Appendix 2

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY | JAMES PALMER CAMBRIDGESHIRE & PETERBOROUGH MAYOR

Local Economic Recovery Strategy

Initial Ideas for Discussion & Development Through the Economic Recovery Sub-Group & for Oversight with Political Leaders

Contents

To be completed

1. INTRODUCTION

In a recent letter from Simon Clarke to all Combined Authority Mayors, the Government has made it clear that it expects Mayors to lead economic recovery planning in their regions, using existing powers and funding, and collaborating closely with Local Enterprise Partnerships and other local partners, to support recovery. Looking further ahead, Mayors are also encouraged to continue to develop evidence-led thinking, to help ensure that the future national approach works for all places. In response, Mayor Palmer, of the Cambridgeshire & Peterborough Combined Authority (CPCA), has commissioned a large-scale COVID Impact Insight Programme, building on the recently co-commissioned work with the Greater Cambridge Partnership, the initial evidence from which has informed the ideas and proposals put forward in this paper. As the remaining evidence is gathered between July and September, and the post-lockdown impacts and longer-term scarring become clearer, these ideas are expected to be developed through the COVID emergency structures set up, especially the Economic Recovery Sub-Group (ERSG) of the Local Recovery Forum, and through *political oversight* with Leaders. The strong business influence within the ERSG (which includes all the main local business representative groups and the CPCA's Business Board) will also ensure effective *business consultation* and a subsequent *public consultation*, will aid community input and co-ownership, across our cities and towns.

The Local Economic Recovery Strategy for Cambridgeshire & Peterborough seeks to guide both national and local decision making, in regard to how recovery can be budgeted and macro-planned centrally, whilst being devolved in delivery to be tailored and implemented locally to produce the "great changes possible in our towns, cities and regions" that are now more important than ever; not just to recover, but to renew our economy and society. The evidence so far supports a range of ideas for new schemes and funding to;

1. **Reduce the rate of contraction of the job market** by helping firms to continue to retain workers when current furlough schemes end;

2. **Increase the rate of publicly supported job creation** through further Government investment in infrastructure, especially for levelling-up;

3. **Increase the rate of business funded job creation**, especially in Tech-firms, through business support and investment

4. **Accelerate a rebound in GVA**, both supporting local prosperity and reducing short-term pressures on the Exchequer

2. BACKGROUND:

2.1. Emerging Themes Across Other Local Economies

Within fora such as the M9 Group of Mayoral Combined Authorities, the LEP Network, the OxCam Group of LEPs and the Cross-Whitehall Economic Recovery Working Group, a number of themes have evolved during recovery planning nationwide. These include:

PHASES

1. **Restart:** Optimising local economic performance whilst maintaining social distancing

2. **Recover:** Preventing and addressing scarring, particularly of local labour and property markets

3. **Rebound**: Addressing key barriers to local productivity (e.g. human capital, connectivity etc.)

4. **Renew**: Supporting all areas to be the best that they can

PRIORITIES

1. **Impacts on <u>people</u>**: concern about the potential for a significant increase in unemployment, particularly as the Job Retention Scheme unwinds, causing:

    a. **local labour market scarring** relating to graduates, apprentices and employees
    b. especially in the **least resilient, highly impacted places**

2. **Impacts on <u>places:</u>**

    a. **High streets:** concerns about the reduction in footfall which is catalysing the decline of the retail sector
    b. **City centres:** <u>potential</u> long-term decline in national productivity and innovation resulting from behaviour change and lack of investment

3. Impacts on businesses and sectors

a. **Retail, Hospitality and Leisure**: continuing long-term social distancing and behaviour change present a threat to the current business model
b. **Manufacturing**: concerns about the disruption to international supply chains and/or persistent lack of export demand
c. **Commercial and residential property sector:** potential damage due to reduction in commercial demand and depressed homeowner market
d. **Construction**: the evidence of the past three contractions is that construction capacity, especially among SMEs, is permanently eroded after recessions[1]
e. **Transport**: continuing social distancing and potential behaviour change threaten a structural shift in the commercial operation for public transport
f. **Across sectors**: lack of growth investment and advice, especially for innovation-focussed and other high-growth potential SMEs.
g. **Visitor Economy:** immediate and long-term impacts of a fall in leisure, business and educational tourism and the subsequent damage to airport economies and their supply chains
h. **Education sector:** mitigating the impact across the FE sector but particularly Higher Educational institutions in established university cities who have thriving local supply chains and networks

4. Looking to the future

a. **Understanding emerging evidence** to establish which current assumptions and programmes will be most challenged
b. **Building on strengths** so that short-term support to meet need does not turn into underinvestment in our most competitive sectors and highest potential firms
c. **Seizing low-carbon opportunities** so that our response to immediate crisis can create opportunities to better address the more strategic climate change threat.
d. **Realising new opportunities in emerging sectors,** such as, Environmental, Energy and Digital with the evolution of Green Skills and Artificial Intelligence.

[1] Lyons Housing Review, 2014, chapter 7

3. A PARTNERSHIP BETWEEN CENTRAL & LOCAL GOVERNMENT

3.1. A National Framework, with Devolved Decision Making

The grand challenges the nation faces in terms of slowing the rate of contraction of the job market, speeding new job creation through public investment and faster business growth, whilst ensuring that our economy is supported to, not just recover, but renew, are ubiquitous.

Meeting these challenges will require significant investment nationally in big, new ideas, to address an unprecedented scale of economic and societal hardship. This will require the potential integration and refocusing of existing and planned national budgets, as well as new funding to create new and innovative forms of support and intervention. As demonstrated by the launch of the many emergency job retention and business stabilisation schemes, such a challenge can be met highly effectively through a national framework, funded centrally where decisions are able to be made at scale and pace, whilst being implemented through local government and other partners, to a prescribed set of simple rules.

However, a model that works well for short term, emergency measures for business survival, will not work for the more complex schemes required for recovery, rebound and renewal. For such interventions, a one-size fits all scheme, with a set of simplified rules, cannot discern, target and balance support between those sectors, firms, places and communities likely to play different roles in recovery.

3.2. The Need for Local Insight, Implementation & Agility

Many MCAs and some LEPs have already commenced significant local insight programmes to build a picture of the economic damage, scarring and recovery potential across their cities, towns, rural communities, sectors and business types. In the case of the CPCA, this involves surveys of businesses, stakeholders and current data sets, as well as significant new econometric research. Most plan to complete the work to generate an initial picture for September, ready to inform the implementation of new recovery schemes in the third quarter. As an example, the CPCA's programme will seek to provide a rapid assessment of the:

a. Immediate impact of COVID-19 on specific sectors, places, and types of business

b. Likely labour market scarring by sector, place, and business

c. Potential for recovery in each sector and potential labour flows between sectors

d. Skills gaps created by those labour flows and how best to address them

e. Places hardest hit and with the weakest potential for recovery

f. Underpinning weaknesses affecting place and sector recovery rates

g. Potential to strengthen and renew those places/sectors, to build future resilience

h. Types of firms hardest hit and their influence on the wider economy and recovery

i. Types of firms with greatest potential to scale and their potential to lead recovery

j. Potential to build the resilience of the hardest hit firms and accelerate the growth of the highest potential firms, to slow contraction and speed compensating growth

It is this granularity of insight that makes MCAs and LEPs, the Government's most effective partners, to enable the application and focus of broader schemes, within a national framework, to deliver highly specific and targeted interventions. In this way, local customisation and implementation, can be used to most effectively slow some sectors' contraction, speed growth in other sectors and target the firms with the greatest potential to stimulate regrowth, whilst levelling-up those places entering the crisis in the weakest condition, building their resilience for the future.

