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Economy, labour and skills

There are signs of a recovery post-pandemic, and the labour market also appears resilient, but significant concerns remain, chiefly in the form of high inflation and mounting cost of living pressures

DATA HEADLINES

- Across Cambridgeshire and Peterborough, nominal earnings have continued to recover since the pandemic, with consistent growth of 6% or above over the last year. But given sustained high inflation real earnings have actually fallen, although there are signs real earnings may start to grow in coming months.
- C&P's economy has almost recovered to its pre-pandemic levels, following a contraction due to the Covid-19 pandemic and associated lockdowns. Growth in the build-up to the Pandemic was middling compared to other combined authorities but in line with regionally and the national average excluding London. This is consistent across most of the districts but growth in Fenland fell in contrast to other areas. However jobs growth has been relatively slow at 2% between 2016-21 although has varied amongst districts.
- Productivity has improved at a CA level, with GVA per hour increasing to £37.09 in 2021, a 16% increase over the last five years, a marked improvement on 7% growth seen in the previous five years. Despite this, productivity remains below the national average, however, the gap has closed from 4.8% below the UK average in 2019 to 3.2% in 2021.
- The labour market has held up well, particularly in Greater Cambridge; payrolled employees are up on pre-pandemic levels, relatively high economic activity and low unemployment but there are varying experiences, particularly in the Fens. There is evidence the labour market is starting to weaken across Cambridgeshire and Peterborough as job vacancies have fallen and nationally unemployment rose in the three months to June.
- Total education and training and apprenticeship achievements are down on pre-pandemic levels, following national and regional trends, with Cambridgeshire having a relatively low number of education and training achievements per 100,000 population, and Cambridge the lowest across districts. However, higher level apprenticeship achievements have increased across districts, with Cambridgeshire now having a greater number of higher apprenticeship achievements per 100,000 population than nationally.

IMPLICATIONS FOR C&P

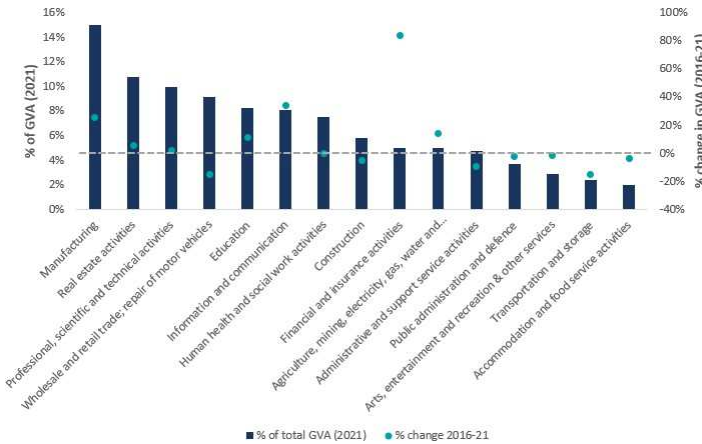
- Despite nominal earnings increasing across local authority districts, households are facing stretched budgets in the face of rising prices, increasing rents and mortgage repayments. Cost of living pressures exist for all communities across C&P but are particularly acute in The Fens.
- A promising sign that the economy has largely withstood the impacts of the pandemic, but it's important to emphasise that the economy underperformed compared to a number of other combined authorities and has only just about made it back to 2019 levels. The economy has fallen behind the growth rate required to meet the CPCA's Devolution Deal target of doubling GVA from 2017 to 2042.
- Productivity is key in raising living standards and driving long-term economic growth so these initial figures are encouraging. Differing patterns across districts and sectors indicates that productivity growth continues to be a priority to address.
- Falling vacancies likely reflect greater economic uncertainty and potential cooling of the labour market meaning we may see reduced employment opportunities in the coming months. Continuing to support residents into employment, training or education opportunities is vital, particularly in the Fens where employment is relatively low.
- The pandemic has continued to disrupt education and training settings across Cambridgeshire and Peterborough. Although the increase in higher levels apprenticeship achievements shows increasing availability of higher level technical courses, particularly in Greater Cambridge. When data for the complete 2022/23 academic year are released later this year, we will be able to assess how achievements have continued to recover against pre-pandemic levels.

EXECUTIVE SUMMARY

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Sectors: size and growth (GVA)



- Manufacturing is the largest contributor to the C&P economy and has been one of the fastest growing over the last 5 years.
- Combined Manufacturing, Real Estate, Professional, Scientific and Technical, and retail make up 44.8% of total GVA.
- But Retail has seen the sharpest decline over the last five years, along with transport.
- IT has continued its fast growth seen over the last decade and now makes up 8% of GVA.
- Financial Services has been the fastest growing sector since 2016, having seen a decline in the five years previous.

