



EVIDENCE TO INFORM THE LONDON STANSTED CAMBRIDGE CORRIDOR GROWTH COMMISSION

PROCEEDINGS FROM INQUIRY 1:
EXPLORING THE POTENTIAL OF THE
LONDON-STANSTED-CAMBRIDGE
CORRIDOR

JANUARY 2016

INQUIRY 1

The LSCC Growth Commission aims to provide independent analysis and advice to raise the global economic potential of the London-Stansted-Cambridge Corridor, setting out a 30-year vision for transformational change.

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Growth Commission

London Stansted Cambridge Corridor



objective + evidence-based + independent

Growth Commission
London Stansted Cambridge Corridor



Introduction

THIS PAPER SETS OUT THE PROCEEDINGS FROM THE FIRST INQUIRY EVENT

The Growth Commissioners, speakers and audience met on 21 January 2016 to discuss the economic strengths and opportunities for the Corridor and the local economies within and surrounding it.

This paper summarises the proceedings of the event and the views and emerging priorities of the Commissioners themselves.

Aim of the event

The aim of the event was to fundamentally discuss and answer the following questions:

- What is the economic potential of the London-Stansted-Cambridge Corridor?
- What are the likely patterns of future industry and business growth?
- How could the Corridor raise its global potential or role as an economic region?
- What does a Corridor that fulfils its potential look like?
- What are the common themes across the corridor where there might be a common agenda for action?

The event

The event was structured as follows:

INTRODUCTION AND WELCOME TO CAMBRIDGE

Lewis Herbert, Leader, Cambridge City Council

INTRODUCTION TO THE LSCC GROWTH COMMISSION

Sir Harvey McGrath, Chair

SETTING THE SCENE – DESCRIBING THE CORRIDOR'S ECONOMY, AND ITS FUTURE PROSPECTS

Professor Pete Tyler, University of Cambridge; Harriet Fear, One Nucleus; Bob Driver, Cambridge Wireless; Martin Garratt, Cambridge Cleantech

CHALLENGES AND OPPORTUNITIES: LONDON AND THE CORRIDOR

Andy Rumfitt, Director, AECOM; Neil Darwin, Greater Cambridge Greater Peterborough LEP; Neil Hayes, Hertfordshire LEP; Dominic Collins, Essex County Council / SELEP

Full presentation slides (where used) are available [here](#).



SUMMARY OF PROCEEDINGS

This section summarises the main points of discussion from the presentations, panel discussions, and audience contribution.

Setting the scene – describing the corridor’s economy, and its future prospects

THE OPPORTUNITY

The Corridor’s economy is very successful with an **impressive growth record**. It represents a significant source of future growth and economic prosperity for the UK.

The Corridor has made some **in-roads into scaling up firms and industries**. As well as London being a significant global city, centre for corporate HQs and innovative entrepreneurs – Cambridge is also the location for 12x \$1 billion firms and 2x £10 billion firms. It has been acknowledged that the UK lags behind the USA and other leading economies in its ability to scale up firms.

The Corridor is not a functional economy, but is made up of **several very powerful nodes**, including London and Cambridge. There are questions about the role of the towns and places between London, Cambridge and Peterborough in terms of their existing function and future role.

There are **powerful economic arguments from better connectivity and integration of markets and places in the Corridor** – particularly in increasing the effective density of the Corridor.

The life sciences cluster and ICT & digital clusters are **unique assets of national and international importance**. In particular, the Corridor is the location

for Europe’s largest and most successful life sciences cluster. It is estimated that the Corridor contains 25 per cent of the UK’s life science firms, 40 per cent of R&D, and 40 per cent of investment.

The **supply chain impacts of life sciences tend to be higher than average**. Although life sciences do not employ as many as other industries, evidence shows that the cluster supports a higher level of supply chain activities and jobs than average.

The **depth and breadth of ICT & Digital activities is huge** – for example, ARM and Imagination are huge firms with a significant presence in the global market. Tech City has real value. The Corridor has a range of hardware and software businesses and activities that are B2B and B2C.

Cleantech is another important sector, with 10 per cent of UK cleantech firms located in Greater Cambridge. The sector has grown significantly in recent years, and generates over double the GVA per job compared to average.

MAKING PREDICTIONS ABOUT THE FUTURE

It is **easier to predict technological change than the changes to markets and business models**. Whilst we can predict that new technologies such as artificial intelligence, the internet of things, data privacy and quantum computing – will be significant in the years to come, it is not easy to predict how they will be operationalised in the market. We cannot predict the firms or business models. It would be unsurprising if some of the current major corporate players were no longer as significant in 20 years’ time.



WHO ARE OUR COMPETITORS?