This customisation can embrace the sector, place, business and skills specific profiles of the cities, towns, and districts within individual MCAs and LEPs. It can additionally be used to coordinating across them to capitalise on the shared strengths and regional synergies for wider economies such as the OxCam Arc.

Economic recovery rebound and renewal will all take place locally, in individual businesses and places, and amongst real people at work and at home. For this next phase, the Mayors offer leadership, local economic insight, and a convening capability to best able to deploy the next set of Government interventions, to ensure recovery is both accelerated and sustained.

Finally, as with all rapidly deployed, complex and large-scale undertakings, involving hundreds of thousands of businesses and millions of people, initial assumptions and detailed plans will be tested and sometimes fail. Whilst taken as a given in business, the public sector sometimes struggles with accepting, orienting and adapting to this operational reality in delivery of services and major projects. Mayors, along with their valued partners in Local Authorities, City Deal Partnerships, Local Economic Partnerships and Business Groups and have been established to drive and deliver ambitious programmes locally, and are ideally placed to provide this agility; spotting problems, configuring solutions and adapting delivery, effectively and flexibly as market conditions shift and stability evolves, in different places, differently.

4. POTENTIAL ELEMENTS OF AN ECONOMIC RECOVERY STRATEGY

4.1. Building a Longer-Term Strategy Out of a Crisis Response

Having commenced the Restart Phase, Government has already launched new schemes to create the basis for the Recover Phase, aimed at addressing scarring, particularly of local labour and property markets.

These include;

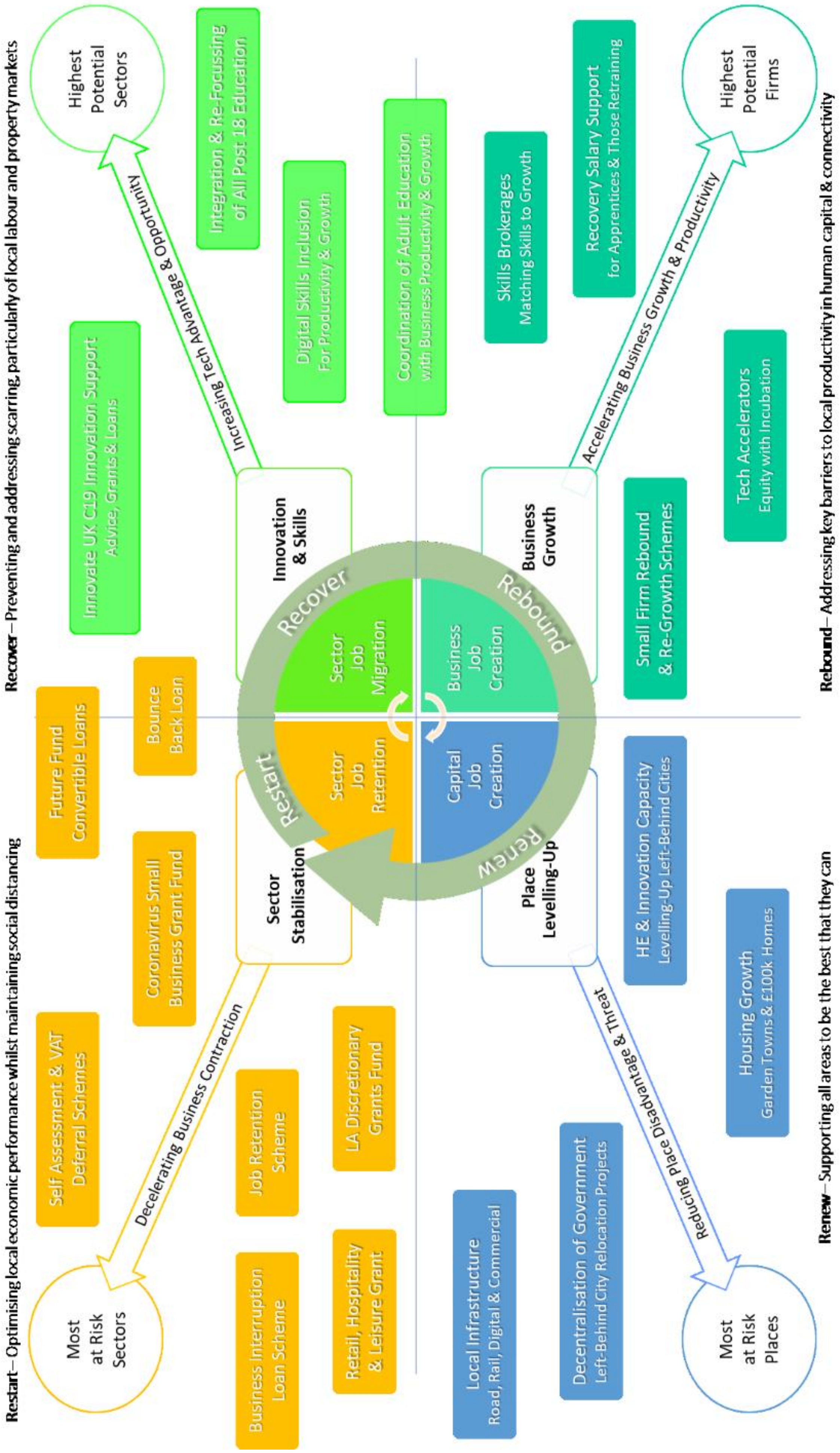
- **The Future Fund for convertible loans**
- **The Bounce Back Loan**
- **The Innovate UK C19 innovation support package of advice, grants & loans**

However, going forward and in preparation for the large-scale displacement of labour, particularly in the hardest hit sectors and places, resulting from the recessional impacts of COVID and the unwinding of the current schemes to stabilise the economy whilst in lockdown, further programmes will be needed as we progress through the Recover Phase. This initial draft for the Cambridgeshire & Peterborough Local Economic Recovery Strategy sets out ideas for further exploration and development. These are illustrated, across the four phases of Restart, Recover, Rebound and Renew, on the diagram on page 9.

The diagram puts into context, the Government's lockdown mitigation schemes (in what might be referred to as the Response Phase), relating to those sectors, such as leisure, hospitality and retail, that have been at most risk, and schemes that continue to provide support for labour market stabilisation. Moving clockwise, through the phases, it shows the most recent schemes launched as we move into Restart, such as the Future Fund, Bounce Back Loan and C19 Innovation Support Package. It goes on to propose a number of further schemes to be implemented in partnership between central and local government, some of which are already being piloted locally.

Building on the Government's success in decelerating economic and business contraction to stabilise employment, these are designed to address the next steps in the Recover Phase, for increasing the UK's technological advantage and creating opportunities for fresh innovation-based growth in those newly emerging UK dominant sectors.

