



Cambridgeshire & Peterborough
Local Economic Recovery Strategy (LERS)

Final Draft: Economic Recovery Sub-Group
LATEST (1 SEPT)

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ACKNOWLEDGEMENTS

This strategy has been a collaborative process strengthened by significant co-ownership and broader business community, education and public consultation. This Local Economic Recovery Strategy is a co-created product of the Covid-19 Local Economic Recovery Sub-Group, consisting of Local Authority economic development officers in partnership with representatives of all the key local business organisations. All Local Authority and business representatives have played an active role in shaping this strategy, within a highly collaborative and very positive environment. The vision and interventions developed by this group have been subsequently workshopped and developed by a sub-group of the CPCA's Business Board and undergone a local consultation process with 100 businesses.

The Local Authority officer, business representative and individual business leader input that has created the proposed strategy is recommended for adoption by the Business Board as its Covid-19 adapted version of the Local Industrial Strategy. This will be subsequently offered for political ratification by the CPCA main Board on the 30th September. Individual Local Authorities are expected to present this "whole of economy" strategy to their cabinets for endorsement during October and November, which will lead to local recovery plans being developed in alignment.

The strategy is further underpinned by a common understanding that to lead the region to economic recovery, behaviours will also need to change in order to support the interventions proposed. All those involved in the creation of this strategy share a steadfast drive to make things happen and do things in new and innovative ways that are more collaborative and more impactful than ever before, setting the Cambridgeshire & Peterborough economy as a trailblazer and exemplar of sustainable and sustained economic recovery and renewal for the rest of the UK.

Contributors to development of the Cambridgeshire & Peterborough Local Economic Recovery Strategy include:

Cambridgeshire & Peterborough Combined Authority & Business Board
Cambridgeshire County Council
Cambridge City Council
Huntingdonshire District Council
Fenland District Council
East Cambridgeshire District Council
South Cambridgeshire District Council
Peterborough City Council
Greater Cambridge Partnership
Public Health England
Police Commission
Cambridgeshire Chambers of Commerce
Federation of Small Businesses
Opportunity Peterborough
Cambridge Network
Cambridge Ahead
Confederation of British Industry
ICAEW

FOREWORD

Since March, employers and employees have had to encounter unforeseen challenges and we have seen incomparable levels of adaptability and resilience. As the economy reopens in the weeks and months ahead, employers will need to continue to meet a series of challenges and obstacles head-on to ensure survival before they can consider resuming on a new and very different journey of growth.

Many employers in our region have also been directly involved in the national and international fight against the disease, from the global development and testing of vaccines, to uncovering effective medical treatments, through to the design and engineering of new ventilators for hospitals. In a time of crisis, this has highlighted the importance of innovation to our own economies and of the UK.

Our region's Employees will also face huge challenges in the future. Many are already facing huge uncertainty with the very real threat of redundancy or, at least, a seismic change in their job looming. The future workers in our region, our young students, face the daunting prospect of entering a severely contracted jobs market that is now newly congested with competition from experienced talent who have found themselves jobless.

The huge and unprecedented response by National and Local Government that has provided vital lifelines to Business Leaders and Owners. But without the specific interventions as set out in this strategy, the recovery will be longer, less inclusive and the gaps between our sub-economies will widen. In addition, this strategy sets out a clear and shared vision for a more inclusive, digitally enabled and greener recovery that leads to much greater, future resilience, more evenly felt, across our economy.

Moreover, the one much promoted positive to arise from the economic and social lockdown has been a measurable improvement in environmental quality. Significant reductions in congestion, air pollution and waste over a short space of time have brought the importance of sustainability into sharp focus. Building such considerations into our strategy through approaches such as the circular economy can help businesses to reduce costs and eliminate waste whilst improving their resilience and sustainability performance.