- ICT & Digital: Silicon Valley
- Life Sciences: Route 128 / I95 Massachusetts, San Diego – San Francisco
- Cleantech: Munich, Copenhagen, Research Triangle (North Carolina)

Also emphasised that there are effective international collaborations (it isn't all about competition); and that industries such as ICT & Digital are now significantly structured around massive Global value chains.

Challenges and opportunities: London and the corridor

LONDON

London's growth rate has been significantly above the national trend, and this is set to continue. London has experienced phenomenal rates of growth in recent years, and accounts for one-third of the UK's exports. It has created 581,000 net new jobs over the 5 years from 2009 to 2014 – more than the next biggest 10 LEPs put together.

700,000 workers journey into London from districts within 90km of London's centre. 300,000 Londoners journey out to those districts.

Costs are high in London. Despite this, the capital continues to attract firms, jobs, and young talent.

London's population set to grow from 9 million to 11 million by 2060. Like many other places, the population will age significantly.

Despite this growth, housebuilding has never managed to reach the targets (of 42,000 homes per year) needed to meet demand. As well as housing, private and public services such as water supply, open space, schools, energy supply, and waste facilities are needed to support London's future growth. There

needs to be a 70 per cent increase in public transport capacity.

Deprivation remains significant in parts of London.

There are significant concentrations of disadvantage, particularly in parts of North and East London.

AECOM proposed 10 ideas to secure the next 50 years in their manifesto for London's long term growth "Big Bold Global Connected London 2065":

1. Re-imagine London's City Centres by intensifying development at national and international arrival points
2. Live closer in the suburbs by maximising opportunities around tube and rail stations
3. Enable the world's top knowledge circuit to balance growth across the London City Region that connects leading innovation, technology and learning clusters
4. Build a bold new town programme by revisiting former new towns and initiating a second generation programme with a scale of ambition that will tackle the housing deficit
5. Modernise the greenbelt through a comprehensive review
6. Link up the region with a region-wide transport authority and enhanced rail network
7. Unlock national potential by establishing two-way high speed links between a London City Region and other UK City Regions
8. Connect to the World by building on Heathrow's strengths
9. Celebrate infrastructure – of all kinds, with its broadest definition and increase its attractiveness to investors



10. Think big with connected governance that reflects the future priorities for a global megacity region of more than 20 million people

GREATER CAMBRIDGE GREATER PETERBOROUGH LEP

In addition to the challenges discussed in the “setting the scene” introduction, the following were highlighted and emphasised:

- **Uneven growth and use of technology.** Growth has been very fast paced, but at a local level uneven. The northern part of the GCGP area is very different to the southern part. There is very high tech and very low tech in the region.
- **The fiscal challenges facing local authorities** make long term planning and investing in infrastructure and housing very difficult.
- **We have more inward investment enquiries than we can accommodate.** Have the second highest number of enquiries, yet when there is no space in Cambridge we have difficulty persuading them to go to other suitable locations nearby, or along the Corridor.
- A key strategy has been to make it more attractive for companies to be dispersed in key locations around Cambridge via the Cambridge Compass Enterprise Zone.
- **Accelerating housing development** might be achieved by encouraging closer working between private developers and planning authorities.
- **High priority transport schemes:** A14 upgrade, West Anglia Main Line improvements, Ely Junction improvements.
- **Skills challenge at all levels.** Technology staff can't get the staff they need; the University can't get catering staff. House prices and lack of effective

transport links to more affordable settlements lie behind much of this.

- **Key sectors:** agritech, life sciences, advanced manufacturing, creative & digital, cleantech
- **Brand value of Cambridge and London** is special globally.

HERTFORDSHIRE LEP

When Hertfordshire LEP was established, it was recognised that it had to be externally facing and had to collaborate. Strong in terms of private sector R&D by large global corporates, the focus is on how Hertfordshire could fulfil its vision to become a leading economy within the golden research triangle between Oxford/M4 Corridor, London and Cambridge. The main points made about Hertfordshire LEPs approach included:

Stable economy masking sluggish growth rates. The economy looks healthy in terms of GVA per head and low unemployment, but some key challenges:

- high levels of outward commuting,
- lack of affordable housing,
- lack of Grade A commercial premises and obsolete commercial building stock,
- slow growth,
- weak productivity; and
- SME digital connectivity.

Key sectors: agritech, life sciences, advanced manufacturing, film and media.

A ‘total business environment’ approach was needed, to address issues relating not only to inadequate infrastructure, lack of wider R&D activity beyond the corporates, and lack of investment in skills but also the vitality of key urban centres and the need to support renewal in new towns such as Stevenage and Hatfield.