Mapped by Ph


Restart – Optimising local economic performance whilst maintaining social distancing
Recover – Preventing and addressing scarring, particularly of local labour and property markets
Most at Risk Sectors
Highest Potential Sectors
Business Interruption Loan Scheme
Retail, Hospitality & Leisure Grant
Self Assessment & VAT Deferral Schemes
Job Retention Scheme
LA Discretionary Grants Fund
Decelerating Business Contraction
Coronavirus Small Business Grant Fund
Future Fund Convertible Loans
Bounce Back Loan
Sector Stabilisation
Innovate UK C19 Innovation Support Advice, Grants & Loans
Increasing Tech Advantage & Opportunity
Integration & Re-Focussing of All Post 18 Education
Digital Skills Inclusion For Productivity & Growth
Coordination of Adult Education with Business Productivity & Growth
Innovation & Skills
Restart
Recover
Rebound
Renew
Sector Job Retention
Sector Job Migration
Business Job Creation
Capital Job Creation
Business Growth
Place Levelling-Up
Skills Brokerages Matching Skills to Growth
Recovery Salary Support for Apprentices & Those Retraining
Accelerating Business Growth & Productivity
Highest Potential Firms
Small Firm Rebound & Re-Growth Schemes
Tech Accelerators Equity with Incubation
HE & Innovation Capacity Levelling-Up Left-Behind Cities
Housing Growth Garden Towns & £100k Homes
Reducing Place Disadvantage & Threat
Most at Risk Places
Local Infrastructure Road, Rail, Digital & Commercial
Decentralisation of Government Left-Behind City Relocation Projects
Renew – Supporting all areas to be the best that they can
Rebound – Addressing key barriers to local productivity in human capital & connectivity

4.2. Progression into Recovery & On to Renewal

Further steps and interventions are needed to consolidate the Recover phase by addressing the scarring to the labour market and attempting the large-scale retraining of millions of workers displaced between sectors as the economy shifts to adopt a different Post-COVID, recessional position. Key elements of recovery locally must address the key elements of the UK's Industrial Strategy.

PEOPLE

COVID will continue to expose weaknesses in digital capability and access for individuals, businesses, education, and skills providers, due to the continued need for, and tactical variations in social distancing. The risk of subsequent place-specific lockdowns will require effective local management that is rapid and agile. Further devolution of the focus and implementation of education and skills budgets will better enable the re-skilling and up-skilling the nation at a local level, building an inclusive economic recovery from the roots up. This will be essential for labour market re-organisation at scale, based on local place and sector intelligence. A 'one size fits all' solution for getting large volumes of people back to work, in a new, Post-COVID skills and economic environment, that will differ by place and sector, needs local decision making. This is likely to create a key role for digital and online channels in supporting this agility of delivery and response, harnessing the potential of digital channels and platforms to support the delivery of training and the re-skilling needed during recovery. Nationally devolved and local interventions should include:

1. **Integration & re-focussing of all post-18 vocational education** to better focus resources onto the specific labour flows in our economy, to fuel regrowth in those places and sectors with faster recovery rates, and strengthen resilience in the hardest hit.

2. **Digital Skills Inclusion** to raise productivity and inclusive growth, by up-skilling the local workforce to respond to the emerging new division of labour between humans, machines and algorithms, and to compete globally.

3. **Coordinating post-18 vocational education** with business growth stimulation through accelerated access to, and a more integrated design for the UK Shared Prosperity Fund.

BUSINESS ENVIRONMENT

In preparation for the Rebound phase, schemes will be needed to manage the volume of displaced workers moving between sectors and jobs, helping them to find the best new vocation for them and retrain to secure a job within it, as the economy builds-back and re-grows. Further schemes will be needed to accelerate business growth, that build on proven models used previously in the UK and internationally, to stimulate jobs growth through the 6% of fast-to-adapt and grow SMEs that make up nearly 50% of economic growth in the UK. It is these scale-ups and mid-sized (50-500 employees) firms that will be the vanguard of any economic recovery.

Local interventions to support businesses should include:

4. **Skills brokerages** that match displaced workers to training and new jobs, including:

    a. **Local Registration of talent** made or at-risk of redundancy, through access to real-time data on redundancies, enabling cities and towns to respond rapidly to changes in their local labour market.
    a. **Talent Secondment Schemes** for firms unable to retain staff after furlough, to place them with other firms, already in rebound and in need of talent.
    b. **Track & Trace Secondment Schemes** to strengthen local response capacity through training of additional capacity, currently redundant.

5. **COVID salary support schemes** for apprentices and retraining adults, including:

    c. **Extended Apprentice Furlough Schemes** to allow apprentices to continue learning.
    d. **Apprenticeship Salary Incentives** for small firms to take on new apprentices
    e. **Golden Hello's** to encourage all firms to take-on apprentices made redundant.
    f. **Apprenticeship Pathway Schemes**, based on Traineeships, to keep young people in training until more employers are ready to take-on apprentices

6. **Small firm rebound and re-growth schemes** including;

    a. **Scale-up coaching & investment for fast-to-adapt and hi-grow SMEs,** enabling the relatively small proportion of SMEs, that make up the majority of business growth in the UK, to lead the country out of recession
    b. **Start-up grants for employees transitioning to entrepreneurs,** including support for potential company start-ups and the self-employed sole traders, using mentoring, grants, incentives and leveraging other programmes such as AEB Funding to design specialised courses for aspiring entrepreneurs.
    c. **Start-up Share Spaces** using repurposed commercial property, freed up through recessional and remote working office downsizing, that provides an entrepreneur eco-system for mentoring, shared low cost, reconfigurable, and easy-in/easy-out office space, along with shared services, idea sharing, networking and virtual enterprise development.

INFRASTRUCTURE

Moving into the future resilience building, Renew phase, we acknowledge the established Government commitments to levelling-up and job creation through large-scale capital investment in HS2 and the recently announced Garden Towns. However, locally, stakeholders have recognised the clear and urgent need for additional job creation, capacity building and levelling-up investments. This should include a local programme of construction to support;

7. **Significant scaling of the decentralisation of Government**, out of London and the south east and into left-behind city relocation projects, such as the Peterborough Rail Station Quarter Scheme aimed at relocating 10,000 London and South East high-value jobs in the Civil Service and Professional Services.

8. **A pipeline of local rail, road, digital and commercial infrastructure** investments, including;

    a. **The Cambridgeshire Autonomous Metro** (CAM) Prototype Vehicle Programme and Infrastructure Development Company.
    b. **St. Ives transport interventions** to support the development of the A141
    c. **A rural gigabit voucher** to speed the digitalisation of the rural economy and consolidate remote working and the greening impact it provides
    d. **The Kennett Garden Village** with integrated enterprise and retail centres
    e. **Expansion of the CPCA's £100k Home Scheme** to accelerate recovery in the housing sector and create more affordable homes
    f. **The College of West Anglia Construction Hub** to help retrain workers transitioning towards the sector, within hard hit communities like the Fenland
    g. **Peterborough Eastern Industries** expansion, encouraging growth and investment in high-value manufacturing to raise productivity in the north.
    h. **Peterborough Bus Depo relocation** to free up start-up space to promote inclusive growth in one of the most deprived communities in the economy.
    i. **St Neots, St Ives and Huntingdon Commercial District Expansions,** at Winteringham and the St Ives and Huntingdon Bus Station Quarters, to create capacity in the south where re-growth will be soonest and strongest
    j. **Huntingdon Clean Energy Park** to aid the greening of the local economy
    k. **The low-carbon transition of public transport** enabling growth & the accelerated greening of the economy.
    l. **Low-carbon retrofitting schemes** for commercial vehicle and domestic housing, including scrappage
    m. **The Cambridge Corn Exchange** refurbishment to stimulate regrowth in domestic visitor economy, ahead of recovery of the international market.

PLACE

Inclusive Re-Growth as an Essential Component of Recovery.

Data from the Cambridgeshire & Peterborough Independent Economic Review (CPIER), updated by new econometric work ongoing to assess the extent of economic scarring resulting from the COVID Crisis, predicts that Peterborough and the Fens, will be one of the hardest hit economies in the UK. This is backed-up by the recent Centre for Cities study putting Peterborough as the 5th most “at risk” city in the UK from the economic impacts of COVID. This is partly due to education deprivation (Peterborough is in the bottom 10% of all UK cities) making the workforce less resilient and able to adapt. It is also partly due to its low-tech industrial base, which is characterised by increasing levels of food processing, administration and logistics employment, a waning high-value manufacturing sector and a reducing proportion of knowledge intense jobs. These factors combine to increase the chances of the city, also being one of the slowest to recover.

