highly skilled workforce in Cambridgeshire. In addition to this there are a number of strategic skills education and research and development facilities including:
  - a. University Technology College in Harlow, focusing on science, engineering and computing to support medical technologies and smart environments for 14-19 year olds;
  - b. Anglia Ruskin University's new MedTech Campus. The Campus aims to provide one of the world's largest health innovation spaces and will drive forward business growth in the UK Med Tech sector. It will also help to establish Essex and the UK as a global centre in the sector; (Chelmsford, Harlow and Southend.)
  - c. Advanced Manufacturing and Engineering Centre is being developed in Harlow (based at Harlow College). It will provide facilities and equipment which can provide continuous learning and support, addressing skills issues locally;
  - d. Chesterford Research Park in Uttlesford: already provides affordable space for firms in the life sciences sector. The Park is home to innovative biotech and pharmaceutical companies such as Isogenica and BioFocus and is a strong focus for research and development;
  - e. World class research institutes in Agri-Food research such as Sainsbury Laboratory, NIAB and Rothamsted Research allied;
  - f. Higher Educational facilities - Cambridge University and close proximity to University of Essex and Anglia Ruskin; and
  - g. Writtle Agricultural College, key for developing those skills required in the Agri-Food Sector.

#### Connectivity:

8. The LSCC has potentially excellent transport links. At a regional level the M11 which links Cambridge and London, public transport links to London via the West Anglia Mainline and the underground in Epping Forest. Investment in this core infrastructure is required if economic growth is to be achieved (see barriers to growth).
9. The LSCC also has excellent connections to international markets. London Stansted Airport flies direct to 140 destinations and is located within the corridor. 80 international destinations are served from airports within 50 miles of Essex. The corridor is also in close proximity to Tilbury, London Gateway, Harwich and Felixstowe ports.

#### London-Stansted Airport

10. London-Stansted airport is a national asset and a potential game changer in terms of economic performance in the corridor, county and country. It is the UK's fastest growing major airport and ECC fully supports sensible growth in the short to medium term. There is significant potential for the airport to attract new inward investment and support growth sectors such as life sciences. The airport is also a key handler of freight (handling the third largest share in the UK after Heathrow and the East Midlands) with the potential to increase this. Cargo income has grown strongly, across the Manchester Airport Group (MAG) it is up 5.7% year-on-year, benefitting from the continued growth in internet shopping, new route launches and also businesses diverting freight operations away from the Channel Tunnel due to the ongoing disruption. The airport site (subject to planning) has the potential to support higher value non-airport related employment, further supporting growth.

11. In terms of passengers the airport is already serving over 22.7 million passengers per year. There is capacity to more than double its current throughput to around 40-45 million passengers a year (with the current planning permission for up to 35 million passengers), using the existing runway. This would provide the potential to generate an extra 10,000 on site jobs and £4.6 billion in additional economic activity. Although there is no compelling case for a second runway at the present time – a conclusion supported by the National Airports Commission Chaired by Sir Howard Davies – all partners must recognise that additional runway capacity at airports across the south east will be inevitable in the long term. We believe an additional runway may be required at Gatwick in the 2020s and not at Stansted until at least the 2030s.
12. Yet, even growth levels that are possible with the current runway may not be realized if surface access is not significantly improved. Significant investment is required in rail and road links if the airport wishes to continue to expand. (See Barriers to Growth – Infrastructure)

Harlow:

13. With improved connectivity to London, Harlow could become a very attractive location to invest or live. The original vision for Harlow, as a New Town, was to be part of the solution to problems faced in London. Harlow still has significant links with London and with the right investment in road and rail, Harlow could home significant numbers of London workers, encourage business relocations from London and or new businesses looking for a base in London but unable to find/afford premises.
14. This will only be possible with significantly improved connectivity to London, the availability of Land for development, access to investment for regeneration and improved infrastructure. (See barriers to growth).
15. The Harlow Enterprise (HEZ) will provide the focal point for life sciences, advanced manufacturing and ICT through the delivery of over 51 hectares of employment land. With business rates discounts available and Local Development Orders in place to simplify planning matters, the Enterprise Zone has potential to deliver over 5,000 jobs and to lever in over £150 million in private sector investment. A number of developments are already underway, which will create high value employment opportunities. Recent high profile successes include securing deals with Raytheon and Arrow Electronics to invest within the Enterprise Zone which will ultimately employ around 750 on site between them. Plus Public Health England will be moving its headquarters to Harlow ultimately employing 2,500 on site, indicates how a successful science and innovation cluster can be created.
16. Future Growth Sectors: (Sectors that we have identified as areas that will accommodate higher level employment and growth within the LSCC. These sectors should be a focus for support.)
17. Advanced Manufacturing: Harlow has a strong history in manufacturing. This presents opportunities to build on past success and respond to the changing economy to develop opportunities in more advanced technologies. The particular opportunities for Harlow are around computer and electronics where the area has particular sector strengths. In Uttlesford there are similar opportunities in computer and electronics as well as machinery repair and engineering and experimental development (R&D). Further opportunities exist which stem from the presence of London Stansted airport and proximity to Cambridge.
  - a. Life sciences and healthcare: healthcare opportunities are particularly concentrated in Harlow and the life sciences sector is also present here. Harlow already has strengths in medical devices. Furthermore, Princess Alexandra Hospital in Harlow is actively driving forward innovation, developing new approaches to healthcare and working with the private sector to adopt innovative technologies.