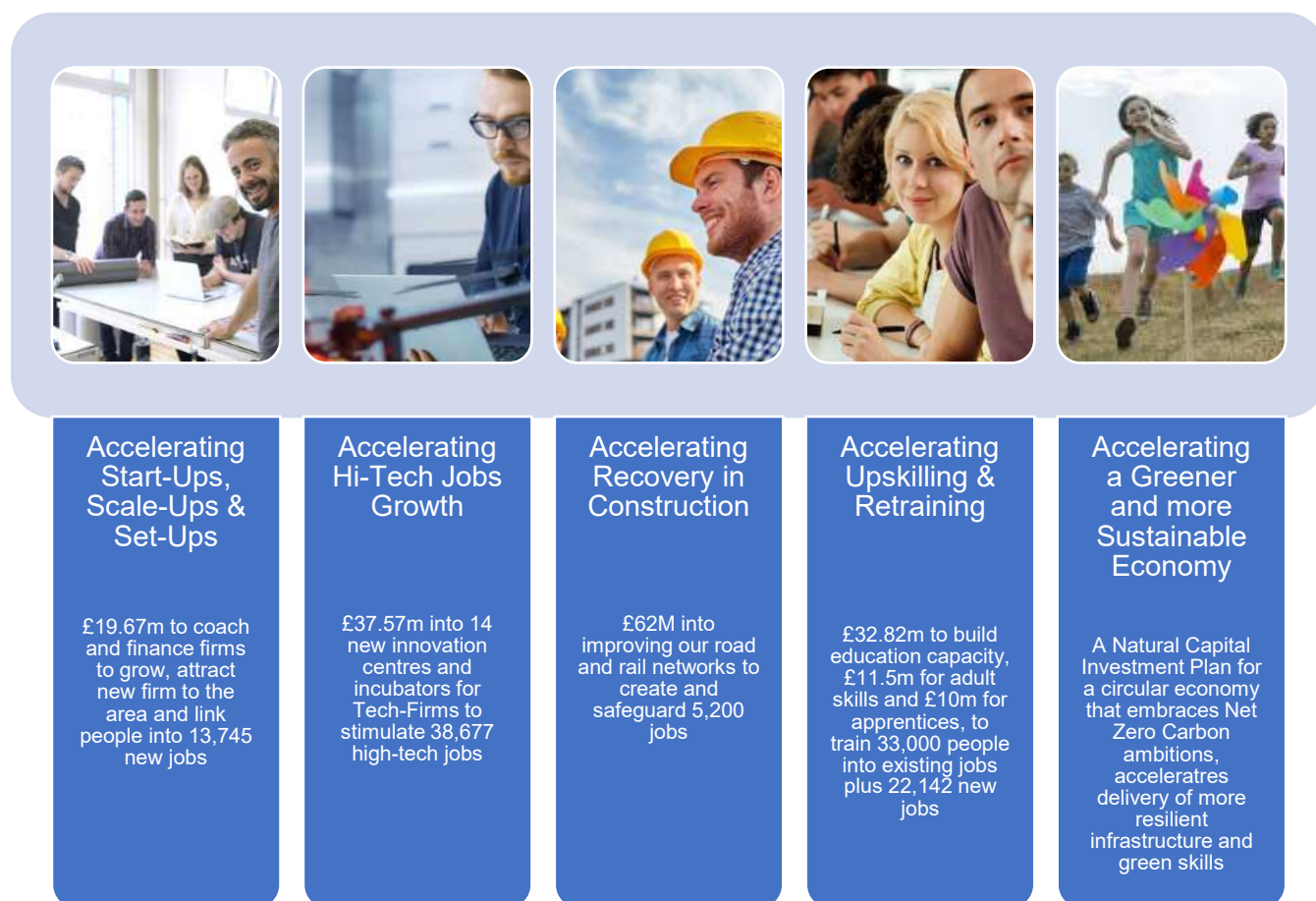
1. THE RECOVERY MISSION & TOP-LEVEL STRATEGY

1.1 The Mission

With a regional focus on providing a sustainable and healthy region in which we live and work, our Covid-19 Economic Recovery Strategy Mission is to:

“To lead the nation out of recession - by accelerating the recovery, rebound and renewal of our economy and achieving our ambition to double GVA by 2025 - in a new and more digitally enabled, greener, healthier and more inclusive way than ever before.

We will achieve this through a Local Economic Recovery Strategy that accelerates our recovery by strengthening our businesses’ and workforce’ capacity for rebound and regrowth. Our local strategy is constructed to address the key phases of recovery and consists of 5 Pillars of delivery:



These 5 pillars align with and reflect the themes of the Local Industrial Strategy to set out what we aim to do:

- **People:** Through local collaboration and strong leadership, deliver a fair and inclusive economy by empowering local people to access the education and

skills needed to meet the needs of the local economy and business, both now and in the future.

- **Ideas:** Ensuring that the area's economic base grows by harnessing innovation, enhancing Cambridge's position nationally and globally, especially around life science, artificial intelligence and data technologies, whilst bringing innovation-based growth to Peterborough and the Fens too.
- **Business Environment:** Accelerating and sustaining higher levels of business growth in start-ups and scale-ups, whilst attracting new and more knowledge intensive firms to our economy, to drive both growth and productivity.
- **Infrastructure:** Enhancing the current transport and housing infrastructure that is hampering growth in the south, whilst investing in commercial infrastructure to bring inclusive growth to the north.
- **Place:** Tailoring interventions to meet the needs of our cities and districts at local level.

This is further strengthened by our ability and potential to deliver:

- The Cambridge City region is the fastest growing economy in the UK – most likely ability to reverse the £3.7bn GVA impact by 2025 and recover to previous growth trajectory, which is vital for the UK's sustainable economy.
- One of a minority net contributor to the Treasury, with the potential to regain that position to aid Government in the recovery period.
- Breadbasket of England –over 50% of the UK's grade 1 highest quality land for food growing in the country, which is critical to sustainable food production and future food security in the UK. The Fens are also considered one of the country's greatest natural assets and wet ecosystems.
- A microcosm of the UK as a whole – with the potential to harness the strengths of the three local economies to demonstrate best practice in recovery.
- Global leadership in Life Sciences, Agritech and Education with 16% of the UK's knowledge intensive business services, with high potential for productivity and growth in recovery.
- Cambridge has more patent applications per 100,000 population than any city in the UK and more than west EU countries put together. Peterborough is also in top 15 UK Cities for patent applications, so the area leads in innovation.
- Peterborough has major cluster in environmental technologies supporting the drive for green recovery.
- Peterborough and Cambridge are “smart cities”, using technology to support digital advances.

1.2 *The Strategy in Summary*

The premise of our economic strategy provides a varied range of interventions that will create positive impact over the near/medium term whilst also laying the road for longer term and sustainable recovery.

Cambridgeshire and Peterborough is an industrially diverse region, made up of three connected but distinct sub-economies. This recovery strategy reflects our commitment to respond effectively to the specific needs of Greater Peterborough, the Fens, and Greater Cambridge – whilst building the connections and relationships that will unlock the full economic potential of the whole region.

Our interventions for the medium-term recovery over the next 12-18 months will help ensure the C&P economy rebounds faster and with growth that is more inclusive, greener and sustained longer at higher rebound rates than would have naturally occurred. This also includes a specific focus being placed on those sectors and places in most need and with the longest forecast recovery rates so they start to recover sooner.

Planning for longer-term recovery by making strategic investments that enable greater future resilience, strengthen our economic assets, and address the inherent disparities across sectors and place, that have presented barriers to greater inclusive growth in the past, including:

- Skills deficits in the north of the economy.
- Lower quality employments in the north.
- Matching provision with rapidly changing demands for commercial space, particularly across our priority sectors.
- Broadening the base of our knowledge intensive companies so that economic opportunities in resilient growth sectors are brought to more Cambridgeshire and Peterborough communities.
- Maintaining our standing as a world-leading centre for innovation – ensuring that international businesses continue to choose to grow or relocate here, and in doing so create inclusive opportunities.
- Providing an attractive commercial and quality of life offer across our Cities and Market Towns for businesses relocating from major cities like the capital.
- Ensuring that CPCA economy is developed sustainably to actively contribute to tackling Climate Change and adapting to its impacts.

Supporting appendices:

Details on all our proposed interventions can be found in **Appendix 1: LERS Interventions Explained**.

