

## 4 Economy

### Policy Context

#### International

- 4.1 There are no specific international or European economic policy agreements relevant to the preparation of the Local Plan and the SA, although there are a large number of trading agreements, regulations and standards that set down the basis of trade within the European Union (subject to changes post-Brexit) and with other nations.

#### National

- 4.2 National Planning Policy Framework (NPPF)<sup>92</sup> sets out the following:
- The economic role of the planning system is to contribute towards building a “strong, responsive and competitive economy” by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation. There is also a requirement for the planning system to identify and coordinate the provision of infrastructure.
  - Planning policies should address the specific locational requirements of different sectors.
  - Local planning authorities should incorporate planning policies which “support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation”.
  - When considering edge of centre and out of centre proposals, preference should be given to accessible sites which are well connected to the town centre. Sustainable growth and expansion of all types of business and enterprise in rural areas should be supported, both through conversion of existing buildings and well-designed new buildings.
  - The NPPF requires Local Plans to “set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration.”

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<sup>92</sup> Department for Communities and Local Government (2019) National Planning Policy Framework [online] Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/779764/NPPF\\_Feb\\_2019\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779764/NPPF_Feb_2019_web.pdf)

- 4.3 **National Planning Practice Guidance (PPG)**<sup>93</sup>: Reiterates the importance for Local Plans to include a positive strategy for town centres to enable sustainable economic growth and provide a wide range of social and environmental benefits.
- 4.4 **The Local Growth White Paper (2010)**<sup>94</sup>: Highlights the importance of economic policy that focusses on the delivery of strong, sustainable and balanced growth of income and employment over the long-term, growth which is broad-based industrially and geographically to provide equality of access and opportunity and build businesses that are competitive internationally.
- 4.5 Rural White Paper 2000 (Our Countryside: the future – A fair deal for rural England)<sup>95</sup>: Sets out the Government’s Rural Policy Objectives:
- To facilitate the development of dynamic, competitive and sustainable economies in the countryside, tackling poverty in rural areas.
  - To maintain and stimulate communities, and secure access to services which is equitable in all the circumstances, for those who live or work in the countryside.
  - To conserve and enhance rural landscapes and the diversity and abundance of wildlife (including the habitats on which it depends).
  - To promote government responsiveness to rural communities through better working together between central departments, local government, and government agencies and better co-operation with non-government bodies.
- 4.6 **LEP Network Response to the Industrial Strategy Green Paper Consultation (2017)**<sup>96</sup>: The aim of the document is to ensure that all relevant local action and investment is used in a way that maximises the impact it has across the Government’s strategy. Consultation responses set out how the 38 Local Enterprise Partnerships (LEPs) will work with Government using existing and additional resources to develop and implement a long term Industrial Strategy.

#### Sub-national

- 4.7 **Cambridgeshire and Peterborough Local Industrial Strategy (2019)**<sup>97</sup>: Sets out a summary of the wider economic context and identifies priorities that work across

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<sup>93</sup> Department for Communities and Local Government (2016) National Planning Practice Guidance [online] Available at: <https://www.gov.uk/government/collections/planning-practice-guidance>

<sup>94</sup> Department for Business, Innovation and Skills (2010) Local Growth: Realising Every Place’s Potential. Available at: <https://www.gov.uk/government/publications/local-growth-realising-every-places-potential-hc-7961>

<sup>95</sup> HM Government (2000) Rural White Paper (Our Countryside: the future – A fair deal for rural England) [online] Available at: <http://www.tourisminsights.info/ONLINEPUB/DEFRA/DEFRA%20PDFS/RURAL%20WHITE%20PAPER%20-%20FULL%20REPORT.pdf>

<sup>96</sup> LEP Network (2017) Response to the Industrial Strategy Green Paper Consultation [Online] Available at: <https://www.lepnetwork.net/media/1470/lep-network-industrial-strategy-response-april-2017-final.pdf>