The evidence base clearly shows that Peterborough and the north of the Cambridgeshire & Peterborough economy more generally (including The Fens), while not conventionally thought of as being “in the north”, has been “left behind”. Recovering our growth ambition means that action must be taken to increase, higher value, more knowledge intense and more productive growth in places like Peterborough and The Fens. Changing the spatial distribution of economic growth and supporting an increase in innovation-based business growth across the whole of the CPCA economy, was a key recommendation from the CPEIR.

However, the emphasis on inclusive growth must be even more dominant in our Economic Recovery Strategy, when compared to our Pre-COVID Local Industrial Strategy.

IDEAS

The university and academic research sector will have a critical impact on business innovation and hence on longer-term economic recovery and on the building of our future economic resilience. It will do this by helping to provide the future workforce to enable our businesses to become more productive, knowledge intense and competitive, leading to greater prosperity.

- **The new University of Peterborough** will help to realise this. Phase 1 planning permission is about to be submitted and procurement for the constructor has commenced. However, new funding now, could bring forward Phases 2 and 3 into build between 2021-24, repositioning Peterborough to take much greater advantage of the longer -term recovery 2025-30. Government plans for sustaining and investing in the UK's university infrastructure will be key to recovery, but in doing so, as part of the COVID recover, rebound and renew cycle, the sector's consolidation and temporary contraction for regrowth, MUST incorporate the removal of the HE cold spots and the damage they inflict of left-behind cities like Peterborough. In the case of the Peterborough university project, whilst phase 1 has attracted £25m of local public sector investment (from CPCA and PCC) and up to £6.5m of private sector investment, phases 2 and 3 are more ambitious and aim to attract £65m of regional and central government funding to attract £30m from the private sector to finance the construction of the buildings to expand the university and create a research and innovation eco-system.

- **An expanded network of new Tech-Accelerators and Incubators** connecting the Cambridge knowledge base with the north of the area, is also a key component of spreading innovation-led growth, within a more inclusive economic growth model. These will build on recent CPCA investments with global innovation firms like Illumina in the Life Sciences sector and TWI in the high Value Manufacturing Sector in Cambridge, as well as partnerships with smaller local innovation firms such as Photocentric and Metalcraft in Peterborough and The Fens.

5. EXPLORING & DEVELOPING THE COMPONENTS OF THE STRATEGY

PEOPLE

5.1. Integration & Re-Focussing of All Post 18 Vocational Education

Post 18 education should be a lifelong learning experience available to all and enabling skills development to retrain and progress in employment, supporting the supply of skills to fuel business growth. This is not currently the case. Various forecasts put the increase in unemployment at above 2 million workers, many of whom will be unable to find new roles in the badly hit sectors they have previously resided. This in turn will create the requirement for retraining between sectors. The rapid configuration, accreditation and mobilisation of retraining programmes, matched to the inter-sector labour flows locally in each region, would be better achieved through the integration and, where possible through MCA devolution, of the Adult Education Budget, National Retraining Scheme, Apprenticeship Levy, National Skills Fund and all other Post-18 funding for vocational education.

Through the devolution of AEB, and the introduction of the business-led Skills Advisory Panels (SAP's), MCAs have demonstrated their ability to take on education budgets and apply them in a more business-growth-focused, agile and flexible way to achieve sector and local skills transformation. Through example projects like the CPCA Health & Care Work Academy they have also shown they can design and mobilise training programmes to transition workers at-scale between sectors.

However, reductions in adult education funding after 2010 have had a corresponding impact on adult learning participation; both having fallen by 45%. Hence, the new combined programme will need to redress this, if the forecast volumes of adults requiring support to move into new jobs as they transition between sectors, is to be supported. Bolstering current budgets could be aided in part, by creating as some MCAs already have, Apprenticeship Levy Marketplaces, transferring 25% of levy allocations from larger employers to SMEs, within and across sectors. These Levy Marketplaces should be rolled out across England and the proportion of levy transferrable, on to SME, non-levy payers and colleges, should be increased to 40%. Utilising levy transfer will also alleviate the need for employer co-investment, which has been seen as a barrier to Apprenticeships by the SME market and in turn will drive growth within a sector that has seen a decline in Apprenticeships since 2017.

This larger, combined budget could then be focussed onto the specific labour flows in each region, to fuel growth in those sectors with faster recovery rates. Many LEPs and MCAs have already begun to map these sector contractions and recovery forecasts, along with the skills needed to enable large proportions of the local workforce to migrate across sectors. Aligning an integrated portfolio of funding to these flows and the development of new and expanded FE provision to provide the new skills needed, will be more effectively achieved through locally devolved commissioning strategies in collaboration with local employers and FE providers.

For instance, short course reskilling will be critical for supporting economic recovery. This will need to include short courses at entry level to level 2, to support displaced workers at lower skills levels, likely to be hardest hit in sector contraction. However, it is important to also be ambitious in up-skilling our economy. This should include, especially in places currently lacking sufficient knowledge intensity, higher level courses focusing on entrepreneurship, R&D and innovation. This could be achieved through locally devolved flexibilities in Adult Education Budgets to allow L3 qualifications or modular units to those age 24 plus.

Post 18 vocational education will also need to involve greater employer involvement in creation of courses and the use of subject matter experts to ensure material is current and engaging. Specialist delivery teams will need to be configured by sector and place, that can adapt to an agile model of delivery; utilising regional facilities such as FE colleges and local independent training providers to provide a much more engaging, relevant and purposeful learner experience and impact. This would complement the traditional approach to FE, opening up new opportunities for both individuals and employers.

5.2. Digital Skills Inclusion to Raise Productivity & Inclusive Growth

While digital inclusion and connectivity are issues that have been identified previously, by the M9 Groups of MCAs, as critical to underpinning growth, productivity and an inclusive economy, the importance of this agenda has grown significantly through the emerging impact of COVID-19 on people, of all ages and backgrounds.

The requirement to stay at home, coupled with social distancing measures upon peoples return to work, has meant that the connectivity, hardware and skills to be digitally included are critical to maintaining any form of social and family connection, education, and financial security – beyond this many services essential to the wellbeing and support of residents have had to shift to online channels. Removing barriers which make it difficult for people to take up employment, education and training opportunities are paramount if we are to empower our people with the skills and resources, they need to take ownership of their futures.

There is a real risk that digital exclusion through the COVID-19 pandemic will exacerbate already significant and pernicious issues for some communities and groups of residents. This does however, generate positive opportunities for a strategic change in our approach to digital transformation within the education, skills and employment arena – that moves further and faster on an area which was important prior to COVID-19, but has been given a renewed sense of urgency. While basic digital skills are currently catered for in skills provision that already exists via AEB, there needs to be investment and further devolution to fund higher level digital provision to ensure our workforce are able to perform in a digitally focused world.

There is already a shortage of advanced and specialist skills, such as data analytics. The pandemic has accelerated the pace at which we have had to adapt to a more technically focused work environment and there is an urgent need to intensify efforts to boost the number of skilled workers. Digital skills are key to improving productivity, especially in rural areas, or those areas outside of major cities. Digital skills will support stability, enable future growth and support the Government and industry to deliver the UK's Industrial Strategy. Covid-19 has brought this requirement into sharper focus, the need and requirement for a higher level of digital skills is required now to enable organisations and individuals to remain competitive, productive and relevant.