Details on proposed intervention priorities and actions at local level can be found in **Appendix 2: City, Districts and Town Level Recovery Strategies.**

In addition, of course, are the many other, powerful interventions and initiatives of the Business Board, the wider Combined Authority and its key partners, that make up the 5 Pillars of our COVID 19 Local Economic Recovery Strategy. Details on Business Board LGF investments that will support economic recovery by creating 50,644 new jobs to 2042 can be found in **Appendix 3: Business Board LGF Investments.**

1.3 The Interventions in Summary

	PEOPLE			IDEAS			BUSINESS ENVIRONMENT			INFRASTRUCTURE			PLACE		
	<i>Recover</i>	<i>Rebound</i>	<i>Renew</i>	<i>Recover</i>	<i>Rebound</i>	<i>Renew</i>	<i>Recover</i>	<i>Rebound</i>	<i>Renew</i>	<i>Recover</i>	<i>Rebound</i>	<i>Renew</i>	<i>Recover</i>	<i>Rebound</i>	<i>Renew</i>
ACCELERATING START-UPS, SCALE-UPS AND SET-UPS	Support for Displaced Workers to Transition into Entrepreneurship	£500k of Capital Grants & Start-Up Advice for Employees Transitioning to Entrepreneurship				£500k of Innovate to Grow Grants for Small Firms with Big Ideas	Entrepreneurship and Business Growth £145k investment to Support for the Visitor Economy to Recover & Adapt £50m investment in Recovery and Development of the Creative Economy	£29m investment into new Rebound & Grow Coaching Service	£4m investment into new Inward Investment Service to Attract more Firms		Adapting Commercial Space Provision to Remote Working			£13.1m of investment to Support for City & Town Centre Firms to Rebound	
ACCELERATING HI-TECH JOBS GROWTH			£30m investment into a new University for Peterborough		Manufacturing Innovation Eco-System in the North of the Economy	£5m investment into new Manufacturing & Agri-Tech Innovation Launch Pads		A £500m Life Science Innovation Network to Produce a New Generation of Unicorns	£18m equity investment into three new Life Science and Transport Tech-Accelerators		Advanced Digital Infrastructure Deployments to Support Accelerators and Incubators				

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ACCELERATING RECOVERY IN CONSTRUCTION		£1.7m investment to increase Skills Capacity in the Construction Sector to Support a Boost in Infrastructure Investment	Guaranteed Training & Interviews for Jobs in Healthcare & Construction								£100m investment in Stimulating the Housing Market (£100k Homes Revolving Loan Fund)				
ACCELERATING UPSKILLING & RETRAINING	Connecting Displaced Talent into Re-Skilling & Jobs Faster	Improved Careers Advice to Better Connect School Leavers with Jobs New Funding for Training for School & College Leavers Unable to Find a Job	Local Piloting of a New National Retraining Scheme £20m of Locally Integrated funding Local Integration Focussing of all Post 18 Vocational Education to Support Retraining of Workers in Transition Across Sectors							More Resources into Schools to Better Connect Leavers with Jobs	Helping FE Providers to Adapt to More Remote Learning Revenue Support for Education Providers to Stabilise Finances at Lower Volumes				

NOT GOVERNMENT POLICY

ACCELERATING A GREENER AND MORE SUSTAINABLE ECONOMY		Improved Learner Access to Digital Skills Development	Focusing Recovery & Growth Where it Can Improve Health & Wellbeing Most					Resource and Waste Circular Economy Business Models	Framework for Sustainable Economic Development	Increasing Provision to Improve Digital Skills £320k of Adult Skills Capital Support for Digital Transformation of Delivery	£1m CPCA Digital Infrastructure Programme “Keeping Everyone Connected”			Local Authority Planning Adaptions for Housing & Schools Renewal £155m investment into development of new Council Homes	
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2. ***THE DATA: UPON WHICH WE BASE OUR DECISIONS***

The Cambridgeshire and Peterborough Combined Authority (CPCA) and the Greater Cambridge Partnership (GCP) jointly commissioned a report from consultants, Hatch Regeneris, in order to understand the projected economic impact of the Covid-19 lockdown. This section summarises the findings of the ‘Hatch’ report¹ and then uses further evidence from Cambridgeshire County Council’s Research Group to draw conclusions from this work to inform the Economic Recovery Strategy.

2.1 **Immediate Impact**

The ‘Hatch’ report uses Office of Budget Responsibility (OBR) estimates to conclude that the immediate economic impact of the shut down on Cambridgeshire and Peterborough will be an estimated £3.7b reduction in GVA²; or a loss of 13% compared to the previous year. This loss is not expected to be evenly distributed across the different sectors of the economy. The greatest percentage loss of activity is estimated to be in Education (-38%), Accommodation and Food (-36%) and Construction (-30%); the report goes on to provide detail on the sector impact at a district level. Based on previous growth, Hatch assume a future aggregate loss to the Cambridgeshire and Peterborough economy of £21.7b with the region not returning to previous levels of output until 2031 at the earliest.

This outlook, in the context of the UK economy as a whole, is not universally supported by economic commentators primarily as it does not take into account government policy interventions. Later paragraphs will consider what alternative scenarios exist for the recovery of the local economy.

2.2 **Impact on Businesses**

The ‘Hatch’ report draws on local and national business surveys. Almost half (46%) of business respondents reported that they had effectively shut down during the Covid-19 lockdown and more than 17% reported that there ‘was a good chance’ that the business wouldn’t recover. Around two thirds of businesses had furloughed staff under the Government’s Job Retention Scheme. Other short-term measures included businesses looking to reduce immediate overheads such as seeking rent or business rate reductions. Medium-term impacts were based upon a concern that there won’t be an immediate uptick in demand for goods and services once the lockdown ends. This would mean that some job roles would be made redundant rather than returned from furlough.

There was also expected to be some reassessment of supply chain resilience following the disruption. Longer-term impacts centred on an acceleration in trends already seen within the economy. Businesses are likely to reassess both the cost

¹ Cambridgeshire and Peterborough | Covid-19: Understanding economic impacts and informing the response

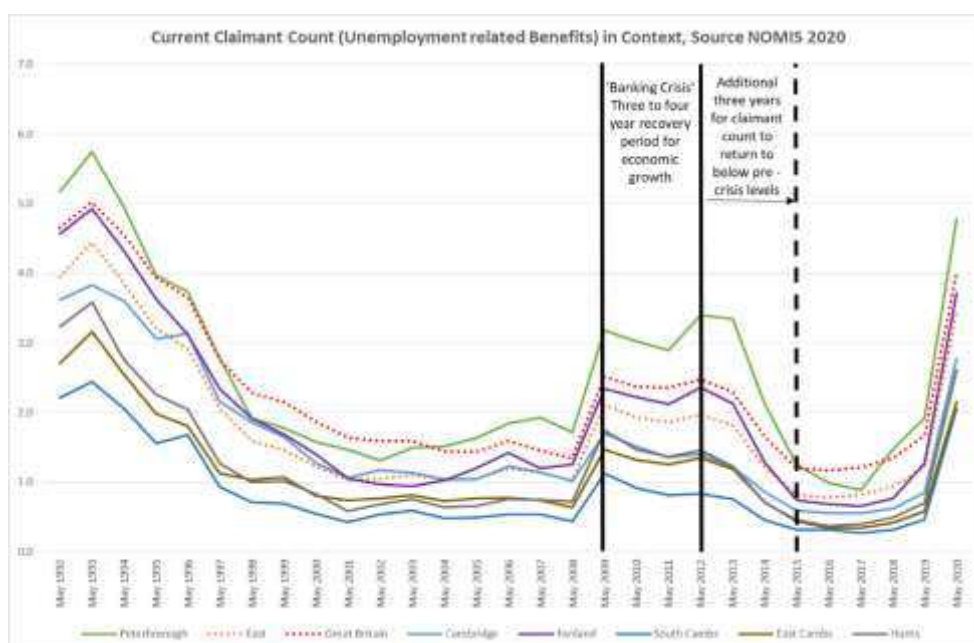
² GVA or Gross Value Added is a metric used to describe the total volume of economic output for a geographical region or sector of the economy.