<sup>97</sup> HM Government (2019) Cambridgeshire and Peterborough Local Industrial Strategy [online] Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/818886/Cambridge\\_SINGLE\\_PAGE.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818886/Cambridge_SINGLE_PAGE.pdf)

the three other local industrial strategies, including the Oxford-Cambridge Arc ('the Arc'). These include:

- Working together collaboratively across all of the foundations of productivity to ensure that the implementation of the four Local Industrial Strategies maximises the economic potential of the wider Arc region.
- Harnessing the collective strength of the Arc's research base – driving greater collaboration on science and research; developing a network of 'living labs' to trial and commercialise new technologies; and growing the role of the Arc as a global research and innovation hub.
- Bringing employers and skills providers together to understand the current and future skills needs, and planning provision to meet them.
- Maximising the economic benefits of new transport, energy and digital infrastructure within the Arc.
- Developing an improved business support and finance programme for high growth companies, a shared approach to commercial premises and an Internationalisation Delivery Plan to encourage greater trade and inward investment in the Arc.

4.8 **Combined Authority Business Plan 2019-2020**<sup>98</sup>: Aims to create a clear, deliverable and fundable set of priorities and schemes which feeds the growth strategy for the combined authority.

4.9 **Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc**<sup>99</sup>: Provides Government with proposals and options to maximise the potential of the Cambridge-Milton Keynes-Oxford Arc as a connected, knowledge-intensive cluster that competes on a global stage, protecting the area's high quality environment, and securing the homes and jobs that the area needs.

4.10 Cambridge Cluster at 50, The Cambridge economy retrospect and prospect<sup>100</sup>: Aims to:

- Better understand the performance of the Cambridge economy currently (including the impacts of recession), and the factors that underpin and explain this.
- Understand long term opportunities and threats for the economy of Cambridge, taking into account changes in government policy and also the different aspirations of new generations of Cambridge-based businesses and residents.

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<sup>98</sup> Cambridgeshire & Peterborough Combined Authority (2019) Combined Authority Business Plan 2019-20 [online] Available at: <https://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/CPCA-Business-Plan-2019-20-dps.pdf>

<sup>99</sup> National Infrastructure Commission (2017) Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc [online] Available at: <https://www.nic.org.uk/wp-content/uploads/Partnering-for-Prosperity.pdf>

<sup>100</sup> SQW (2011) Cambridge Cluster at 50, The Cambridge economy retrospect and prospect [online] Available at: [https://www.cambridge.gov.uk/media/2505/cambridge\\_cluster\\_at\\_50\\_report\\_06042011.pdf](https://www.cambridge.gov.uk/media/2505/cambridge_cluster_at_50_report_06042011.pdf)

- Understand the potential synergies and conflicts that exist in relation to Cambridge's different economic roles, both now and looking forward.
- Examine the constraints to economic growth – infrastructural, workforce-related, spatial, attitudinal, and institutional – and to distil what might be done to address these.
- Understand – in broad terms – the spatial implications of the above.

4.11 **Cambridgeshire & Peterborough Independent Economic Review (2018)**<sup>101</sup>: Provides an overview of the Cambridgeshire and Peterborough Combined Authority area and includes 14 key recommendations and another 13 subsidiary recommendations for how the combined authority can sustain its own economy and support the UK economy.

4.12 **Cambridge Retail and Leisure Study Update 2013**<sup>102</sup>: Reviews the quality of existing provision and the need for additional retail floor space and leisure uses in Cambridge.

4.13 **Cambridge City Centre Capacity Study (2013)**<sup>103</sup>: Examines the capacity of Cambridge city centre to meet the needs of the district and the wider sub-region in the period to 2031. The study will form part of the evidence base for the emerging Local Plan. The objectives of the study are:

- To review the current uses in and functionality of the city centre.
- To explore the existing and future proposed growth of the city and the surrounding sub-region.
- To consider how the city can accommodate the growth without compromising the environment.
- To identify physical opportunities to increase the capacity of the city centre, in terms of development sites.
- To review the boundary of the city centre, as defined in the adopted Local Plan, to assess whether there is a need for revision.
- To define the primary and secondary retail frontages and primary shopping area.
- To assess the potential for alternative management of uses to free up potential capacity.
- To identify potential transport schemes and public realm improvements, which may increase the capacity of the city centre.

