

REPORT TO: CABINET

DATE: 13 OCTOBER 2016

TITLE: RESPONSE TO THE FINDINGS AND
RECOMMENDATIONS OF THE LONDON
STANSTED CAMBRIDGE CORRIDOR
GROWTH COMMISSION

PORTFOLIO HOLDER: COUNCILLOR JON CLEMPNER, LEADER
OF THE COUNCIL

COUNCILLOR DANNY PURTON,
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**This is not a Key Decision
Call-in Procedures may apply
This decision will affect no Ward specifically.**

RECOMMENDED that Cabinet

- A** Recognises the importance of the London Stansted Cambridge Corridor as a key economic corridor.
- B** Confirms its commitment to Harlow playing an active role in the London Stansted Cambridge Corridor Consortium to ensure that the town is recognised as a key location for investment and economic growth within the corridor.
- C** Supports the five priorities identified by the Growth Commission to drive the realisation of the ambition for the corridor.
- D** Confirms its commitment to work with partners to ensure that Harlow is able to develop a symbiotic relationship with London and other areas within the corridor.

REASON FOR DECISION

- E** To signal the Council's response to the Commission's findings.

BACKGROUND

1. In July 2016 the London Stansted Cambridge Corridor (LSCC) Growth Commission (the Commission) published its findings, recommendations, ambitions and vision for what it describes as the next global knowledge region. The Commission's six-month work programme delivered robust economic analysis following a series of incisive events with expert presentations and debates; the third of which was held in Harlow in April.
2. The Commission was established to provide independent analysis and advice to raise and boost the global economic potential of the Corridor setting out a vision for transformational change. The report adopts a 20-year vision towards becoming one of the top five Global knowledge regions, alongside San Francisco's Silicon Valley, Boston Route 128, and The Triangle, North Carolina. The full report can be viewed here at;

<http://www.lsccgrowthcommission.org.uk/wp-content/uploads/2016/07/LSCC-Growth-Commission-Final-Report-full.pdf>

The purpose of this report is twofold: (a) to alert members to the Commission's findings and (b) to provide a context for the consideration of the wider, larger-than-local opportunities and risks that will inevitably bear on the Council's aspirations and programmes for the growth and regeneration of Harlow.

SUMMARY OF THE COMMISSION'S FINDINGS

3. The Corridor is critical to the future of the UK economy and has the potential to compete as a global tech region. London and the East of England are the two fastest growing regions in the UK and the Corridor forms a link that combines their strengths and potential.
4. The London Stansted Cambridge Corridor, with a fast-growing population, vibrant economy and presence in globally traded economic activities has the hallmarks of a national asset. The Corridor shares a set of advanced industries characterised by rapid growth and high productivity supported by a global centre for business and financial services. Productivity is 16 per cent higher than the national average, and growing.
5. The Corridor is Europe's leading life sciences cluster. There are 635 life sciences businesses in the Corridor, accounting for 24,700 jobs, and contributing 11 per cent of all national employment in this sector. This success is built on 37 research institutes and notable firms and organisations, including Amgen and AstraZeneca in Cambridge, GlaxoSmithKline in Stevenage, and Public Health England soon to be in Harlow.

6. Voted the world's most competitive city, London is first choice for international headquarters and a critical location for the next generation of entrepreneurs and innovators in ICT and digital and life sciences whilst both London and Cambridge figure in the top 10 of the European Foreign Direct Investment (FDI) League.
7. There are major development opportunities between London and Cambridge including major development sites in (inter alia) Harlow, Broxbourne and Stevenage. Development at the Corridor's three Enterprise Zones, including Harlow, is critical in supporting and enhancing the Corridor's tech and life sciences economy.
8. The Commission identified that the Corridor is falling behind in terms of quality of place, infrastructure, scaling-up businesses and workforce skills. London, Cambridge and the Corridor compete for international investment and jobs that would otherwise go to an overseas knowledge region. Firms investing in new locations outside the Corridor will tend to choose another country rather than a different part of the UK.
9. Competitor regions all pursue place-making strategies and policies to enhance their competitiveness for knowledge-based industries and are delivering or advocating greater cross-jurisdictional working. This includes regional transport authorities that cover functional economic and market areas as well as aviation capacity.
10. There is a need to ensure all communities benefit from economic growth and knowledge industries consistent with their visions for the places.
11. Effective collaboration will be required to deliver the vision as important objectives can be more effectively achieved through coordinated actions at the Corridor level. Harlow needs to play an influential role in this collaboration.

FIVE MAIN RISKS.

12. The Commission identified the following risks should the Corridor fail to develop high quality business locations, workforce skills, vibrant new communities to live in and the transport infrastructure to connect them:
13. **Risk 1 - A deteriorating location offer:**

Failure to develop high quality business locations, attractive new communities to live in and the transport infrastructure to connect them will result in a poorer locational offer with higher costs due to demand pressures, congestion and skills shortages. This will eventually erode the Corridor's advantages, investment profile and productivity.