Access to skilled workers is already a key factor that sets successful companies apart from failing ones. In an increasingly data-driven future this difference will become even more acute. Skills gaps across all industries are poised to grow in the Fourth Industrial Revolution. Rapid advances in artificial intelligence (AI), robotics and other emerging technologies are happening in ever shorter cycles, changing the very nature of the jobs that need to be done and the skills needed to do them, faster than ever before.

It is essential for local partners to take-on the responsibility for online and digitally enabled training to address the medium to long term training needs resulting from automation and the training for jobs for the future. This should include the design and commissioning of this activity from a single and flexible place-based funding pot. This will enable local partners to balance pre-existing needs and priorities with emerging in-need cohorts, to avoid further displacement and long-term distancing from the labour market. MCAs should be at the heart of this coordination and ensuring that support is locally customised and implemented. Many new roles generated as a result of the new division of labour between humans, machines and algorithms may emerge and our local workforce needs to be able to compete globally. This will, in turn, generate greater local demand for technical skills like programming and app development, along with skills that computers can't easily master such as creative thinking, problem-solving and negotiating. To enable this, our local digital inclusion programme should;

- **Pro-actively mitigate against digital exclusion** that will be a product of long-term disruption to traditional face to face delivery models

- **Address the digital exclusion of disadvantaged groups and communities** who are more likely to be impacted by a reduction in low skilled jobs following the withdrawal of the furlough scheme.

- **Harness the power of digital technologies and channels** in increasing the pace and scale of service transformations that positions education and employment support, providers and institutions in good stead for the future. Managing the potentially significant waves of demand for services and support as key milestones in future are reached, including the withdrawal of furlough, economic shocks and need for re-skilling of the population at scale.

5.3. Coordinating Adult Vocational Education with Business Growth Stimulation

In combining capital investment from the previous LGF with revenue support from the previous ESF, the new UK Shared Prosperity Fund offers new opportunities to raise aspirations, engender motivation and increase access to higher quality, more impactful learning for adults. It also offers the opportunity to provide the much-needed refresh of the FE estate and upgrade it for a permanent shift to more remote learning. Currently, the following typical programmes exist but are entirely unconnected and disparate, making them unable to combine to address a complex challenge such as Post-COVID, cross sector, retraining. Programmes such as these include current:

- ESF funded programmes to raise aspirations amongst the hardest to access, disengaged and furthest from employment, as well as programmes to raise workforce skills and progression at work, connecting employers with learners transitioning to higher skills levels or across sectors.

- ERDF funded programmes to build university and business R&D centres to act as hubs to develop local innovation eco-systems in left-behind cities, to support innovative SMEs and local sector clusters, to generate high value, knowledge-intensive growth and jobs.

- LGF funded capital investment programmes in FE facilities to increase sector specific skills provision, reduce digital inequality and ensure digital inclusion, as well as those to fund Tech Accelerators to provide incubation and equity investment for innovation-based start-ups.

The opportunity presented is, for the first time, to enable local economies to integrate the devolved revenue funding for adult vocational education and training, with devolved and regionally administered funds like UKSPF, as complementary components of a wider, deliberately designed skills eco-system. This could combine and coordinate funding for education, training, community outreach, and learner-to-employer skills brokering, with the capital investment needed to upgrade our FE estates, facilities and digital technology capabilities.

Co-ordinating an MCA devolved or regionally administered future UKSPF, with the proposed integration and re-focussing of all post 18 vocational education, could deliver a locally coherent and tailored skills and business growth eco-system to generate more and higher value jobs, coordinated with a skills provision programme to fulfil the workforce demand created by that growth.

Nationally, it has never been possible to connect job creation and growth stimulation with skills provision and the raising of aspirations amongst specific sector-cohorts or communities into one locally coherent and tailored programme. However, the potential devolution of UKSPF, coordinated locally through MCAs with an integrated and re-focussed post 18 vocational education budget provides exactly that opportunity.

5.4. Central Government Action to Enable Skills Funding Reform

To support local partners including the CPCA, local authorities, businesses and communities in the delivery of regional and local recovery, the following action is needed from HMG:

- **A devolved multi-year, place-based, funding settlement** to enable the delivery of integrated skills, work and education systems across our region, focused on the needs of our place. This should include funds such as increased AEB funding, National Skills Fund (due to start in 2021) National Retraining Scheme, and the UK Shared Prosperity Fund. Moving away from siloed funding packages would enable the genuine flexibility that will be required to meet the differing needs of each of our regions.

- **An outcome driven approach to funding settlements,** to replace the many current programmes and funding modes that are output driven which, although useful in quantifiably measuring performance, can constrain innovation, pushing providers towards safe, tried and tested (but not always the most effective) activity and delivery models.

- **Increased investment in skills infrastructure and the FE estate** including bringing forward some of the £1.5bn funding announced for college capital investment as part of the March 2020 Budget so it can be used now to support the reskilling required in key sectors fundamental to our regions.

- **Increased flexibility in the use of skills funding,** enabling individual places to maintain, scale up, and repurpose successful provision to support recovery. MCA's, LEP's and Government should review all opportunities to repurpose funding, this should include ESF reserves and programme underspends, the flexing of capital funds, and exploring with the European Commission any flexibilities in relation to EU funding.

- **Access to real-time data and intelligence to inform recovery planning** removing one of the key limiting factors in relation to recovery planning through access to real-time data and intelligence to provide focus for planning and quantify financial asks.

BUSINESS ENVIRONMENT

5.5. Skills Brokerages That Match Displaced Workers to Training & New Jobs

Creating a dynamic Skills Marketplace nationally, that is attuned to the labour flows, sector recovery and business growth dynamics of each city and town, is only possible through effective connectivity between businesses, skills providers, students and those retraining and upskilling. This will also need to include connecting all the above into the most appropriate funding for specific education and training needs, for both the business and the learner. As a pilot for such a connection, the CPCA has designed and is procuring the private sector to deliver a Skills Brokerage connecting all Skills Programmes, generating and directing Talent where needed, rebooting the Apprenticeships Market and driving up Recruitment with employers. An idea that could potentially be refined and replicated across England's LEPs and MCAs.

The service will target support to create pathways for young people and adults retraining for new or enhanced careers, into adult education, technical degrees and apprenticeships. It will include employer outreach, schools' careers advice and work readiness support to provide greater employer and skills provider visibility of talent to support recovering and re-growing businesses with recruitment and training. However, this will require much enhanced labour market information, intelligence and insight, regularly communicated into secondary provision across our area, so that young people can make informed career pathway choices.

Our future, local Skills Marketplace will need to be used to better harness the Apprenticeship Levy, Adult Education Budget, National Skills Fund, National Retraining Scheme and other potentially devolved Post 18 education budgets, to connect recovering and growing SMEs with funding and new talent. This will include spreading funding more effectively across place-based, sector-clusters through the creation of a Levy Pooling Mechanism. Within such a model, Skills and Talent Brokers would connect to a levy virtual wallet to support small, medium and micro businesses currently unable to take on an apprentice due to lack of funding, their size or specialist nature of the skills they need. These advisors would also work with large employers to gain commitments from them to pledge their unused levy into the virtual wallet for re-distribution to small and medium firms, in and across supply chains and place-based sector-clusters. If scaled into all MCAs and LEP areas, such Skills Brokerages could focus on the labour flows between sectors and the specific needs of towns, cities and rural areas, to speed growth in the fastest to recover sectors, as well as reduce the education deprivation that causes low productivity and will slow recovery in those hardest hit sectors and places. Skills Brokerages could also be a critical component in converting the offer of an apprenticeship for every 18-25 year-old into the reality of one.