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<sup>101</sup> CPIER (2018) Cambridgeshire & Peterborough Independent Economic Review Final Report [online] Available at: <https://www.cpier.org.uk/media/1671/cpier-report-151118-download.pdf>

<sup>102</sup> GVA (2013) Cambridge Retail and Leisure Study [online] Available at: <https://files.cambridge.gov.uk/public/ldf/coredocs/RD-E-130.pdf>

<sup>103</sup> ARUP (2013) Cambridge City Centre Capacity Study [online] Available at: <https://files.cambridge.gov.uk/public/ldf/coredocs/RD-E-120.pdf>

## Current Baseline

- 4.14 The city of Cambridge is an acknowledged world leader in higher education, research and knowledge based industries. Biotechnology, health services and other specialist services also play a major role within the local economy, known as the 'Cambridge Phenomenon'. In 2010, the City had 18,771 jobs within 528 high technology firms. By 2012, employment levels had increased to 19,705 but the numbers of firms had reduced to 465. The economy of the South Cambridgeshire District is also driven by the 'Cambridge Phenomenon' due to its proximity to Cambridge University and Addenbrooke's Hospital. In 2010, South Cambridgeshire had 21,088 jobs within 592 high technology firms, although by 2012 this had decreased slightly to 20,825 jobs in 534 firms<sup>104</sup>. More recent data using a different methodology and definitions suggests that since 2012, business and employment in the 'Knowledge Intensive' sectors in Greater Cambridge has increased at a fast rate<sup>105</sup>.
- 4.15 Cambridge's skilled workforce and culture of innovation attract both talent and investment from around the world. AstraZeneca, the pharmaceutical company, opened its global R&D and HQ at the Cambridge Biomedical Campus in 2018, creating up to 2,000 new jobs. Combining biomedical research, patient care and education on a single site, the Campus hosts an emerging cluster of biotech and life sciences firms, and is expected to become one of the leading biomedical centres in the world by 2020.<sup>106</sup>
- 4.16 South Cambridgeshire has a range of business and research parks including Cambridge Science Park, Granta Park, and the Babraham Institute. There are a significantly higher proportion of micro businesses than regionally or nationally with 86% of businesses employing fewer than 10 people. In addition, there is a significant agricultural sector with many farms diversifying into other sectors, particularly tourism.<sup>107</sup> **Figure 4.1** shows the location of key employment areas within Greater Cambridge.
- 4.17 Currently, education makes up the largest industry within the city of Cambridge with 22.3% of the working population employed in this sector. The next largest industries are human health and social work activities with 15.5% and professional, scientific and technical activities with 14.6%. However, in South Cambridgeshire

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<sup>104</sup> Hi-tech businesses & employment (Cambridgeshire County Council's hi-tech 'community' database), from Greater Cambridge Greater Peterborough Economic Assessment Interactive Atlas 2015 [online] Available at: <http://atlas.cambridgeshire.gov.uk/Economy16/Business/atlas.html>

<sup>105</sup> Cambridge Cluster data [online] Available at: <https://www.cambridgeahead.co.uk/cambridge-cluster/>

<sup>106</sup> Steer Davies Gleave (2018) Greater Cambridge Mass Transit Options Assessment Report [online] Available at: <https://citydeal-live.storage.googleapis.com/upload/www.greatercambridge.org.uk/futureinvestmentstrategy/Cambridge%20Mass%20Transit%20Options%20Assessment%20Report%20Final%202020.pdf>

<sup>107</sup> South Cambridgeshire District Council (2018) South Cambridgeshire Local Plan [online] Available at: [https://www.scambs.gov.uk/media/12740/south-cambridgeshire-adopted-local-plan-270918\\_sml.pdf](https://www.scambs.gov.uk/media/12740/south-cambridgeshire-adopted-local-plan-270918_sml.pdf)

professional, scientific and technical activities make up the largest industry with 24.1% of the working population employed in this sector. The next largest industries are manufacturing with 13.3% and human health and social work activities with 12.0%.