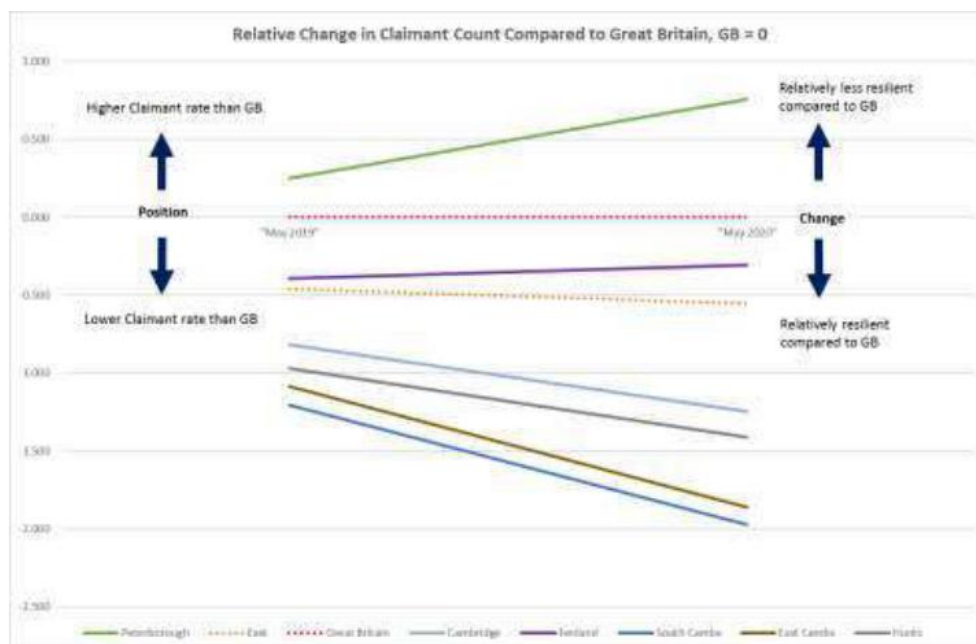
and the use of commercial property space, with some downsizing premises to take advantage of the acceleration of homeworking. Impacts on further education could possibly see an increase in the rate at which the labour market demands higher, level three or above, qualifications. Infrastructure demands are also likely to be different, focusing on the roll out of digital connectivity and changes in usage patterns for public transport.

2.3 Impact on Jobs

There are 18,000 more claimants of unemployment-related benefits within the Cambridgeshire and Peterborough region, comparing May 2020 with May 2019. Claimant rates are also higher compared to the 2008 banking crisis. The extent to which these high numbers persist will depend on the 'shape' of the recovery (discussed in later paragraphs). It should be noted though that whilst Cambridgeshire and Peterborough returned to economic growth in 2012, relatively high claimant rates persisted through into 2015.

One of the areas for action locally should be a focus on supporting those who could potentially 'fall out' of the job market in the same way as a result of the current recession.





The increase in claimants has exacerbated the sub-regional inequalities identified within the CPIER³. *Peterborough's claimant rate has worsened significantly compared to that of Great Britain* whereas areas in the south of the Cambridgeshire and Peterborough region have seen relatively low increases in claimant count compared to the country as a whole. Fenland has seen a slight worsening compared to Great Britain but may have been partly insulated from the economic shock due to the relative importance of the food production and processing sectors in the area which have continued to operate during the lockdown.

2.4 Impact on Economic Sectors

The number of claimants is dwarfed by the reported (HMRC July 2020⁴) 107,300 jobs (25% of all jobs) in the CPCA area that are currently protected by the Job Retention Scheme. Local and national intelligence reports that a proportion of businesses expect to make redundancies as the scheme comes to an end in October 2020, although at this time it is difficult to estimate the number that will be affected and how the January 2021 job retention bonus will affect the situation.

One way to provide a sense of relative risk by sector is to consider the national profile of businesses temporarily closed according to the on-going ONS Business Impact of Covid-19 (BIC) Survey⁵ and combine this with the furlough profile⁶ and local employee data⁷. The assumption being that the risk of further redundancies is far greater for sectors where many businesses are still paused (as at end June 2020) compared to those that have a proportion of workers on furlough but are also continuing some business activity. This provides a first estimate for Cambridgeshire

³ Cambridgeshire and Peterborough Independent Economic Review

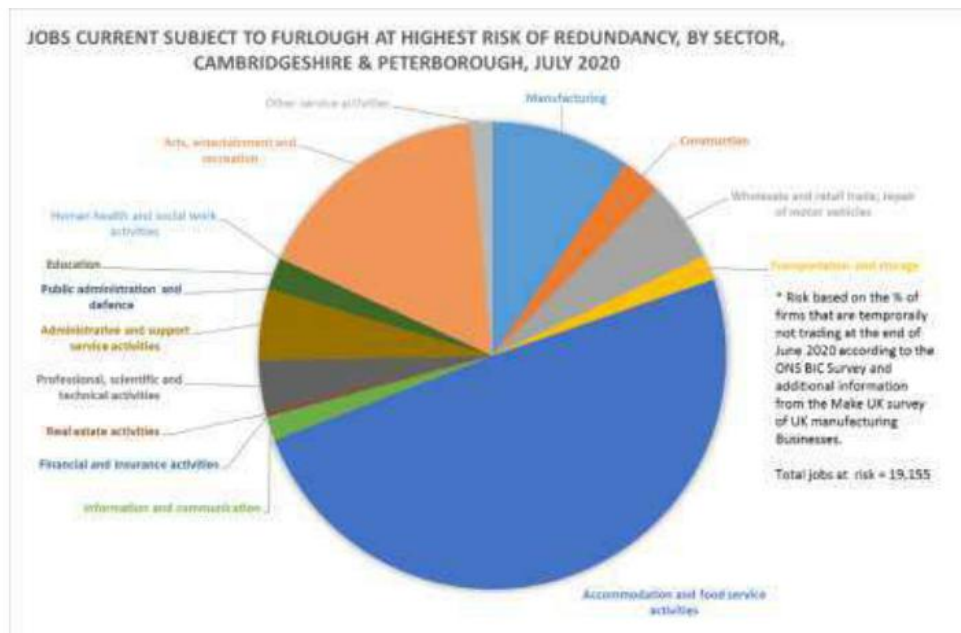
⁴ <https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-july-2020>

⁵ <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults>

⁶ Local Profile has been requested from HMRC, Eastern Region Profile has been used 17th July 2020.