14. Risk 2: Labour market shortages, which will reduce business investment:

Talent is the number one location factor for knowledge and technology based industries. Failure to invest in measures to improve labour market and skills supply will result in a continued increase in workforce and skills shortages, restricting business performance and forcing firms to expand overseas rather than here.

15. Risk 3: Increased housing pressures could reduce skills supply:

Failure to invest in measures to boost housebuilding, such as road and rail transport improvements, will lead to further rises in house prices and worsening affordability. This has major implications for employers and their ability to recruit and retain talent.

16. Risk 4: Continued polarisation of the workforce and communities:

Failure to invest in measures to increase access to jobs and opportunities for all residents, including those from deprived communities, will result in continued polarisation between the communities and individuals who can access jobs and routes to progression in the labour market, and those who are less able to do so. It will increase detachment and disaffection from the changing economy.

17. Risk 5: Growth in London exerts greater challenges and pressures on localities within the Corridor:

The likely potential growth in London is already known. Failure to plan for and manage this growth in ways that benefit local areas within the Corridor could create significant additional challenges and risks such as labour shortages, transport use and congestion, house prices and housing demand, and land prices and land use pressures. Failure to plan outside London may also constrain London's own potential.

18. The Commission found that not taking action does not mean success will continue. The danger is that a lack of action would erode the competitive advantage of this region and send the wrong message particularly as the competition is taking a longer term strategic view.

FIVE PRIORITIES TO DRIVE AMBITION

19. The Commission derived the following five priorities to drive a 20 year ambition for the Corridor:

20. Priority 1: New powers and financial vehicles for infrastructure, housing and place making:

The LSCC needs investment funds to deliver its plans for place-making. High-growth economies such as the Corridor have the potential and viability to successfully use private finance vehicles to develop infrastructure and other assets.

The London Stansted Cambridge Consortium should:

- Study the feasibility of new investment vehicles, examining how private and institutional finance could fund infrastructure, transport, housing and employment sites. This feasibility study could outline the integrated transport, infrastructure and development needs within the Corridor and the type and phasing of finance required. Then the study would explore the likely size, returns and repayment methods available or necessary to make such a fund viable. The potential use of vehicles and revenues from business rates retention should form part of this study;
- Explore the case for a Corridor Transport Authority to take control of all major strategic routes and public transport assets, and to develop and implement an integrated transport plan HM Government should;
- Fully commit to devolving powers that enable the use of private finance and local tax, user charging and innovative methods of repayment;
- Pass enabling legislation to create new regional transport authorities;
- Put in place contingency plans and financial vehicles to deal with any market uncertainties that may emerge in the short-term after the EU referendum.

21. Priority 2: Place-making for tech and life sciences.

Tech and life sciences industries thrive in attractive places and well-connected, vibrant communities. Competitor regions have put place-making at the heart of their future strategies and policies. The London Stansted Cambridge Consortium should:

- Improve its understanding of what tech and life science businesses and employees need and want, and the attributes of

global 'best in class' workplaces and communities;

- Produce shared place-marketing materials and information, particularly to attract inward investment;
- Explore the potential for a new 'brand' for its tech and life sciences clusters;
- Advocate for, and raise the profile of, growth areas and sites, ensuring that regeneration and new developments meet the location requirements of technology and knowledge based industries and their workers.

22. Priority 3: Building talent and ensuring everyone can benefit.

To meet the workforce needs of tomorrow, industries and employers need to engage with young people today. The Consortium cannot continue to rely disproportionately on its ability to attract skilled labour from the rest of the UK and overseas. It needs to support the development of sustainable and inclusive communities by ensuring they are involved in, and benefit from, the vision for an economy founded on tech and life sciences.

The London Stansted Cambridge Consortium should:

- Develop better links between employers, educational institutions and young people across common skills and capabilities – particularly for STEM and IT skills and careers;
- Provide information and guidance materials for careers information and job entry that reflect the needs of tech, engineering and life sciences industries across the Corridor;
- Encourage the sharing of ideas and best practice within the Corridor and from international leaders in the field.

HM Government should:

- Allow local authorities and partnerships to use funds from the proposed training levy (Apprenticeship Levy) to finance careers and learning resources and tools for young people and educational institutions.

The London Stansted Cambridge Consortium, the business community, HM Government, educational institutions and other local interest groups should:

- Respond to the risks and challenges posed by the recent EU referendum result by clarifying and communicating the position

of workers and residents from the EU and beyond, and to put in place a stable, workable solution that, in the short to medium term, minimises the risk of a flight of talent from the Corridor and rest of the UK;

- Mobilise the business community, industry associations, local government, trade unions, colleges and universities to work with communities, schools and other organisations in deprived communities to increase access to opportunity into careers in science, technology, engineering and manufacturing industries, and professional business services firms.