- 4.18 In terms of occupation, professional occupation workers are the largest employment group for South Cambridgeshire (31.9%) followed by managers, directors and senior officials (15.6%). In the city of Cambridge 41.6% of workers are within professional occupations followed by associate professional & technical (17.8%).<sup>108</sup>
- 4.19 Cambridge provides approximately 103,300 employee jobs, of which approximately 70,300 (54%) are full-time and 33,000 are part-time (46%). The source of full-time employment is split between the public sector providing 14,300 jobs (20%) of the total and the private sector providing 56,000 jobs (80%). The other 33,000 part-time jobs are split between the public sector providing 5,200 jobs (16%) of the total and the private sector providing 27,800 jobs (84%). Employee jobs exclude self-employed, Government-supported trainees and HM Forces.<sup>109</sup> South Cambridgeshire provides 83,000 employee jobs, of which approximately 60,000 (72.3%) are full-time and 23,000 are part-time (27.7%).<sup>110</sup> The District has consistently shown over 80% of the working age population as economically active, even though there are more employed residents in the District than the number of jobs (workplace population). The number of active businesses in the District has increased by nearly 30% between 2004 and 2017. During the same period, annually the number of new businesses opening has outweighed the number of businesses closing, except for in 2009 and 2010 when the effects of the recession were being felt in the District.<sup>111</sup>
- 4.20 Of the 10 local authorities surrounding Cambridge, there are a higher proportion of persons commuting into (51,299 persons) Cambridge than persons commuting out (16,388 persons). Overall, commuting results in a workday population increase of 34,911 in Cambridge compared to the resident population. South Cambridgeshire has the highest proportion of workers commuting into (23,367 persons) Cambridge and the highest proportion of workers from Cambridge commute to South Cambridgeshire (8,272 persons) compared to the other areas persons commute to, such as the City of London (1,018 persons). With regard to South Cambridgeshire, 4,718 more people commute out of the district to work than commute in, with 23,367 persons commuting to Cambridge, as stated above, and with 1,112 persons who commute to the City of London.<sup>112</sup>
- 4.21 The proportion of commuting trips originating from outside the city is significantly greater for the 'fringe' employment sites, such as the Science Park and Biomedical

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<sup>108</sup> NOMIS (2017) Labour Market Profile [online] Available at:

<https://www.nomisweb.co.uk/reports/lmp/la/1946157209/report.aspx>

<sup>109</sup> Cambridge City Council (2019) Authority Monitoring Report 2018 [online] Available at:

<https://www.cambridge.gov.uk/media/6981/authority-monitoring-report-2018.pdf>

<sup>110</sup> NOMIS (2017) Labour Market Profile [online] Available at:

<https://www.nomisweb.co.uk/reports/lmp/la/1946157209/report.aspx>

<sup>111</sup> South Cambridgeshire District Council (2019) Authority Monitoring Report [online]

Available at: <https://www.scams.gov.uk/media/12905/south-cambs-amr-2017-2018-final.pdf>

<sup>112</sup> NOMIS (2001) Location of usual residence and place of work by method of travel to work [online] Available at: <https://www.nomisweb.co.uk/census/2011/wu03uk/chart>

Campus, where future growth is expected to be focused. 59% of trips to the Science Park originate from outside of Cambridge City, with 29% from outside Cambridge and South Cambridgeshire; similarly, 46% and 17% of trips to south east Cambridge (including the Biomedical Campus) originate from outside Cambridge City and South Cambridgeshire respectively.<sup>113</sup>