5.6. A COVID Salary Support Scheme for Apprentices & Those Retraining

As the volume of learners rises dramatically and proportionally with the rise in unemployment and localised shifts of labour between sectors and skills levels, a large proportion of this expanded cohort will be adults with financial commitments and potentially young families to support. This means that funding to fully or part fund the courses themselves will not be enough to allow these sector-transitioning workers to take-up retraining and up-skilling.

While universal credit allows for those out of employment to train without impacting the benefit received, there is a need for some form of in-work salary subsidy to encourage firms to take-on more people to learn within the work environment, for example as apprentices. To aid more apprenticeship, such a new Salary Support Scheme could be used to focus on enhancing the national apprenticeship minimum wage for those over 19. Evidence suggests a direct correlation between success rates of apprenticeship programmes and the value of the wage paid to the apprentice. Hence, through such a scheme, not only would individuals be supported, but overall success rates of apprenticeships would be increased, boosting MLP which was at an all-time low during the 18/19 academic year, in part due to the unsuccessful apprenticeship reforms.

The Prime Minister has recently made a commitment to offer every 18-24-year-old an apprenticeship. However, beyond the offer, making apprenticeships happen is not just about the business affordability of training costs, it is also about the affordability of employment costs. Whilst levy and non-levy apprenticeship funding covers 95% of the training costs for apprenticeships, it leaves businesses to fund 100% of the employment costs. During a Post-COVID recession, many businesses will be unable to meet these costs. Hence, a grant to businesses to employ apprentices and those undertaking longer-term, in-company retraining, could serve to subsidise employment costs and enable more apprentices and those re-training, to be taken on by firms, especially SMEs. Without this critical support to employment costs, the number of 18-24-year-olds able to take up the Prime Ministers offer of an apprenticeship, will be significantly reduced.

More detail to follow on the idea of **Extended Apprentice Furlough Schemes** to allow apprentices to continue learning.

More detail to follow on the idea of **Golden Hello's** to encourage all firms to take-on apprentices made redundant.

More detail to follow on the idea of **Apprenticeship Pathway Schemes**, based on Traineeships, to keep young people in training until more employers are ready to take-on apprentices

5.7. Start-Up & Small Firm Rebound & Re-Growth Schemes

Coaching, Grants & Equity Investment For Fast-To-Adapt & Scale-Up SMEs

Enabling the relatively small proportion of fast-to-adapt and scale-up SMEs, that make up the majority of business growth in the UK, to lead the country out of recession requires a major rethink of current small business growth support. Current support relies mainly on LEP Growth Hubs, typically employing less than half a dozen advisors, who engage high volumes of firms but can evidence little jobs growth impact, especially when additionality and displacement are taken into account. However, Growth Hubs *have* contributed a valuable role through their predominantly phone-based services and have been particularly good at encouraging, informing, and connecting companies with other sources of support for improving growth. Some LEPs have reviewed existing ways of working and identified some key opportunities improvement, especially in considering the current Growth Hubs, noting they:

- Were set up to deliver against targets based on the “volume” of customers serviced rather than the growth created in GVA or jobs

- Deal disproportionately, with low potential, small and micro businesses rather than seeking out larger, high growth, high potential companies that the evidence shows are better placed to help grow GVA and jobs locally and nationally

- Spread public sector resource thinly over a large population of small, low potential firms, reducing average service time to less than three hours per business

- Have no clearly defined ‘service offer’ which contributes to a low level of awareness, and perception of value, amongst the business community

The proposed Business Recovery “Adapt & Grow” Service could retain the central role of the Growth Advisors, available as a free service for businesses across the economy. This could take the form of the telephone based and field staff, focused on engagement, diagnosis of need and brokering (EDB) to expert growth advice, providing the equivalent service to that currently provided by the Growth Hub as three-hour interventions. This will in effect be a by-product of the deeper intent of the proposed service, to target high growth potential firms and broker them to highly valued, growth coaching and growth investment in the form of grants and equity. In delivering EDB, these advisors will provide them with the same broad advice and signposting currently provided to Growth Hub customers.

However, in addition the key changes proposed are:

- **Prospecting of high potential scale-ups**, most able to help achieve inclusive-place-based, productive and international growth.

- **Positioning Growth Advisors as trusted and impartial brokers,** with a remit to help companies identify and overcome growth barriers, developing packages of coaching and growth finance for business leaders, brokered to experts in the firms' sectors and markets to help them break down those barriers and realise their growth.

- **Focusing Growth Advisors' on 'only what government can do'**, by spending more time understanding needs, encouraging, informing & connecting firms to sources of commercial advice and support

- **Leveraging the private sector advisory market** much more effectively through a pool of commercial exporting, business growth and productivity advisors and coaches, able to deliver deeper, broader and bespoke growth support services to each individual firm and its management team. The provision of a "Nudge Grant" for smaller firms should be considered, where it is needed to encourage them into taking up commercially available services from the private sector, which they would otherwise not normally use. This would better enable firms to Orient, Adapt & Regrow; coping with medium-and-long term shifts in markets and customer behaviours, such as:

    - Customer access being shifted towards online and distance buying.
    - Markets being impacted by long periods of social distancing.
    - Sectors being affected by supply chain consolidation & localisation
    - Post-COVID Opportunities for new offerings and modes of delivery
    - Permanent positive shifts in working practices, costs, and productivity

- **Providing grant and equity growth finance** for the coached firms, through a scheme that leverages HMG investment by 75%, by creating local growth equity funds in partnership with private sector investors and fund managers, ensuring that all investments are made 50:50 between the public and private investor, then requiring the supported firms themselves, to 50% match that joint investment made by the local public-private growth fund.

- **Developing a peer-2-peer, growth coached alumni as mentors**, extending the current DIT campaign idea of "if I can you can!" and harnessing it for business-led COVID economic recovery. This alternative approach will overcome the failure, of the current Be the Business Mentoring Scheme, to engage high volumes of the highest potential SMEs, by replacing large company directors and managers as mentors, who lack small business empathy and understanding, with peer SME leaders, and the "if I can you can" approach.

Start-Up Grants for Employees Transitioning to Entrepreneurship

Post-COVID labour market conditions, created by a significant increase in displaced workers coupled with an equally significant contraction in job opportunities will produce fierce competition for new, re-growth job. However, large-scale re-employment could also be supported by encouraging entrepreneurialism and self-employment to both young adults as well as mature, displaced workers.

Whilst there are many layers of existing support for potential **company start-ups** and the **self-employed sole traders**, the landscape needs to be simplified and localised to the specifics of our sub-economies and market towns to address and harness local opportunities. Both types of new entrepreneur can be supported through mentoring, grants, incentives and leveraging other programmes such as AEB Funding to design specialised courses for aspiring entrepreneurs.

From a financing perspective, Young Adults over recent years have faced similar challenges to establish themselves on the Housing Market but have successfully done so through programmes such as Help to Buy/Shared Ownership/Parental Guarantees etc. Similar models could be explored and developed locally, in partnership with HMG and HMRC to grant finance start-ups, alongside local interventions such as business rate discounts and local capital equipment grants. More mature displaced workers, who are some years short of retirement and keen to explore entrepreneurship, might also be encouraged to embark on a start-up venture through finance unlocked from their home-equity, through tax breaks or early access to pension pots.

Each of these cohorts of potential entrepreneur, offer an exciting mix of talent, attributes, and experience, and should be proactively harnessed for the benefit of local economies.