Source: ONS dataset Regional GVA by industry

ECONOMY OVERVIEW

Priority sectors: employment

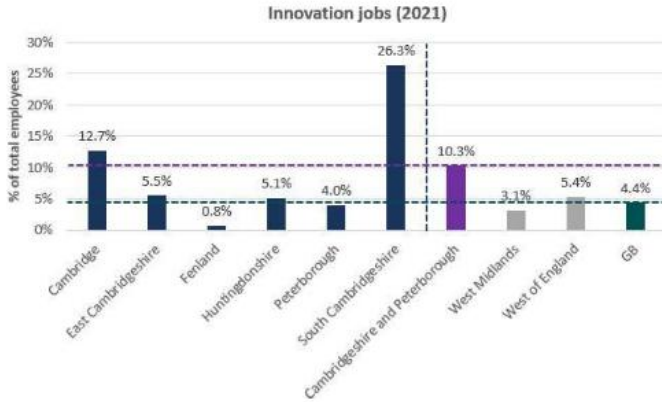
- Growth in priority sector employment has largely been driven in Greater Cambridge, particularly Cambridge and South Cambridgeshire. Across all priority sectors employment is up by 32% and 26% in Cambridge and South Cambridgeshire respectively.
- Strong increase in employment across all areas in Advanced Manufacturing, in contrast to fall experienced nationally.
- Agri-tech employment increased by 51% in Peterborough, with steady increases in the Fens, contrasting to other areas. The increase in Peterborough is largely explained by increasing employment in fruit and veg processing.
- Priority sector employment in The Fens continues to be dominated by Agri-tech, with relatively low proportions of employment in the other priority sectors, however from 2016-2021 the region experienced rapid growth in Advanced Manufacturing employment.

Area	Advanced Manufacturing		Agri tech		Digital and IT		Life sciences	
	Employment (2021)	% change (2016-21)	Employment (2021)	% change (2016-21)	Employment (2021)	% change (2016-21)	Employment (2021)	% change (2016-21)
Cambridge	5,435	30%	765	5%	10,755	25%	6,805	54%
East Cambridgeshire	2,260	40%	2,485	-15%	1,165	6%	180	-29%
Fenland	975	34%	3,365	5%	525	-5%	5	-50%
Huntingdonshire	3,080	26%	3,965	-6%	3,960	-2%	630	-13%
Peterborough	5,025	17%	2,070	51%	6,155	3%	805	15%
South Cambridgeshire	6,715	11%	2,345	-21%	10,130	49%	13,350	35%
Cambridgeshire and Peterborough	23,980	25%	15,560	-3%	31,320	13%	21,275	28%
GB excluding London	873,705	-3%	597,920	-1%	1,042,440	5%	262,850	15%

Source: Metro Dynamics analysis of ONS Business Register and Employment Survey

ECONOMY OVERVIEW

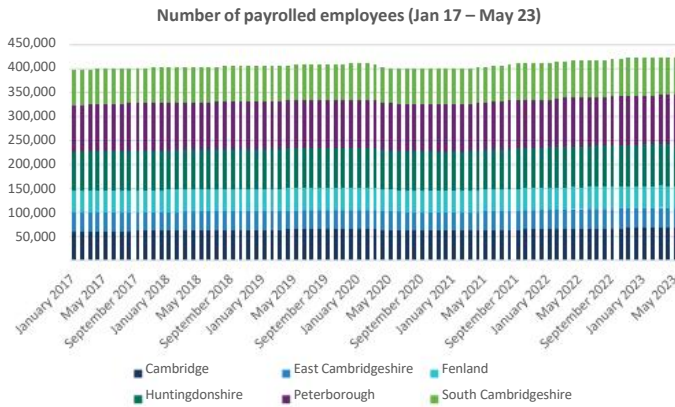
Innovation (% of innovation jobs)



Source: Metro Dynamics analysis of ONS Business Register and Employment Survey (2021)

- Across Cambridgeshire and Peterborough, over 10% of employees are in innovation jobs in 2021, over double the national proportion.
- South Cambridgeshire and Cambridge are the main contributors, making up over three quarters of total innovation jobs across Cambridgeshire and Peterborough.
- Only Peterborough and Fenland have a lower proportion of innovation jobs than the national average.
- Fenland, which is also lower than the West Midlands proportion, has had a proportion consistently below 1% over the last 5 years.