⁷ Employee Jobs, 2018, Source NOMIS

and Peterborough of approximately 17% of jobs currently being protected by furlough possibly becoming redundant when the scheme ends; materially, this would double the current claimant rate. Approximately half the jobs at risk are in the Accommodation and Food sector with a further 18% in Arts and Entertainment and 6% within Retail.

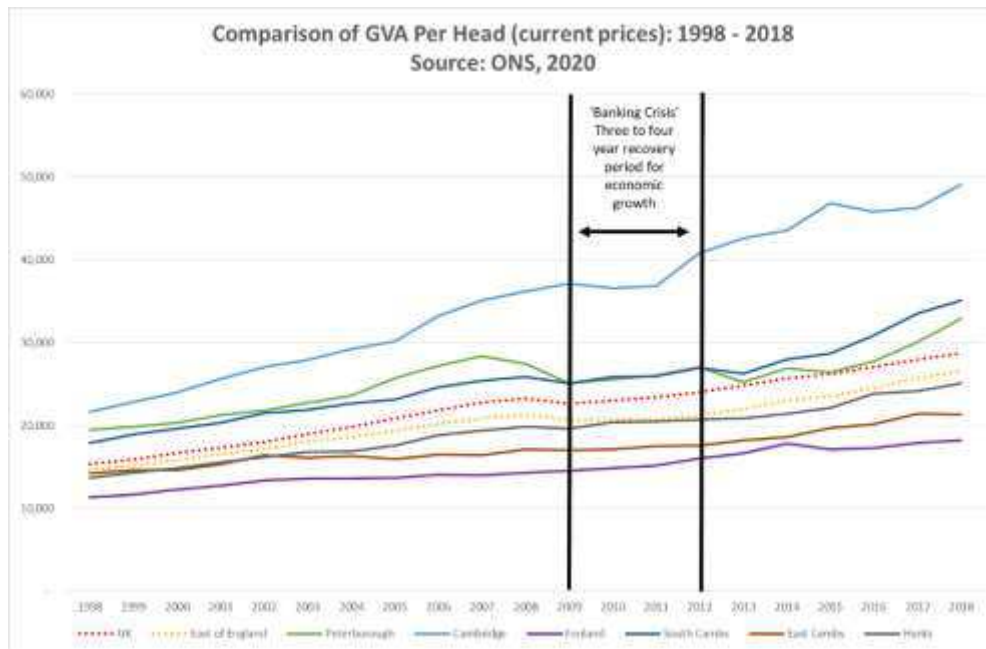


Commentary from Cambridge Econometrics⁸ supports this assumption with an anticipated transition from economic problems centred upon 'production' (the lockdown impacting supply chains and the creation of economic value) to problems of 'consumption'; in particular a contraction in demand for consumer goods and services. We have been able to incorporate a more specialist survey from MakeUK of manufacturing businesses into the methodology, this reports that 53% of manufacturing firms with some staff on furlough expect to make redundancies for the most part affecting up to 25% of the workforce. Applying this to our local profile for furlough employees implies that around 1,800 local manufacturing jobs are at risk.

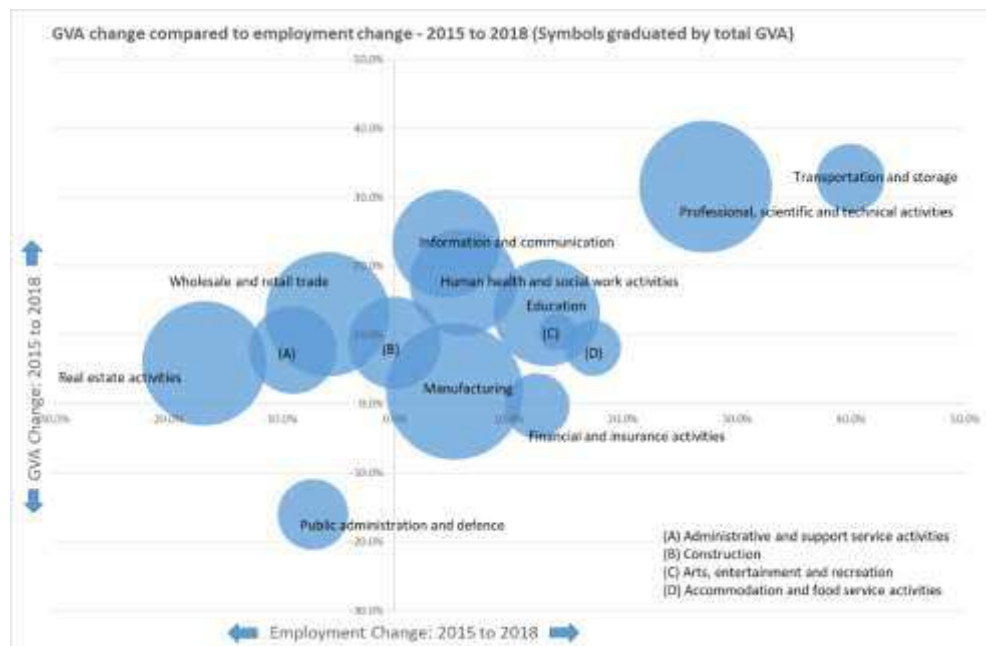
This is supported by further evidence from HR1 returns (statutory redundancy notices) which for June 2020 show four-hundred plus jobs in the former LEP area in the manufacturing sector 'at risk'. Prior to the Covid-19 crisis there were identifiable trends within the Cambridgeshire and Peterborough economy. The long-term (1998 – 2018) trend in Gross Value Added (GVA) broadly illustrates that the 2008/09 'Banking Crisis' recession led to a three- to four-year (depending on district) stagnation in economic growth before a very strong recovery led primarily by Cambridge and South Cambridgeshire and latterly by Peterborough. Indeed, Cambridge recovered the economic value lost during the 2008/09 recession much quicker than other areas, effectively leading the UK out of recession.