- 4.22 Unemployment levels in Cambridge City are relatively low (2.9%) which is below the regional average of 3.4% and below the national average of 4.2%.<sup>114</sup> Cambridge's labour demand is higher than its available workforce, with a job-to-working age population ratio of 1.29; this is an increase from 1.20 in 2015.<sup>115</sup> In comparison, South Cambridgeshire has an unemployment rate of 2.2% which is below the averages of Cambridge City, the region and the nation.<sup>116</sup>
- 4.23 The Oxford-Cambridge Arc (the Arc) is home to 3.7 million people and currently supports over 2 million jobs, contributing £111 billion of annual Gross Value Added (GVA) to the UK economy per year. The area between Oxford and Cambridge, incorporating the ceremonial county areas of Oxfordshire, Buckinghamshire, Bedfordshire, Northamptonshire and Cambridgeshire forms a core spine that the Government has labelled the Oxford-Cambridge Arc. There are also vital links beyond the Arc. For example, there are important connections with the Midlands, with the M4 corridor and Heathrow Airport, with London and the Greater South East, and with the rest of East Anglia.
- 4.24 In 2019 the Ministry of Housing, Communities and Local Government published a report on the Government's ambitions and joint declaration between Government and local partners for the Oxford-Cambridge Arc. The report illustrates that productivity in the Arc as a whole is around 2.55% higher than the UK average. In addition, the Arc's economy appears to be more resilient than the national average, with 2.5 percentage point growth in GVA per head between 2009 and 2010, compared to 1.7 percentage points in England and Wales as whole.<sup>117</sup>
- 4.25 The UK is due to leave the European Union in October 2019. It is uncertain what effect this will have on the Greater Cambridge economy, particularly given its world-renowned status within the education, research and knowledge based industries.

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<sup>113</sup> Cambridge City Council (2016) Climate Change Strategy 2016-2021 [online] Available at: [https://www.cambridge.gov.uk/media/3230/climate\\_change\\_strategy\\_2016-21.pdf](https://www.cambridge.gov.uk/media/3230/climate_change_strategy_2016-21.pdf)

<sup>114</sup> NOMIS (2019) Labour Market Profile [online] Available at: <https://www.nomisweb.co.uk/reports/lmp/la/1946157205/report.aspx?town=cambridge>

<sup>115</sup> Cambridge City Council (2019) Authority Monitoring Report 2018 [online] Available at: <https://www.cambridge.gov.uk/media/6981/authority-monitoring-report-2018.pdf>

<sup>116</sup> NOMIS (2019) Labour Market Profile [online] Available at: <https://www.nomisweb.co.uk/reports/lmp/la/1946157209/report.aspx>

