INTERIM FINDINGS OF **THE LONDON STANSTED CAMBRIDGE CORRIDOR GROWTH COMMISSION**

MARCH 2016

Growth Commission

London Stansted Cambridge Corridor

objective + evidence-based + independent

www.lsccgrowthcommission.org.uk

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Introducing the London-Stansted-Cambridge Corridor and the Growth Commission

This report sets out the interim findings of the LSCC Growth Commission – which has been established to provided independent analysis and advice to raise the global economic potential of the London-Stansted-Cambridge Corridor. The Corridor stretches from London, north through Hertfordshire and Essex, into Cambridge, South Cambridgeshire and Peterborough.

AN INTERNATIONAL ASSET WITH RAPID RATES OF GROWTH

The London-Stansted-Cambridge Corridor is an engine of UK growth and has world class industries and businesses. The Corridor's dynamic, knowledge-based economy is growing ahead of the UK average, and as a result so are rates of population growth. Transport links are excellent, with two major rail routes - the East Coast and West Anglia main lines - serve the Corridor. The A1(M), A10 and M11 motorways link its towns and cities with the capital, while London Stansted Airport offers international connections.

A LEADING TECH AND KNOWLEDGE ECONOMY

With 303,000 jobs in knowledge-based industries, the Corridor is a leading knowledge economy and a showcase for tech industries and firms. There is a high rate of innovation. Jobs in knowledge-based industries increased by 18 per cent in the Corridor over the five years to 2014, outstripping the national growth rate of 10 per cent.

FROM THE GLOBAL CITY OF LONDON…

Voted the world's most competitive city, London, offers expanding international companies leading talent and transport links, light-touch business regulation and huge opportunities for growth. London is first choice for international headquarters and a critical location for the next generation of entrepreneurs and innovators in ICT and digital and life sciences. .

…TO THE WORLD-CLASS CLUSTERS OF CAMBRIDGE

Cambridge has developed an outstanding record of business success, with 4,500 knowledge-intensive companies located within 25 miles of the city. Cambridge ranks as the top UK city for innovation, with 102 patents per 100,000 residents, more than the next seven best performing cities put together. More than 25 of the world's largest corporations operate within the city.

EUROPE'S LEADING LIFE SCIENCES CLUSTER

There are 635 life sciences businesses in the Corridor, accounting for 24,700 jobs, and contributing 11 per cent of all national employment in this sector. This success is built on 37 research institutes and notable firms and organisations, including Amgen and AstraZeneca in Cambridge, GlaxoSmithKline in Stevenage, and Public Health England in Harlow.

DRIVING THE FUTURE OF ICT & DIGITAL INDUSTRIES

Concentrated particularly in London and Cambridge, the corridor contains the largest cluster of ICT and digital firms and talent in the UK. There are 91,000 IT and telecommunications professionals and technicians in the LSCC area, 12.8 per cent of the total for England, and 12,400 businesses in the ICT and digital sector. At either end of the Corridor, there is Microsoft's European R&D headquarters and ARM in Cambridge and Google's Campus and Tech City in London, with firms such Arrow in Harlow in-between.

COMPETING GLOBALLY FOR INVESTMENT

International investment favours London, Cambridge and the Corridor. Firms investing in new locations outside the Corridor will tend to choose another country rather than a different part of the UK. London competes with 'world cities' such as New York, Tokyo and Paris. The Corridor competes with major technology regions such as Silicon Valley, Route 128-I95 in Massachusetts, New Jersey, The Triangle in North Carolina, Munich and Singapore.

The Corridor is already globally competitive in innovation and technology, but more progress could be made in the place-based policies that can develop and support a high quality location for business and work.

Emerging themes from the Growth Commission

The Growth Commission has identified several emerging themes that will be refined and developed over the next few months. Further views and suggestions are welcome.