⁸ <https://www.camecon.com/blog/the-economics-of-the-coronavirus-pandemic/>

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The sectors leading both employment and GVA growth over the previous three years (2015 – 2018) for the CPCA area have been Professional, Scientific and Technical Activities (based in the Greater Cambridge area), Information and Communication, Education, Transport and Storage, and Human Health and Social Work Activities.



Interestingly, sectors expected to be worse hit by the current crisis have grown alongside the sectors mentioned above, e.g. Accommodation and Food Services, but contribute a relatively low proportion of the area's GVA. Indeed, whilst employment in the Accommodation and Food sector is high, approximately 27,000 employee jobs, productivity is low (approximately £20k GVA per job compared to £54k per job in the Professional, Scientific and Technical sector). Alongside this, the level of skill (measured in terms of average qualification levels) is also relatively low in the areas most at risk of further redundancies. This underlines the potential 'skills

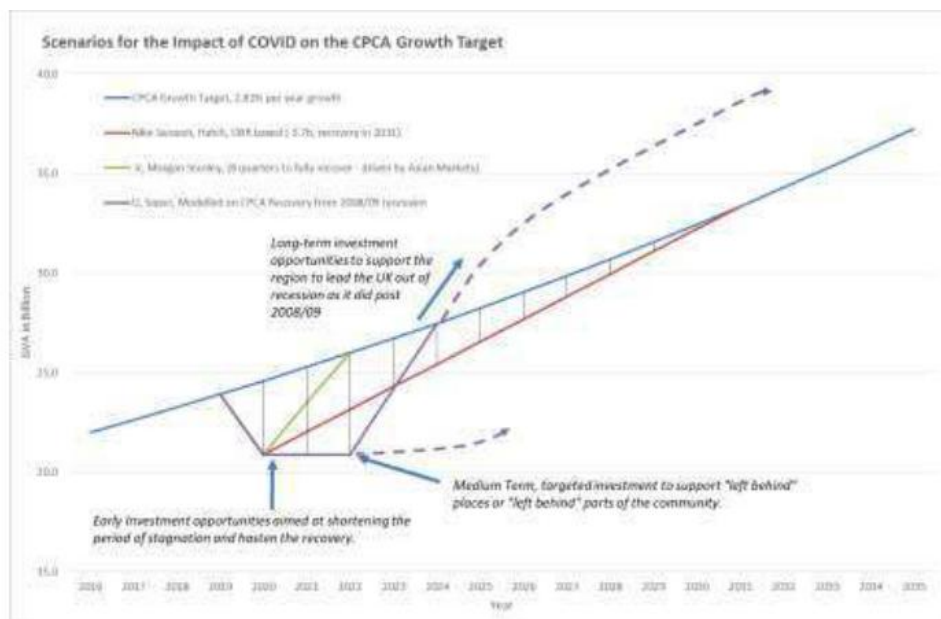
challenge' that the area faces; can people losing work in one sector be supported to transfer to higher skilled and more productive work in another sector?

2.5 Understanding the Shape of the Recovery

Given the area's relative economic strength, there is reason to look at additional recovery scenarios alongside the one proposed within the 'Hatch' report, keeping in mind that the purpose of looking at additional scenarios is to test different policy responses. The most optimistic of models, the 'V'-shaped recovery, shows the world economy returning to normal relatively quickly. The model illustrated is that proposed by Morgan Stanley, which is driven particularly by renewed growth in the far-east. Under this scenario, the Cambridgeshire and Peterborough economy essentially recovers by the end of 2022 (although higher unemployment rates may persist beyond this).

The drawback of this model is that it is dependent on Covid-19 being controlled around the world, including in large consumer markets such as the USA, and on the rapid implementation of a vaccine. The Bank of England⁹, through its chief economist has suggested that early market signals suggest an element of 'bounce back' with the economy recovering 'up to half' of its lost output. For the analysis in this section, the author has developed a custom 'U'-shaped model ('Soper' scenario below) of recovery primarily based on the previous economic recovery and the area's strength in specific sectors as discussed above.

The Partnership's Economic Recovery Group has deemed this as the most useful scenario, as challenging policy questions can be asked at different stages. This scenario has since been reflected in the work of Capital Economics and also the EY Item Club (forecasters, who use similar economic model to the Treasury), suggesting UK unemployment will rise to 9% from 3.9% before a full recovery by 2024.



⁹ <https://www.bbc.co.uk/news/business-53473616>

2.6 *The Impact of Brexit*

As of August 2020, the outcome of the post-Brexit trade talks between the EU and the British Government remain uncertain. According to the Bank of England the positive side of an outcome being reached in the talks is the 'reduction in drag' on investment; whereby investment that is currently 'on hold' is made in the UK once its trading position becomes clear. Set against this is the potential for additional trade barriers with the EU hampering business activity.

The London School of Economics (LSE) is one of the first organisations to produce a combined analysis of Covid-19 and Brexit¹⁰. Their analysis shows that sectors affected by Brexit are generally different to those currently impacted by Covid-19. When comparing the effect of Covid-19 with the predicted impact of increased trade barriers with the EU, there is some evidence that those less hit by Covid-19 are likely to suffer more from Brexit e.g. Electrical and Optical Equipment and Chemicals and Chemical Products are examples of such sectors.

That is not to say there will be a 'double whammy' rather the impact of Brexit will overlap, or possibly be partially masked by Covid-19. For example, the Institute of Economic Affairs suggests that "any costs from a change in our relationship with the EU are likely to be trivial" compared to the impact of Covid-19 on GDP". The worst scenarios for Brexit (UK Government, 2018) suggested an 8% reduction in GDP over a period of years whereas the Covid-19 crisis is already estimated to have reduced UK GDP by 13.8% in a single year.

Regardless of the outcome of talks it is evident that the resources expended in responding to Covid-19 has set back planning for Brexit at both a government and business level. The government is determined to meet the current Brexit timetable therefore adaptation for 1st January 2021 may necessarily be hurried. This is where the most probably local policy response lies, in supporting businesses with rapid adaption once the position for January 2021 is clear.