- b. Digital and Creative services: Harlow has particular strengths in digital and creative services, particularly in publishing and there are historic strengths in ICT. The Enterprise Zone offers the potential to create a critical mass in this sector with a Data Centre Campus proposed to support industry with significant data requirements.
  - c. Logistics: employment in the logistics sector is highly concentrated in Uttlesford, linked to the presence of London Stansted airport.
  - d. Agri-Food: The LSCC contains world class research institutes such as Sainsbury Laboratory, NIAB and Rothamsted Research allied. The corridor also contains key manufacturers and retailers – and is within close proximity to essential markets – London and the South East.
  - e. Aviation: (See London Stansted Airport)
18. It is also important to recognize and support those core sectors that already provide a significant driver in the Essex economy. Within the LSCC there are a number of sectors that we anticipate will continue to grow. In West Essex there is forecast to be: 19% growth in jobs in Finance and Business Services (5,600 jobs), 20% growth in jobs Construction (2,600 jobs), 13% growth in jobs in Logistics (1,800 jobs with the bulk of this, 1,300 in Uttlesford) and 8% growth in jobs in Tourism (1,900 jobs).

### **Barriers to Growth:**

19. Capacity improvements in the road and rail network are of paramount importance if the LSCC is to meet its growth potential. Public sector finance and traditional methods of funding will not deliver the major infrastructure investment required to drive significant economic growth. Collaboration, joint funding, new ways of generating capital and revenue will be required if the LSCC and wider region is to meet its potential.
20. ***A recognition of this and commitment to collaboration in prioritisation and innovation is required. A consistent view on the strategic infrastructure required will help to unlock funding opportunities. ECC believes that that following investments should be considered priorities for the consortium.***

### **Road network:**

#### **Improvements to the strategic network: M11**

21. As highlighted above Harlow has significant potential to drive economic growth, supporting and complementing growth in surrounding areas. The town could realise significant housing development and business investment if concerns around infrastructure are tackled.
22. Harlow suffers from just one single access point to Harlow from the M11 (J7) and this junction is severely congested at peak traffic times; this will be exacerbated by planned growth in the town. ECC and partners have been exploring options to alleviate this congestion and improve access in and out of Harlow, including the creation of a new junction between Junctions 7 and 8, Junction 7a. In 2015, the DfT committed to a Junction 7 upgrade, expanding the current junction to improve access to Harlow. If the Junction 7a (and Junction 7) investment were realised, providing the additional capacity and resilience required to cope with traffic volumes as a result of significant housing and business growth, a renaissance for Harlow would be a real possibility.
23. Further north, Junction 8 of the M11 is at capacity. This has been recognised by Highways England and schemes are currently committed by both Highways England and Greater Cambridge Greater Peterborough LEP to assist. Between Junctions 8-9, the M11 is currently a dual carriageway and a

known accident hotspot. The DfT are looking at this and are committed to a technology upgrade between junctions 8-14 to help deal with congestion. ECC takes the view that the minimum of an additional lane in each direction is required and a restoration of the banning of Heavy Goods Vehicles from using the outside lane between Stansted and the Cambridge border (Junction 8 – Junction 9.)

24. Each of these improvements will support growth at Stansted airport, unlock opportunities for local housing growth and improve connectivity between London, Stansted and Cambridge.

#### A120

25. Further investment is required for the A120 corridor, whilst this infrastructure requirement includes the need for improvements outside of the LSCC Core Area, it is important to ensure that accessibility to key employment areas (e.g. Stansted airport) is maintained. Furthermore the A120 is a key freight route, connecting London Stansted airport with Haven ports.
26. Collaborative working will be required to ensure that consideration is given to the impact that future economic and residential growth along the A120 corridor may have on the M11 and in particular junction 8 from both the Essex and Hertfordshire side of the M11.