23. Priority 4: London Stansted Airport as a dynamic source of growth and development.

The vision is for an airport that acts as a dynamic driver of growth and local business performance and that provides the services and routes that local tech and life sciences businesses need. London Stansted Airport has the capacity to expand and could be a big part of the solution to the aviation needs of the Corridor, London and the Greater South East.

The London Stansted Cambridge Consortium should:

- Produce a joint public-private economic development strategy for London Stansted Airport and its surrounding area, with the aim of developing the Airport zone as a growth node in the Corridor. The strategy would articulate how international connectivity can support the vision to be a competitive global tech and life sciences region, and how the Airport can contribute to the aviation needs of London, the Corridor and the Greater South East.

HM Government should:

- Develop an 'airport economic development zone' strand to the work of the National Infrastructure Commission, in which economic development and growth potential should be considered alongside passenger and international aviation demand.

24. Priority 5: Deepening the partnership with London.

Build on existing relationships and partnerships to work more closely with London to develop new and more effective responses to the shared challenges and opportunities.

The London Stansted Cambridge Consortium, the Greater London Authority,

London Boroughs and HM Government should:

- Develop a deeper shared understanding of the challenges and potential responses by building on existing relationships and the successful track record of joint working;
- Establish a joint initiative to undertake economic and policy research to inform future strategic choices across all major areas of shared policy, including transport, infrastructure, health, business competitiveness, international connectivity, housing, education and skills.

The London Stansted Cambridge Consortium, the Greater London Authority, London Boroughs and HM Government should:

- Articulate clearly how North London's economy can benefit from both its links to the rest of London and to the Corridor, in particular the labour market opportunities and knowledge based industries and institutions.

The Commission proposes the following actions for HM Government, and joint advocacy from The London Stansted Cambridge Consortium and London authorities and partnerships in response to the EU referendum:

- Ensure that the interests of key growth industries and their trade relationships with European Union members are maintained;
- Joint advocacy to minimise disruption from the EU referendum result to R&D programmes, activities and capabilities.

25. IMPLICATIONS FOR HARLOW

26. The Commission's report sets out how the innovation and growth corridor is already a vital part of the UK economy and adds substantially to the UK's competitiveness and prestige in advanced industries. Yet this area faces substantial challenges in retaining global competitiveness, primarily due to the need to invest in smart and high quality growth.
27. Harlow's record of pro-active lobbying for the Enterprise Zone; Crossrail 2; West Anglia Mainline four-tracking; super fast broadband and a new junction on the M11 is consistent with the ambitions articulated by the Commission.
28. Thinking strategically across a larger geography than the immediate local area and collaborating effectively with many partners to achieve tangible outcomes is vitally important. Whilst much progress has been made

through participation in the Duty to Cooperate Board the Council also needs to increase dialogue with others particularly in the education and skills sector. Without a coordinated approach to raising aspiration and opportunity towards better educational and skills attainment, the Council will fail in its endeavour to assist with access to the jobs and careers that will inevitably come to the town and the wider corridor.

29. From time to time there may be difficulty in accommodating wider aspiration at a local level and that must be managed appropriately, without compromising Harlow's ability to play a full and influential role in helping shape the future of the Corridor.
30. Cooperation and collaboration was also considered in detail by the Mayor of London's Outer London Commission (OLC) in its fifth report (Coordinating Strategic Policy and Infrastructure Investment Across The Wider South East) commenting; "...the Commission has considered whether the Duty (to Cooperate) goes far enough in terms of desired outcomes. Whilst it may be appropriate for trying to resolve some types of issue e.g. some local cross border matters, it is not necessarily adequate as a pan-region mechanism for addressing more strategic issues."
31. Harlow made representation to the OLC and the paper written by the Chief Executive (London Harlow – Creating a symbiotic relationship) was included in its entirety in the Commission's final report as an example of partnership working. (appendix 1).
32. Harlow's track record of pro-active collaboration must continue if the town is to be successful in capturing the opportunities that will inevitably arise as the Corridor moves forward. The Council needs to retain its versatility and willingness to engage with and work with any partners towards common goals if it is to remain a key location for investment and economic growth within the corridor.

IMPLICATIONS

Place (includes Sustainability)

Contained within the report.

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

None specific.

Author: **Simon Freeman, Head of Finance**

Housing

None specific.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

Contained within the report.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

None specific.

Author; Brian Keane, Head of Governance

Background Papers

NB: These are papers referred to in the preparation of the report that are not attached as appendices but that are available for public or Councillor study.

None.