¹⁰ <https://www.lse.ac.uk/News/Latest-news-from-LSE/2020/g-July-20/Brexit-hit-looms-for-industries-that-escaped-worst-of-pandemic>

3. ***THE STRATEGIC APPROACH: MITIGATING IMPACTS, CREATING A SPRINGBOARD FOR RENEWAL & GROWTH***

3.1 ***The Opportunity***

The Cambridgeshire & Peterborough economy is already home to a high concentration of high-growth firms and a highly skilled and entrepreneurial workforce. We are one of a small number of regional economies that provide a net contribution to the Treasury and offer the potential to play an important role in leading national economic recovery from the impacts of Covid-19. The regions strength comes from:

- **Greater Cambridge** which is the UK's fastest growing economy and the most likely part of the county to recover quickest to help regain the £3.7bn GVA lost. It gives us Global Leadership in life sciences and education and has the largest share (16%) of the UK's knowledge intensive business services. It generates more patent applications per head of population than any city in the UK and more than all the EU put together.
- **Greater Peterborough** which has reinvented itself as a Smart City, with UK leading levels of digital connectivity and its major cluster in environmental technologies. It is also home to a high-tech manufacturing base that has grown whilst the sector has shrunk nationally, now representing 18% of its businesses, compared to 9% nationally.
- **The Fens** which are considered one of the country's greatest natural assets and contain over 50% of the UK's grade one, highest quality, land for food growing.

However, there is still much untapped potential and, as markets recover to a new norm and permanent shifts in customer behaviours and workforce practices, offers a fantastic opportunity to support our brightest firms to adapt to grow faster, longer and more sustainably, given the right support and investment.

Successful implementation of this Economic Recovery Strategy, with the right investment from our partners in Central Government, will enable this national powerhouse economy to return quicker to our previous growth trajectory and our previous contribution of £5bn pa to Treasury to help finance recover in other areas of the UK, especially in the midlands and north. The spine of our strategy focuses on solutions based on:

- programmes already planned within the LIS, for mobilisation in the 3rd quarter of this year, adapted to post Covid-19 recovery conditions.
- entirely new interventions funded through combinations of local and national funding.
- local tailoring and facilitation of national programmes to take account of our specific economy and communities, optimising them for local conditions and amplifying their impact All of this is underpinned by a focus on sustainability and building future economic resilience as described previously.

3.2 *The Challenges*

To double the size of our economy, and prior to Covid-19, jobs growth needed to increase from its historic rate of 2.5% pa (1998-2018), by 0.3% to the 2.8%. With around 418,000¹ jobs in our economy this meant that the CPCA and its partners, notably the Greater Cambridge Partnership (GCP), needed to nudge an additional 0.3% of growth in jobs, above and beyond that which was previously naturally occurring without our intervention.

To meet this challenge, the Business Rebound & Growth Service was tasked by the Business Board, to stimulate business growth in firms to generate an additional 5,890 jobs, measured over the 3 years the Service's delivery and the following 3 to capture the delayed effects between intervention and jobs growth realisation. This would have produced a net-impact on additional jobs growth of 982pa, substantially contributing to the required 1,254pa to enable the doubling of our economy.

In addition, there are the many other, powerful interventions and initiatives of the Business Board, the wider Combined Authority and its partners such as GCP, that make up the five pillars of our Covid-19 Local Economic Recovery Strategy. These amount to a further 10,000 new jobs created over the next decade, or 2,500 pa, providing the potential to nearly double the impact we need to double our economy.

Hence it is clear, that both the original Local Industrial Strategy and now the Local Economic Recovery Strategy is more than capable of enabling our businesses and people to rebound and regrow to still meet and beat our target to double our economy by 2025¹¹. Except now in an even more digitally enabled, greener and more inclusive manner than before.

3.3 *The Phases of Recovery*

- **Recover:** Mitigating local labour and property market scarring, in terms of retraining for those who have lost jobs and maintaining house building and sales. We have set plans for this phase to run between October 2020 and September 2023, this being the horizon for funding most partners have for the typical interventions required. Should recovery take longer this strategy will be revised.
- **Rebound:** Accelerating regrowth, ensuring firms are supported to adapt and regrow, with effective access to new staff and skills to maximise the bounce in our recovery. This phase is subject to scenario forecasts between two quarters and two years. Our strategy is designed to accelerate rebound whilst being able to adapt to delays.
- **Renew:** Investing in critical infrastructure that will reduce the barriers to growth for our hardest hit and slowest recover places, whilst ensuring future growth is

¹¹ Cambridgeshire & Peterborough Combined Authority Growth Ambition Statement

greener. In the main, the types of intervention that produce a genuinely renewing impact will be agreed and planned now, but launch and run over the next five to ten years, some like the CAM, even longer

3.4 *The Priority Sectors*

The LIS identified four priority sectors upon which to focus our strategy for long-term, innovation-based growth. These included:

- **Life Science:** Consolidating Greater Cambridge as a Global Centre for discovery and connecting it across the Arc to create a Global Player in diagnostics markets.
- **Digital & AI:** Establishing Greater Cambridge and the Arc as the preferred base for firms across the world to create and adopt the technologies of tomorrow.
- **Agri-Tech:** Strengthening the university spin-out culture and capability in Cambridge and developing a scale-up and tech-transfer capacity in Peterborough and the Fens.
- **Advanced Manufacturing & Materials:** Expanding the Greater Cambridge science base northward to rejuvenate Peterborough's manufacturing heritage to establish a manufacturing innovation eco-system to spread high-value, inclusive growth.

However, recovery must take a more pragmatic approach in balancing support for our hardest hit sectors, with investment into those with the greatest potential for long-term growth. Hence, our recovery strategy will embrace additional sectors as a priority upon which to focus the interventions we design and develop to drive recovery and support regrowth. Post Covid-19 there may be new and emerging sectors and we need to be able to rapidly respond to these as and when they materialise. Currently, the identified sectors additional sectors include:

- **Retail, Hospitality and Leisure:** Helping firms to deal with the continuing and long-term social distancing and behaviour change, especially in the Visitor Economy.
- **Construction:** Helping firms to adapt to a new commercial market as businesses adopt remote working longer-term, helping developers stimulate demand in the homeowner market and creating new demand through infrastructure investments.
- **Transport:** Helping operators to shift current public perception of mass-transit safety that threaten a structural shift in the commercial operation of public transport

- **Education:** Supporting HE and FE to transition permanently towards greater digital delivery for remote learning, embracing more business model innovation to harnesses blended learning to embed more of the curriculum in businesses.
- **General Manufacturing:** Helping firms deal with the disruption in their supply chains, the slow recovery in demand and the potential impacts of a no deal Brexit.
- **Health & Care:** Early indications were that there was likely to be greater demand for health care professionals, potentially on the back of more people being supported in the community and greater use of technology. Whilst there is no data yet to support this in terms of job vacancies it is anticipated demand for health and care jobs, construction and education roles (associated with retraining) will be growth areas.