Start-Up Share Spaces

More detail to follow on the idea of Start-up Share Spaces using repurposed commercial property, freed up through recessional and remote working office downsizing, that provides an entrepreneur eco-system for mentoring, shared low cost, reconfigurable, and easy-in/easy-out office space, along with shared services, idea sharing, networking and virtual enterprise development.

PLACE

INFRASTRUCTURE

5.8. Greater Gov' Decentralisation & Left-Behind City Relocation Projects

There are 16 regional civil service hubs around England, providing modern offices and greater flexible working. The Government Estates Strategy published in 2018, set out plans for a total of "around 20" to be created, with an overall aim to reduce the office buildings in which central government operates from 800 to around 200. This is expected to save an estimated £2.5bn in running costs over 20 years.

The most recent of these regional hubs include those in the WMCA and CPCA. Together they have enabled 2,700 civil servants to move to new cost-saving sites, from other locations across each of those MCA areas, into bespoke buildings in the two cities of Birmingham and Peterborough. However, these regional hubs do not sufficiently address the much larger opportunity for potential HMG savings from across Whitehall and other London and South East locations that could be generated. They also fail to deliver the scale of physical regeneration and economic rejuvenation, that the infusion of relatively high skills and high wage jobs would have, particularly on those left-behind cities, that languish in the bottom 10% on both those metrics.

A much more ambitious, reinvention of the Governments' civil service regionalisation plans is necessary to:

- Generate savings that could be used to help protect jobs and stimulate growth
- Provide opportunities to transform many left-behind cities through the infusion of higher skilled and higher paid employment

Whilst reducing the number of office buildings in which central government operates from 800 to around 200 is a step in the right direction, the real metric should be that of the number of jobs regionalised out of London and the Greater South East, into cities with the greatest need for regeneration across the rest of England.

Close to shovel-ready projects such as the Station Quarter in Peterborough could provide a kick-start for such a wider programme. With a new 39 minute rail connection to Kings Cross the Station Quarter Development aims to convert a huge area of existing flat, hard standing station car parking, into multi-storey, freeing up enough space for new commercial office space for 20,000 workers. With land deals and planning permissions in-process, the catalyst for bringing such schemes in to development would be a strong demonstration of central government commitment in the form of:

- Capital Investment into MDCs or Joint Ventures to finance construction
- Clear intent on central government relocations out of London and the GSE.

5.9. A Pipeline Of Local Rail, Road, Digital & Construction Projects

The lesson of past downturns is that the construction sector shrinks, and competition, especially from the SME sector, reduces with each successive contraction. It should be an objective to anticipate and avoid such a scarring effect. This is particularly relevant to CPCA economy, which is a net importer of construction capacity, boosting costs without supporting local skills shortages and employment.

However, the construction sector has faced persistent and significant skills gaps. This shortage of individuals to the sector will be compounded by Brexit and the reduction of available workforce. Hence, any pipeline of projects needs to be supported with a sector skills strategy to ensure our infrastructure employment and skills opportunities can be accommodated by the local population.

MCAs should be encouraged and funded to post a committed three-year pipeline of construction projects to promote local market confidence and labour retention. This should be reinforced by Green Book reform aimed at simplifying and shortening the process of business case review. Early engagement with local supply chains would boost confidence and visibility of the procurement pipeline. With confidence in a three-year delivery plan, MCAs would be able to engage immediately with the local supply chain. Sectors for attention should be:

- **Roads**, with a focus on schemes already at an advanced business case stage
- **Rail**, with the same focus on projects with a business case developed
- **Housing & Construction**
- **Digital**, with a focus on investments that will enable more flexible working and travelling patterns, and on supporting town and city centres.
- **Energy & Climate**
- **Enterprise Growth Infrastructure**
- **The Visitor Economy**

Rail & Road

The Cambridgeshire Autonomous Metro (CAM)

By improving connections across Cambridgeshire and Peterborough, the CAM will expand the pool of skilled labour that can work in the region's tech cluster. By helping housing developments become viable, the CAM will also unlock housing in the region and further improve the ability for the cluster's workforce to expand. It will also increase the quality of life in the region, helping attract the experts and entrepreneurs needed to sustain the region's growth. This will foster the growth of the UK's leading cluster, part of a region that is already a net contributor to the UK economy, securing its international competitiveness and delivering benefits right across the UK economy. For this and similar projects, the government should set out clear commitment aimed at seeing delivery to a firm timetable over the next decade. That will give short term confidence and encourage labour retention; it will promote housing development and investment over the lifetime of current and updated Local Plans; it will give inward investors' confidence; and it will give greater certainty about the path to zero carbon transition. Clarity of commitment to strategic infrastructure like the CAM delivers a quadruple dividend: it supports confidence in the supply chain; it underpins the 2050 zero carbon objective by enabling a shift to more sustainable modes; it unlocks housing development; and it enhances the inward investment proposition for individual regions and cities.

More detail to follow on the idea **St. Ives transport interventions** to support the development of the A141

Housing & Construction

Stimulating the Housing Market

The Centre for Economics and Business Research think tank predicted in early June that ‘house prices will fall by 13 per cent by the end of the year’ due to the pandemic. It has revealed that the effect will vary across the country depending on how badly a region’s workforce was hit. The think tank predicts that house prices in Yorkshire and the Humber and Northern Ireland will fall most. In these regions the main industries of manufacturing, construction, retail and hospitality have been hit the hardest.

‘Although the government have offered up a vast package of support, this lack of demand will mean some businesses cease to operate,’ explains the CEBR, many workers will lose their jobs and a lot more will face a cut in incomes.’ ‘Housing is the single biggest expenditure item for most households, which means that the shortfall in incomes has a tremendous potential to disrupt the UK’s housing markets,’ the CEBR adds’’. The May 20 Nationwide housing data showed a month on month fall in house prices of 1.7%, further evidence of an ongoing market decline. The CEBR have not yet looked into the first half of 2021, where things might be anticipated as getting worse as there is normally a ‘time lag’ between general economic impacts and housing market impact, though of course there has to be some caution about using ‘normal’ in this situation.

To forecast the potential impact going forward, there is merit in looking at previous recessions and house price crashes, the most recent and significant being 2007. From Jun 2007 to Dec 2008, prices dropped 20% and recovered only after 6 years. New home sales declined from the beginning of the recession in December 2007 and failed to fully recover until 2012. This resulted in a significant loss of economic housing output and capacity. As the market for private sale units shrank with higher risk and uncertainty about the volume of sales, anticipated sale prices and any profit that might be achieved, housebuilders downsized their operations to match. The effect was the loss of capacity and production.

However, the following are specific initiatives to be developed that might reduce a repeat of the same impacts on the housing market:

- **Encouraging housebuilders to keep building at the same rate,** at least temporarily for 1-2 years to build majority or wholly affordable housing schemes instead of market housing. This could be achieved by providing an incentive as a tax credit for every additional unit or £ spent on building affordable housing above existing S106 requirements, to be set off against future profits from delivering and selling market housing when the economic recovery/upturn arrives. This would provide a future profits incentive to maintain activity in the short-term. However, grant levels will still effectively need to guarantee the housebuilder some immediate return. This might be achieved through an increase to the current level of grant. Within the C&P economy an average grant rate of up to £100k per unit would be required.

This would allow developers the opportunity to complete (and still start) building market units and convert them to a shared ownership or affordable rental tenure. Such a scheme would maintain developers cashflows, contractors' workloads and provide continuity for the housing market whilst simultaneously increasing the overall long-term pool of affordable housing and maintaining overall economic activity from the housing sector, avoiding the worst excesses of a contraction of the housebuilding industry. The CPCA already operates such a scheme under the branding of www.100khomes.co.uk. and there is potential to scale the concept further.