#### Strategic Rail Infrastructure:

27. The West Anglia mainline, in common with the rail network across Essex, is reaching full capacity. Network rail predictions suggest that as soon as 2023, at peak times the majority of routes between Tottenham Hale and Stansted airport and Cambridge and Liverpool Street will be using between 40-100% standing capacity.<sup>2</sup> The impacts of these capacity constraints are significant. Without significant investment, they will reduce the flexibility of the workforce both within the corridor and to and from London. Furthermore approximately 50% of passengers travelling to or from Stansted airport use public transport, train line capacity constraints are likely to impede growth at the airport and consequently the corridor.

#### **Crossrail 2**

28. Crossrail 2, with the northern terminus at Harlow could act as a catalyst to unlock growth and regeneration in Harlow and the LSCC, providing improved links between Harlow and London.
29. We believe that this investment could encourage the creation of over 30,000 homes by enabling higher densities at sustainable sites close to Harlow station and unlocking more sites to the south and east of Harlow beyond current local housing needs. It would result in significant investment in the town centre; connect areas of growth and development potential with areas of employment opportunity, support job creation along the train line and tackle lost productivity in areas of concentrated disadvantage by opening up job opportunities in the wider region. We also believe that consideration should also be given to the proposed Crossrail 2 Eastern Branch to improve connection between West Essex and growth locations in East London.

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<sup>2</sup> Network Rail Anglia: Route Study November 2014, p53

## 4 Tracking

30. ECC supports the view of Harlow District Council that a feasibility study should be taken to explore the option of 4-tracking to Harlow Town station. This will speed up services and increase resilience, opening up job markets and improving journey times between London and Stansted and Cambridge. The journey times between London Liverpool Street, Essex and Stansted airport in particular are currently not competitive, when compared to journey times to other airports serving London. We support the position of Stansted airport, London Stansted Cambridge Consortium and the West Anglia Taskforce in calling for a consistent and reliable London to Stansted journey time of 30 minutes.
31. Existing capacity of the rail tunnel that serves Stansted Airport continues to act as a constraint to both rail access of the airport and the wider network in this area. The existing single track tunnel is currently operating at capacity (although there are free seats on trains it is impossible to run more trains). ECC are of the view that expansion of the airport and growth more widely in the corridor should come hand in hand with the expansion of this infrastructure.
32. Finally we believe that there should be appropriate investment on the Central Line to address current and anticipated capacity and frequency issues to maintain and enhance the level of service offered to travellers from the Epping Forest area.

### Sufficient sites for housing and employment growth:

33. ***Supporting partners to reach agreement on where housing growth will be located with the corridor should be a key priority for the consortium. This will bring certainty for developers and enable infrastructure planning and resource allocation to progress.***
34. The alignment of plans and programmes from all public sector infrastructure providers is key; the future provision of public health, healthcare and educational facilities for example must be considered and planned. Investment in capacity at Rye Meads Sewerage is required to support future housing growth, as well as linking the Rye Meads sewer to new development sites, especially sites south of the River Stort. This may be extremely costly but needs to be considered as part of a package of new housing linked infrastructure investment.
35. ECC is keen to ensure that the location of any future residential development reflects and supports future economic growth aspirations and recognises anticipated employment growth locations. There are currently in excess of 300 job vacancies at Stansted Airport, these vacancies are primarily for tertiary sector employment, but there are also highly skilled vacancies e.g. airline pilots. If aspirations for growth at Stansted Airport are to be achieved, it is important that localised housing growth and infrastructure satisfies increased demand. A mix of new housing should reflect the needs of existing and future residents. As should transport links between key housing development and employment centres.
36. Partners should recognise the need for collaboration in developing new housing sites and support and engage with local planning authorities in the development of their local plans and realisation of enhanced infrastructure and housing growth.
37. For example a fundamental planning challenge for Harlow is that the administrative boundary is very tight and there simply is not enough land within Harlow borders to accommodate required growth.

Harlow's future growth relies on cooperation with others, particularly on development in East Herts to the North, up to 15,000 homes, and in Epping to the south/East.

- a. There is confidence in the development industry which owns and/or controls land encircling Harlow with a potential capacity of up to 50,000 homes. While there is clear interest in development, as yet this potential has not been realised. Investment in game changing infrastructure such as Crossrail 2 could play a key part in realising this potential.