3.5 *The Need for Partners in Local Authority to Plan Ahead*

Under the current pandemic and its impact on the economy, it is even more important than usual to recognise the potential for the local economic geographies to lead activity and drive recovery, not only in their own area, but in supporting national recovery as well.

A distinguishing feature of the area is how strongly it has grown. Economic growth has outpaced UK growth over the last decade. This has been driven primarily, but not entirely, by rapid business creation and expansion in the south – Cambridge and South Cambridgeshire. This business is innovation rich – in fact Cambridge had the highest number of patent applications per 100,000 people for any city in the UK (double the next highest) city. Greater Cambridge is one of a minority of places that is a net financial contributor to the country. In 2014/15, the Cambridge economy generated an estimated £3bn in taxes for the Exchequer, double the £1.5bn cost of public expenditure here.

In this unprecedented situation, it is difficult to predict over what period recovery can occur, but, subject to new waves of virus, we have experience from other economic recessions, where local economies bounced back faster than in some other areas of the country, to reset their net contributions and to support the area's growth. Critical to recovery in this case is activity which supports the retention of current employment, supports businesses to restructure where required, supports skills development and transfer for those transitioning employment, but as importantly, supports the creation of new jobs and related infrastructure. Further strengthened by a strong innovation and skills base, this gives Cambridgeshire & Peterborough a differentiation from other areas in the UK.

We know that we have the potential to enable job creation with the right levers. Indeed, although prior to Covid-19, last year alone Cambridge technology and life sciences companies grew their employment base by 16% and 8% respectively.

Even before Covid-19, the CPIER (2018), had already identified challenges to such growth in particular with infrastructure around housing as well as transport. In

addressing both of those, the recovery approach needs to continue an evolving paradigm around housing.

Changes in employment practice resulting in more flexibility in working from home for some, the demographic changes which see us living for longer but having changing needs in housing as we age, as well as evolving demands for younger generations, will see developing requirements for different tenures.

The desired trajectory towards net zero carbon homes, the use of innovative automation to make our lives easier, reducing the need to travel or promoting easy public, pedestrian and cycle access, and increasing the part the environment for the housing plays in supporting health and wellbeing as well as amenity space etc, are all increasingly important. This to build upon the fact that Cambridgeshire & Peterborough have one of the lowest ratios of greenspace/rich wildlife areas.

The Devolution Deal for Cambridgeshire and Peterborough provides the base for greater sub-regional and local decision making and leadership in how we influence and shape our area's future growth and prosperity and meet the expectations of our residents.

The publication of Phase One of our Strategic Spatial Framework and Quality Charter for Cambridgeshire and Peterborough is an important milestone in achieving that ambition, meshing with our infrastructure investments, robust Local Plans and the pace of investment and development already well underway.

Establishing and delivering the appropriate community development and social cohesion from the earliest stages is also vital. Ensuring we provide those things through a tenure-blind approach for all those who need them in as close proximity to their employment and facilities as possible is critical.

3.6 *The Need for Partners in Government to Investment*

A complementary, Investment Prospectus, has been produced to set out the major infrastructure investments our economy needs to harness recovery as an opportunity for renewal and accelerated growth. These will deliver a combination of improved inclusivity in our growth, levelling up places like Peterborough and the fens, whilst protecting and enhancing Greater Cambridge's position as a global player in life sciences and digital technologies, as part of our partnerships across the OxCam Arc.

This will include the continuation of Combined Authority Gainshare funding to enable many of the commitments made within this strategy, but also a small number of strategic investments into key projects, requested from Government, through the 2020 Comprehensive Spending Review, such as:

- Delivering the Cambridge Autonomous Metro Phase 1 implementation by 2030
- Delivering Cambridge to Ely A10 enhancements by 2025
- Dualling of the A47 by 2028
- 1,000 more £100k homes by 2026 through an expanded £100m loans fund

- Delivering Peterborough University expansion to 10,000 students by 2030
- Delivering Peterborough Station Quarter commercial district by 2028

3.7 *The Layers of Implementation & Impact*

Whilst designed for the Cambridgeshire & Peterborough economy, taking into consideration the strengths, weaknesses, opportunities and threats for each of our three sub-economies this strategy recognises that there are complementary challenges and plans above and below our scope of operation.

Centrally, Government has produced its **National Economic Recovery Strategy** and we have worked intensively with Ministers, as well as officials in the Whitehall Economic Recovery Working Group, and partners in the M9 Group of Mayoral Combined Authorities and the LEP Network to input into that strategy.

Some of the interventions we propose are designed to provide local facilitation of key governments schemes to tailor them locally in their implementation and focus onto our specific needs by sector or place etc.

Regionally, the OxCam Arc has produced an Arc Economic Prospectus for recovery, and the Combined Authority has been working through the Arc's structures, and especially with the three LEPs and universities group to formulate and agree this. The prospectus, builds on the vision for the Arc, contained within all four constituent Local Industrial Strategies for the Arc, and amplifies the themes in our Recovery Strategy, to bring together greater levels of resource to ensure recovery here and across the Arc is built on growth that is:

- Innovative and based future of industries.
- Greener through a transition to net zero carbon emissions.
- Small business based, backing start-ups, scale-ups and unicorns.
- Inclusive, levelling up economic performance and skills.
- Global, open for business and international.

Locally, councils and the GCP have or have planned to produced city, town or district recovery plans and each of these partners has worked to co-create this strategy to ensure it complements theirs, and adds value to them through the additional resources that the Combined Authority can bring to bear, both directly and through the influence of the Mayor in central government and through the M9.

Local recovery plans will focus on the various themes such as the social, community, economy and environment needs within an area and these objectives will need to align with the other recovery plans that are geographically based for example around the Oxfordshire-Cambridge Arc, Cambridgeshire and Peterborough Combined Authority and Cambridgeshire County Council all of which will have received specific funding to support the recovery process. Within local areas the engagement with town councils particularly on reopening the high street and parish councils on supporting local communities will be important.

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Whilst there are many ways that the recovery work can be cut the alignment between the different layers of the Local Resilience Framework will also be critical. Various thematic groups have been established including the Business Recovery Group that oversees this work and whilst the focus of each group will be thematic there will also be many cross-cutting themes such as unemployment, skills, travel, safety and funding that will be captured and aligned wherever possible.