- **Softening the anticipated significant fall in market demand** and improving mobility of labour by providing a Stamp Duty Holiday on primary home residential property transactions below £500,000 could be a useful tool and would remove the largest structural cost of house moving. There should also be a significant benefit in removing one of the structural constraints around the mobility of labour which maybe a key feature in supporting the recovery of the UK economy.

- **Increasing market demand by improving access to mortgage finance,** including at high loan to value ratios. This could be achieved through increased access to 90% or 95% mortgages for both shared ownership and market sale purchases. This will reduce the size of deposits required but involves risk if house prices fall. Hence is unlikely to happen without Government taking on some of that risk with mortgage providers.

- **Stimulating new market demand through the creation of Mayoral Development Corporations to deliver new garden towns**. In Cambridgeshire & Peterborough there are potentially three new garden towns linked to the Mayors proposed Cambridge Autonomous Metro scheme. Each scheme could deliver approximately 6,000 new houses, including affordable houses & commercial space, all connected by the Mayors Cambridgeshire Autonomous Metro. This would require around £20m over the next few years to get the schemes to the stage where they might be built and could benefit from the potential of using a MDC for the portfolio to;

    - Harness the delivery expertise and leadership of the private sector

    - Demonstrating public-sector commitment to attract private investment

More detail to follow on the idea **The Kennett Garden Village** with integrated enterprise and retail centres

More detail to follow on the idea **The College of West Anglia Construction Hub** to help retrain workers transitioning towards the sector, within hard hit communities like the Fenland

Digital

More detail to follow on the idea **A rural gigabit voucher** to speed the digitalisation of the rural economy and consolidate remote working and the greening impact it provides

Energy & Climate

Low-Carbon Transition of Public Transport Enabling Greener Growth

With social distancing in place, the capacity of public transport is dramatically reduced. Over a period of several months, that effect will begin to be reinforced by lasting behaviours change. This will not only undermine efforts to move to more sustainable travel modes. It is also going to challenge the financial model for public transport. Where the public sector is exposed to fare revenue, there will be a gap to fill and that is a straightforward fiscal challenge. Private sector operators reliant on subsidy are relatively shielded from the fall in patronage. There is a hugely significant question about what were, before C19, commercial services. However, in reality, commercial services have always received large public subsidies through BSOG and the national concessionary fares scheme. Now, the government is supporting the commercial sector with further direct grants. Although those grants are time limited, it is unrealistic to expect that both the bus operators' financials and full operating timetables will be sustainable after they have run out. With the near certainty of further needs for subsidy, the time has finally come to fundamentally reshape public sector support to the bus industry. Cambridgeshire and Peterborough and Greater Manchester are currently moving towards decision points in the development of a franchising model for public transport. The effectiveness of franchising would be significantly increased if the MCA were able to deploy all bus subsidy – BSOG and concessionary fares, as well as direct route support – as a single targeted funding stream. In areas where employment growth and social inclusion require significant reshaping of the existing network and timetable, such a change would be an enabler of radical network improvements and better outcomes in terms of mode shift, and access to employment and study for left-behind communities.

Low-Carbon Retrofitting Schemes for Vehicles & Housing

To achieve a net zero-carbon objective by 2050, progress needs to be made rapidly towards decarbonising the private car and the home. There is good evidence that scrappage schemes have limited deadweight and can drive behaviour change and reduce emissions. The extent of the challenge involved in eliminating carbon emitting transport and domestic heating cannot be underestimated. Pump-priming the change with scrappage schemes can deliver measurable benefits by accelerating it, and domestic heating scrappage schemes would have immediate positive impacts in local supply chains.

Huntingdon Clean Energy Park

More detail to follow on the idea Huntingdon Clean Energy Park to aid the greening of the local economy

Enterprise Growth Infrastructure

More detail to follow on the idea **Peterborough Eastern Industries** expansion, encouraging growth and investment in high-value manufacturing to raise productivity in the north.

More detail to follow on the idea **Peterborough Bus Depo relocation** to free up start-up space to promote inclusive growth in one of the most deprived communities in the economy.

More detail to follow on the idea **St Neots, St Ives and Huntingdon Commercial District Expansions,** at Winteringham and the St Ives and Huntingdon Bus Station Quarters, to create capacity in the south where re-growth will be soonest and strongest

Visitor Economy

More detail to follow on the idea **The Cambridge Corn Exchange** refurbishment to stimulate regrowth in domestic visitor economy, ahead of recovery of the international market.

IDEAS

5.10. An Innovation Eco-System in the North of the Economy

As for a number of cities in the UK, the establishment of a university and associated innovation eco-system could produce the knowledge engine to drive the increased worker skills to raise business productivity, innovation, and knowledge intensity, capable of shifting the gradient of the economic recovery rate, in these left-behind places. However, replicating the “Cambridge Phenomenon” that has taken decades to organically evolve and develop requires a specifically designed and long-term programme of interventions that balance supply of improved human capital with the demand for it. This in turn requires indigenous and inward invested business growth, that is more knowledge intensive and higher value, requiring higher level skills. In the case of Peterborough and The Fens, this means the removal of the Higher Education Cold Spot, to generate more level 5, 6, 7 & 8 skills, focused on key and higher value growth sectors such as high-value manufacturing and digital. In comparison to the average city in the UK, and within a workforce of 103,000, Peterborough needs be able to mobilise 17,000 more workers at these higher skills levels, to become competitive as a place, and arrest four decades of decline in education, prosperity and health outcomes. But filling the higher-level skills gap in Peterborough and The Fens, will have limited impact without effective measures to significantly grow the business and industrial demand for those skills. This will require, concurrent development of the innovation and business support eco-system to grow indigenous high-value firms and attract-in new firms to the city. Such an eco-system, using the new university as its hub, has been designed and substantially funded through the CPCA, to be mobilise over the next year. This includes:

- New business clusters and networks, esp in manufacturing in the north
- £20m of growth coaching and growth capital for innovation-based firms
- A new Inward Investment Service to attract firms nationally & globally
- A skills brokerage to connect learners, and those retraining, with growth firms

Mobilisation of the last key enabling component for the transformation of productivity and prosperity in Peterborough & The Fens is critical. This will be a central multi-university research super-hub to act as the enabling core for an innovation eco-system to connect firms locally with global partners, knowledge and opportunities for growth. The combined impact of the Phase 1 University academic teaching facility, and the Phase 2 Multi-University Research Super-Hub and innovation eco-system, will be the creation of:

- 550 direct jobs in the 21/22 construction programme for both phases
- 321 direct jobs to staff both buildings in 22/23, rising to 718 by 25/26
- 1325 indirect jobs in 25/26 rising to a cum 14,170 by 29/30 & 31,500 by 34/35

It will also provide the key enabling component to arrest four decades of decline and reset the city’s potential rate of recovery.

5.11. An Expanded Network Of New Tech-Accelerators And Incubators

More detail to follow on the idea an expanded network of new Tech-Accelerators and Incubators connecting the Cambridge knowledge base with the north of the area, is also a key component of spreading innovation-led growth, within a more inclusive economic growth model. These will build on recent CPCA investments with global innovation firms like Illumina in the Life Sciences sector and TWI in the high Value Manufacturing Sector in Cambridge, as well as partnerships with smaller local innovation firms such as Photocentric and Metalcraft in Peterborough and The Fens.