The recognition that different industries were concentrated around key transport corridors, such as the A1m, M1/M25 and the Kings Cross rail link between Cambridge and London. For example, advanced engineering in Stevenage and North Hertfordshire is part of a value chain with the South East Midlands and South Cambs. The Film and media industry is based around the A1/M1 area in south west Hertfordshire.

Hertfordshire is establishing a business-led economic growth agenda, prioritising three 'growth areas' as the focal point to secure and channel public investment to help address the county's economic challenges.

ESSEX COUNTY AND SELEP

SELEP has the ambition to generate 200,000 private sector jobs by 2021 and complete 100,000 new homes.

It recognises the London-Stansted-Cambridge Corridor as a driver of growth in its area. SELEP operates on a federated structure in recognition of its size, and subsidiary arrangements exist for the three areas of (1) Essex, Southend and Thurrock, (2) Kent and Medway, and (3) East Sussex.

In the economic plan for Essex, West Essex (which forms part of the London-Stansted-Cambridge Corridor) is recognised as one of four key growth corridors. There is a focus on 5 key sectors, including advanced Manufacturing, life sciences and healthcare, logistics, digital, creative and cultural, and low carbon. Policy priorities include infrastructure, business support and skills.

The significant strengths of West Essex on which to build on include:

- Location and position next to London and neighbouring counties
- Quality of life
- Connectivity – particularly roads, rail and air transport

- Sizeable workforce, with higher qualified workforce than the Essex average
- Nationally important assets including: London Stansted Airport; Harlow EZ, incorporating ARU MedTech campus and ECC/ARU MedTech innovation centre; Public Health England relocation (Harlow); Advanced engineering and manufacturing centre and University Technical College (Harlow).
- Opportunity for economic and housing growth in Harlow Town Centre; Life Science, Med Tech, ICT, Advanced Manufacturing, Food Sector.

Need to recognise the diversity of the area – rural nature of Epping Forest and Uttlesford counterbalanced by urban nature of Harlow with accompanying issues.

Key infrastructure issues including M11 Junctions 7,7a and 8; WAML four tracking; Investment in Harlow Town Centre regeneration; and Crossrail 2.

Essex County Council and local partners have prioritised London Stansted Airport as focus of economic opportunity, but this will also require a number of key interventions in infrastructure and skills.

EXISTING COLLABORATION BETWEEN SUBREGIONS

It was noted that the main areas of collaboration to date between LEPs, Essex and London included:

- The case for West Anglia Main Line improvements
- Proposals and campaigns for transport investments such as M11 Junction 8
- London Stansted Airport
- London Enterprise Panel, and discussions about London's future



- Industry and sector based initiatives in: agritech and life sciences

Collaborations also, of course, exist outwith the Corridor as is the case for Greater Cambridge Greater Peterborough (e.g. Norfolk, Suffolk, Rutland, South Lincolnshire) and Hertfordshire (SE Midlands, Buckinghamshire) and Essex (Suffolk, Southend, Thurrock, Kent). These collaborations are often driven by industry value chains, significant assets (such as ports), and strategic relationships.

Summary of issues and debate

CHALLENGES AND BARRIERS TO GROWTH AND SUCCESS

Transport infrastructure. This was an incredibly strong theme throughout the discussion – that effective transport solutions were required to cope with historic growth and enable future growth. It was also mentioned that transport interchanges need to be effective, whether inter-modal or car parking at railway stations.

Affordable Housing was an issue which touched every session and debate. Housing costs were forcing people into longer commutes (thus putting additional strain on transport infrastructure), preventing firms and organisations securing the skills and talent they need, and affecting the ability to provide effective public services. The lack of provision for young people and future generations was also thought to be a significant issue.

Land and property for key industries. Globally the Corridor is already a powerhouse for life sciences and ICT & Digital and is a top destination for prospective businesses, but it was perceived that we are not always able to showcase the suitable land and property to get them to locate here.

Skills – the ability of employers to meet their skills needs; and the ability of individuals to fully utilise their

skills. Housing costs and availability was another thread running through the discussion as it is constraining labour mobility and the ability of employers to persuade talent to locate here.

Access to opportunity and equality – that there remain significant challenges for residents and individuals in accessing jobs and skills; and that housing and transport costs also play a factor in creating barriers to access to jobs.

The need to continue to invest in research. The success of the Corridor is built on public, private and non-profit R&D. Given the time taken for scientific enquiry, R&D and prototyping – maintaining a flow of research funding now is very necessary to maintain success in the future.

International connectivity and access to markets. The need for more flights to international hubs from London Stansted Airport was emphasised.

Digital connectivity. To embrace remote working, and to create benefits from investment for all parts of the corridor – achieving better urban and rural internet and mobile phone connectivity is critical. Most businesses now conduct activities in virtual meetings with team members spread across the globe. Need the digital connectivity to support this.