THEME 1: AN EXCELLENT ENVIRONMENT FOR KNOWLEDGE-BASED INDUSTRIES

Quality of place is a key competitive strength and many of the Corridor's global competitors are further advanced in their 'smart growth' strategies and have better offers in terms of business locations, transport, housing, digital connectivity, cultural vibrancy, skills supply, and quality of life. This needs to be a major priority for the Corridor, complementing the excellent support it offers in nurturing knowledge-based and tech industries.

THEME 2: IMPROVING PRODUCTIVITY

Significant productivity gains are required to maintain economic prosperity where there are constraints to labour supply, housing, infrastructure, and land. Although the Corridor is already a leading region in terms of productivity (16 per cent higher than the UK average), a strategy which supports and builds the factors required for high productivity (such as capital investment, infrastructure enhancement, technology, skills, R&D, entrepreneurship and new products and services) is essential.

THEME 3: BETTER COLLABORATION

The Corridor could improve joint working and collaboration on major supply and demand issues such as infrastructure, skills and housing. Addressing the critical infrastructure and policy challenges such as roads (M11 Junctions 7, 7a, 8 and 9), rail (West Anglia Main Line improvements, Crossrail 2, a new station at Cambridge Biomedical Campus, and junction improvements), broadband access, housing (increasing the rate of housebuilding and access to affordable housing), and education and skills would substantially improve productivity performance as well as widen labour market catchment areas. Maintaining public and private R&D investment and capacity is also a priority. The West Anglia Task Force is a good example of effective collaboration – and the Growth Commission supports its work.

THEME 4: STRATEGIES THAT BUILD ON LOCAL STRENGTHS

We can use our knowledge of future industry and workforce requirements to inform and shape the future growth and transformation of the Corridor's towns and locations. Harlow and Stevenage have aspirations for significant growth. The Upper Lee Valley Opportunity Area in North London is London's largest Opportunity Area, capable of supporting over 15,000 new jobs and at least 20,000 new homes. As different places in the Corridor have different strengths, successful nodes and cities need to complement each other as business locations.

THEME 5: ENHANCED GOVERNANCE

New devolved local powers will help to deliver a collaborative 'smart growth' agenda and action plan for the Corridor. The Growth Commission supports increased local powers and collaboration between devolved authorities, as these present a major opportunity to deliver more effective strategic solutions at the Corridor level. The Growth Commission wishes to see an acceleration in the development and delivery of new financial tools for local agencies to support future prosperity and growth.

THEME 6: IMPROVED AIRPORT LINKS

London Stansted Airport provides a major international gateway strategically located in the middle of the corridor, serving 22 million passenger movements in 2015 and servicing over 160 international destinations. The growth of international gateways and airports is essential to the future success of the Corridor's globally-linked industries, including unmet demand for transatlantic flights. Expansion presents an opportunity to attract investment and employment in ancillary and associated activities.

THEME 7: GLOBAL SIGNIFICANCE

The Corridor competes globally for investment and talent. I. It is vital to take into account the international dimension - that if an international business decided, for instance, not to locate in Cambridge it would not necessarily go elsewhere in the UK.

NEXT STEPS

The LSCC Growth Commission will continue to run until June 2016, providing further evidence and staging two further Inquiry Events on 5 April and 12 May.

We welcome feedback on this Interim Report as well as the submission of further evidence and views via **www.lsccgrowthcommission.org.uk**

£226bn

Economic output of the wider LSC region in 2014

2.7m

Number of residents living in the LSC region in 2014

LSC **44.1%** UK **35.8%**

Working age people qualified to at least Level 4 (degree level and above) in 2014

LSC **10.5%** UK **4.1%**

Jobs growth between 2009 and 2014

LSC **28.4%** UK **13.4%**

Business population growth 2004–2013

LSC **6.1%** UK **3.7%**

Post recession rate of GVA growth 2010-2014

16% LSC UK

Productivity 16% higher than UK average in 2014

LSC **18%** GB **10%**

Growth of Knowledge Industry jobs 2009–2014

UK **9.7%** LSC **19.1%**

Population growth 2000–2014

UK **9.0%** LSC **20.2%**

Workforce growth 2000–2014