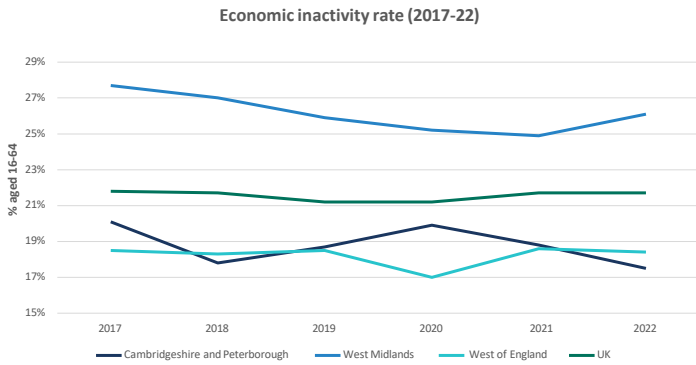
Total employees



Source: ONS. PAYE Real Time Information. June 2023 release

- There were 423,805 payrolled employees across Cambridgeshire and Peterborough in May 2023, continuing the general increase in employees apart from during the pandemic.
- Employees are up 19,990 (5%) since May 2021, recovering since Covid related restrictions started to be eased, and up by 15,620 (3.8%) compared to pre-pandemic levels in May 2019.
- This is comparable against UK average growth (3.9%) between May 2019 and May 2023, but Cambridge (5.4%) and South Cambridgeshire (4.4%) were the only local authority districts with higher growth. Fenland had the lowest increase of 1.9%.

Economic inactivity



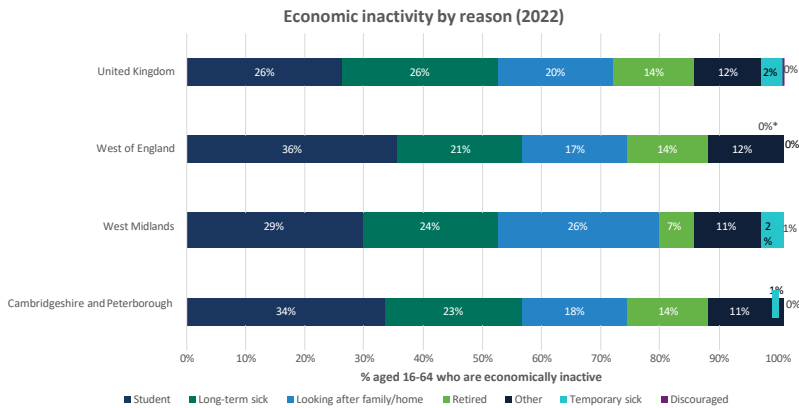
- The proportion of the population who are economically inactive in Cambridgeshire and Peterborough has continued to fall following an increase during the pandemic.
- Levels have consistently been lower than the national average over the last 5 years, where inactivity has plateaued since the pandemic compared to a fall in C&P.

Source: ONS, Annual Population Survey 2022

LABOUR MARKET

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Reason for inactivity



- The main reason for inactivity in Cambridgeshire and Peterborough is being a student, 8 percentage points above the UK average, and illustrative of the region's significant universities.
- Long-term sickness as a reason is slightly lower in C&P than the UK average, but other reasons are broadly comparable with UK averages.

*Please note that data is not available for discouraged across Cambridgeshire and Peterborough, West of England and West Midlands due to the group sample size being zero or disclosive (0-2).

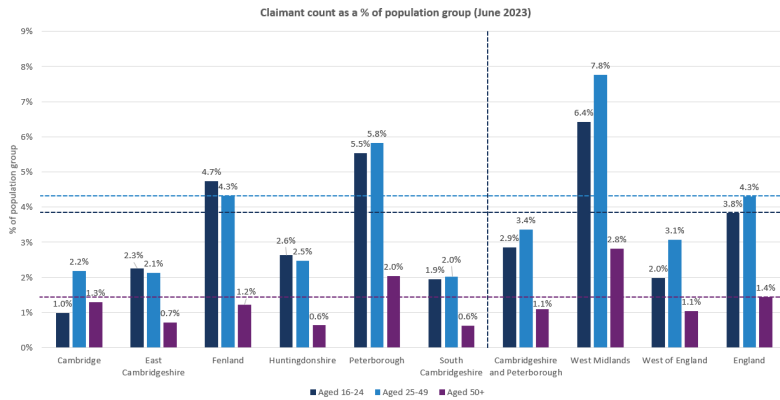
Source: ONS, Annual Population Survey 2022

LABOUR MARKET

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Claimant count* by age



- Across Cambridgeshire and Peterborough, the claimant count across age groups is lower than the national average.
- Among local authority districts, the Claimant count for those aged 16-24 and 25-49 is highest in Peterborough and Fenland. For Peterborough, the count is above for both age groups and in Fenland is above for those aged 16-24 but in line for those aged 25-49.
- Other districts are below the national average for those aged 16-24 and 25-49 and below or generally in line with the West of England.