The scale of investment in infrastructure and public services is thought to be nowhere near enough. Initiatives to support road and rails schemes and the Greater Cambridge City Deal are welcome but more investment is needed.

Persuading firms and individuals to consider alternative, nearby locations emerged as an issue – whether this involves Broxbourne, Harlow, Stevenage, Northstowe, Alconbury or Cambourne. The distances are not very significant when compared to tech regions in the USA, for example.



SOLUTIONS

CONNECTING CAMBRIDGE AND LONDON

Connecting the design and customer expertise of London with the science and technology of Cambridge. There is further opportunity from connecting these two world class capabilities.

London might be seen as a threat to growth and sustainability in the rest of the corridor – but it also provides significant advantages in terms of investment finance and depth of specialist expertise. For example, the main specialist cleantech investment portfolios are based in London.

Industry bodies and groups can lead international collaboration. Cleantech Cambridge is involved in a European INTERREG project for collaboration on the support for Cleantech firms and industries.

Need to make the vision of growth relevant to all communities. Need to talk about the need to develop parts of the corridor so that they are sustainable communities for future generations. Example of North Carolina approach to bringing in more rural communities into the benefits from the Triangle's growth.

MAKING THE CASE

Industry and business: the need to start 'thinking globally' was put forward as a necessity, to consider the Corridor as a Global force and to analyse and pursue the global opportunities.

Government: getting the best case to government was cited as critical, in particular one that:

- Presents an opportunity or a solution
- Is focused and consistent
- One voice, rather than many voices
- Presented to the right decision makers in Whitehall

Reflections on the inquiry event and debate

EMERGING THEMES

A NUMBER OF THEMES WERE EVIDENT THROUGH ALL OF THE PRESENTATIONS AND DEBATE

The corridor has strong links, common activities, assets and capabilities.

There are important East-West links to the local economies and industrial sectors in the corridor. There is the need to appreciate this, but also to focus on what issues and solutions are most pertinent to the Corridor.

The economic role of the places in-between Peterborough, Cambridge and London needs to be discussed more fully and developed. There are opportunities for these places to capture growth and economic activities that can't always be accommodated in London and Cambridge.

Sustainable growth for all communities is an aspiration that is essential in order to get the leadership and buy-in to enable further employment and housing growth and development.



INSIGHTS

The Growth Commissioners provided further thoughts and insights into the issues and themes that emerged.

ADDRESSING THE TRANSPORT, INFRASTRUCTURE, HOUSING AND SKILLS CONSTRAINTS

If transport, housing and skills supply are not addressed, Cambridge's growth will be curtailed and the UK will lose new investment in tech firms and jobs to overseas competitors. As some of Cambridge's major international technology firms cannot secure the skills and talent they need, they are, instead, expanding operations in their other overseas locations. These factors may limit the potential for growth and expansion in high value-added industries in the future.

There is the perception that some parts of the corridor, such as Greater Cambridge, do not have an effective long-term integrated transport strategy or plan. Many of the schemes in the past 10 years have made to address specific issues that have arisen.

THE CORRIDOR HAS SIGNIFICANT INDUSTRY CLUSTERS AND STRENGTHS IN ITS OWN RIGHT

There is a significant life science cluster in and surrounding the Corridor in its own right. It is a definite geographical concentration of research, skills, capabilities, assets and businesses. The Corridor's life sciences capabilities are world leading.

Software design and engineering is an activity and capability which underpins much of the IT & Digital and Life Sciences activities, as well as other tech sectors.

It is common to have life sciences and ICT & Digital to be strong in the same region. Successful Life Sciences Regions tend to have successful ICT & Digital industries and vice-versa.

THE FUTURE OF GREATER LONDON WILL HAVE A SIGNIFICANT EFFECT ON THE FUTURE OF THE CORRIDOR

The role of London as a whole needs to be considered in relation to the corridor. London has such a large and increasing influence, that it is important to consider trends, issues and developments throughout the Greater London area. On housing alone, London's needs are vast, and of significance to the Corridor as well as other areas surrounding the capital.

MAKING THE CORRIDOR'S NODES WORK TOGETHER BETTER

There was much discussion of the 'nodes' within the Corridor, and the roles they play. In particular, it was felt that some of the towns and places that weren't in Cambridge or London could be better connected, and that a better understanding of their role and potential is warranted.

EXPLORING NEW FINANCIAL TOOLS

There is much awareness of the potential from new financial tools, and that work is being undertaken by many organisations in the Corridor. The Growth Commissioners are aware of this significant potential, and the role that the Growth Commission could have in informing and promoting this agenda.