## Skills

38. There are pockets of the corridor where skills are or are likely to become a barrier to growth. For example the Harlow workforce suffers with lower than average skills levels, with a deficit of those qualified to NVQ Level 4 or above. This we believe is likely to curtail the performance and growth of the Enterprise Zone and corridor unless action is taken.
39. Furthermore, across Essex the training and qualifications that students are gaining are not fulfilling the current needs of business not supporting them to grow. A game changer in terms of economic growth would be effective collaboration between educational providers and employers to build aspiration, knowledge and drive amongst students to not only gain qualifications but to gain qualifications that make them attractive to local employers in core or growth sectors.
40. This is not an insurmountable challenge if partners are willing to work together on this. As noted above, we have the facilities required, but need to change behaviour/knowledge of students as our workforce of the future. A highly and aptly skilled workforce will not only support current businesses located in the corridor but will make it a more attractive offer for new businesses.
41. ***The London Stansted Cambridge Consortium could actively pursue this aim bringing relevant members, partners and supporters together to collaborate on what is too often seen as a public sector problem.***

## Harlow Enterprise Zone: Need for parity in order to meet potential.

42. Harlow Enterprise Zone currently shares benefits with the Sandwich EZ, as the two sites were awarded within the LEP area.
43. Harlow's business rate discount is not funded, but in Sandwich it is. But, the business rates uplift from the Harlow EZ is passed to SELEP. It is intended that the discount is funded from the business rates generated in the EZ, but this clearly reduces the amount of funding available to support wider investment in the EZ. This anomaly has caused some issues in terms of funding core costs and delivering investment needed to make the EZ a success. In the most recent call for new Enterprise zones, Harlow and ECC articulated the disadvantages Harlow EZ faces and sought parity in terms of how the benefits package is funded. As yet this call has not been answered.
44. ***The London Stansted Cambridge Consortium could act as a powerful voice in ongoing support of this call.***

## Appeal to foreign investors

45. Despite its excellent location and international connectivity, only 6-7% of Greater Essex businesses actively export.<sup>3</sup> Invest Essex believes the key barriers to investment include lack of a clear brand,

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<sup>3</sup> Invest Essex

lack of suitable premises and lack of speculative development. Each of these barriers could be tackled in collaboration.

- 46. *The London Stansted Cambridge Consortium could be instrumental in making the case for such projects, working with colleagues across Essex to the benefit of all.***

Lack of agreement on what is 'Appropriate' agricultural development within the green belt - Epping Forest Glasshouses.

47. The glasshouse industry is a key sector in the corridor – 28% of the country's commercial glasshouses are located in the Lea Valley. They employ c.2,500 people and create £1bn in retail value. 70-80% of cucumbers grown in the UK are grown in the Lea Valley. The agri-food sector within the Lea Valley is likely to make a significant contribution to the LSCC's economic growth potential.
48. Growers in the Lea Valley are significantly smaller than the average unit in the rest of the UK. This means that businesses in the Lea Valley are less efficient, have lower yields and have fewer opportunities for new products and crops than businesses in the rest of the UK.
49. Over the next 20 years growers expect the minimum size for viable glasshouse production to more than double. Most growers currently in the Lea Valley plan to invest in the business in the next 5 years and the majority would like to invest within the Lea Valley.
50. However a lack of clarity on what is considered 'appropriate development' may provide a barrier to this investment and growth of the industry. The Lee Valley Task Force is seeking to address this issue, and therefore collaborative working arrangements are in place. It is important that relevant partners continue to support working arrangements to ensure that emerging Local Plan policies set out a consistent approach. This will ensure that local industry is aware of the parameters for future growth and development.
- 51. *The London Stansted Cambridge Consortium could actively pursue this aim bringing relevant members, partners and supporters together and highlighting the need for clarity.***

Relationship with London

52. Despite its distinct identity and challenge, the LSCC remains under the influence of the London City region.
53. The benefits of the LSCC's proximity to London are clear; London is recognised worldwide as major international business and investment location on a number of fronts. The LSCC's close proximity to London but significantly lower labour and premises costs provides the corridor with an attractive offer to both national and international businesses. 71,000 people commute into London from the LSCC; these high levels of out commuting bring wealth and spend into the corridor.
54. There is significant potential to grow and build a more symbiotic relationship with London. The LSCC can support London's ongoing evolution and competitive position as a centre of commerce and culture, and respond to the need to draw workers from a wider area where housing is more affordable.

55. The Mayor of London's 'City in the East' masterplan details how major development should take place and brings to life how the city is moving eastwards. It proposes the possibility of 20,000 new homes and 15,000 new jobs in the Upper Lee Valley area.
56. The London Stansted Cambridge Consortium could and should make better use of the LSCC's proximity to London as a major international business and investment location, try to improve its strategic relationship with partners in London and use this to lobby for improved infrastructure.
57. ***It is important that the LSCC (and Essex) leverages its scale and significance to London to encourage more effective strategic dialogue with Transport for London, Greater London Authority, London LEP, Network Rail and West Anglia to ensure improved commuter links (by rail and road), support for growth towns (notably Harlow) and long term planning in partnership.***