*The number of people claiming benefits principally for the reason of being unemployed

*National comparison is England owing to analysis using Census 2021 population figures and Scotland having a different Census to England

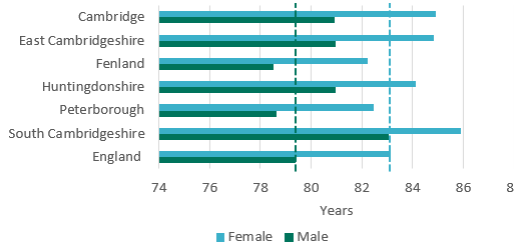
Source – Claimant Count by Sex and Age, ONS, June 2023 – Accessed via Nomis

LABOUR MARKET

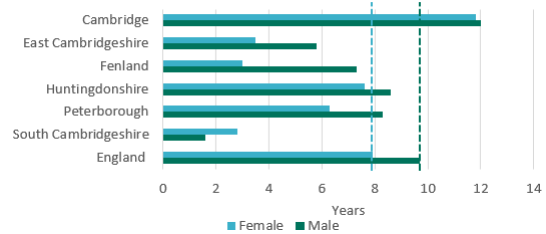
Inequality in life expectancy

- Life expectancy generally higher across districts for males and females compared to the national average, other than in Fenland and Peterborough.
- There is a clear gap in quality of life across the region. In the regions most deprived neighbourhoods, healthy life expectancy is below the retirement age. Inequality in life expectancy is significantly higher in Cambridge, with a 12 year gap between life expectancy at birth between the most and least deprived areas.

Life expectancy at birth (2018-20)



Inequality in life expectancy at birth (2018-20)

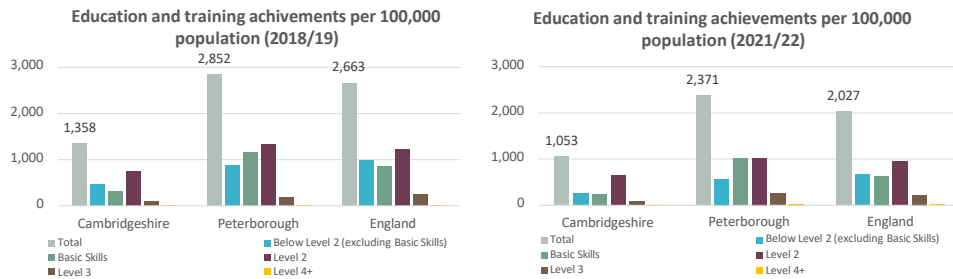


Source: ONS Health State Life expectancy (2018-20), Office for Health Improvement & Disparities Inequality in life expectancy at birth (2018-20)

HEALTH AND SKILLS

Education and Training: Achievement Rates

- Total achievements were impacted significantly due to the disruption caused by the pandemic and have not yet returned to pre-pandemic levels; achievements are down 17% and 9% from 2018/19 levels in Cambridgeshire and Peterborough respectively, but showing greater signs of recovery than the 23% fall seen nationally.
- Level 3 and 4 achievements have grown in Peterborough, although making up a small proportion of total achievements, whereas achievements in Cambridgeshire have fallen across the board.

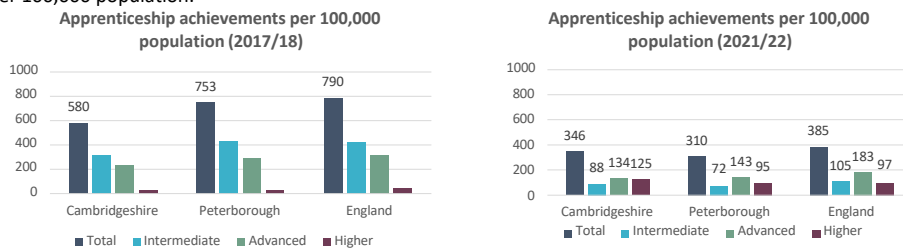


Note: 2022/23 data are provisional and only covers the first three quarters of the academic year so we report on 2021/22 as it is most recent year with data covering the full academic year

Source – DfE Further education and skills 2021/22

Apprenticeships: achievements

- Despite an increase in apprenticeship total achievements between 2019/20 and 2020/21 following the initial easing of covid related restrictions, achievements fell again to 2021/22 and were 36% and 54% lower than in 2017/18 in Cambridgeshire and Peterborough respectively, similar to falls seen nationally and regionally.
- Higher apprenticeship achievements have risen in contrast to other types, similar to trends regionally and nationally but rises have been higher across Cambridgeshire and Peterborough, where higher achievements have more than doubled with Cambridgeshire now having a higher number of achievements in higher apprenticeships per 100,000 population.



Note: 2022/23 data are provisional and only covers the first three quarters of the academic year so we report on 2021/22 as it is most recent year with data covering the full academic year

Source – DfE Apprenticeships and traineeships 2021/22