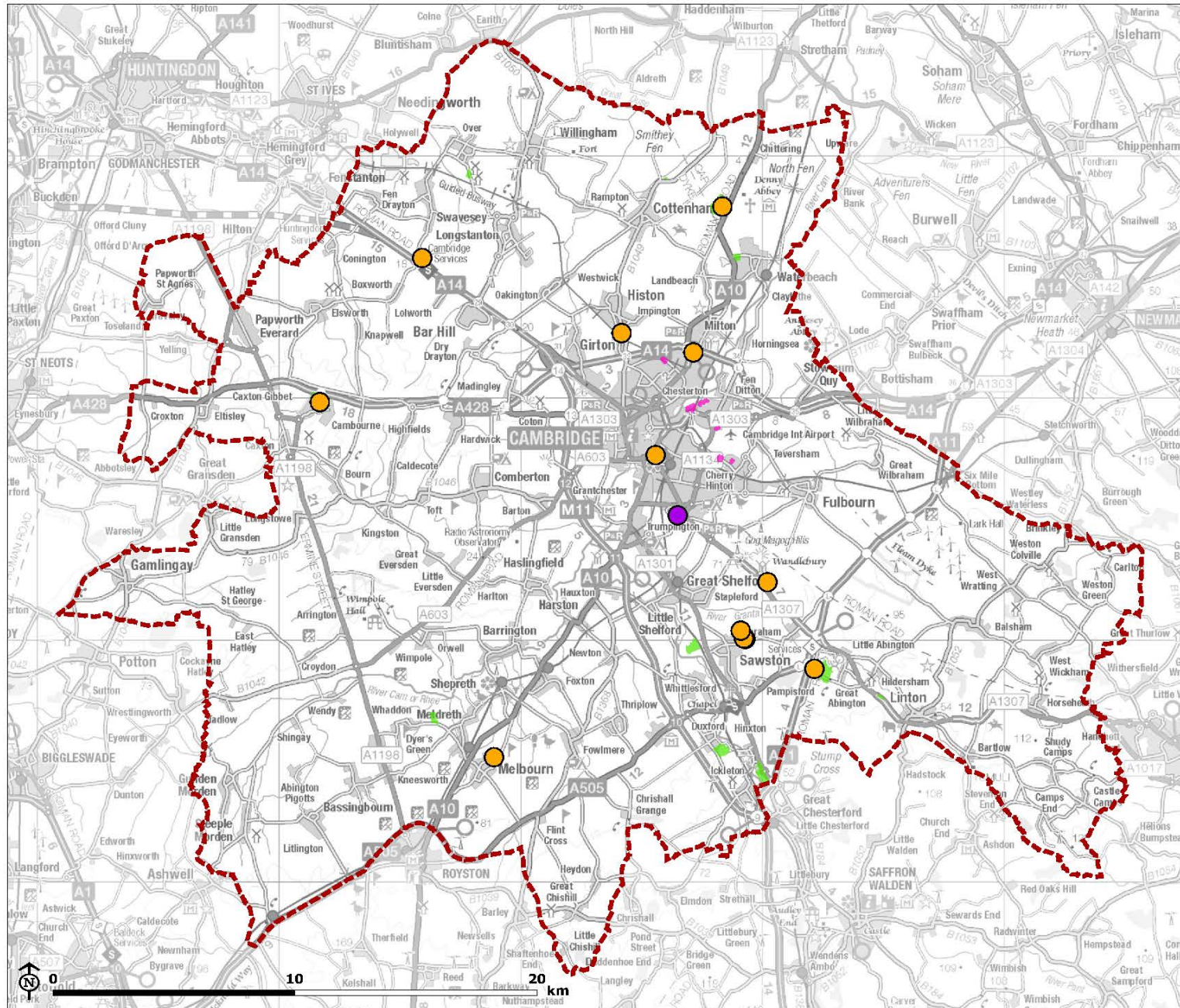
<sup>117</sup> MHCLG (2019) The Oxford-Cambridge Arc [online] Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/799993/OxCam\\_Arc\\_Ambition.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/799993/OxCam_Arc_Ambition.pdf)

Table 4.1 Key Sustainability issues for Greater Cambridge and likely evolution without the Local Plan

Key sustainability issues for Greater Cambridge	Likely evolution without the Local Plan	Relevant SA objectives
<p>Cambridge needs to ensure that it is able to continue its vital role as a world class centre for higher education, research and knowledge based industries as the regional, national and global economies rely on it.</p>	<p>It is uncertain how the knowledge based industries will change without the implementation of the Local Plan and some degree of change is inevitable, particularly given the uncertainties posed by Brexit. However, the Local Plan offers the opportunity to create and safeguard jobs through the allocation and promotion of employment generating uses including office and industrial spaces. Policy 43 of the Cambridge Local Plan aims to support the development or redevelopment of faculty, research and administrative sites for the University of Cambridge and Anglia Ruskin University.</p>	<p>SA objective 14</p>
<p>Greater Cambridge needs to ensure a future supply of jobs and continued investment to ensure identified employment development opportunities are taken forward and deprivation issues tackled. Although the main focus of employment is in Cambridge, there is a need to ensure a diverse range of employment opportunities are available across Greater Cambridge, for example, in the smaller settlements. Within Cambridge, despite the focus on higher education, research and knowledge based industries, there is a need for a variety of employment opportunities, both skilled and lower-</p>	<p>It is uncertain how the job market will change without the implementation of the Local Plan and some degree of change is inevitable, particularly given the uncertainties posed by Brexit. However, the Local Plan offers the opportunity to create and safeguard jobs through the allocation and promotion of employment generating uses including office and industrial spaces and the promotion of the rural economy, as well as promoting access and opportunity for all. Policies 40, 41 and 42 of Cambridge Local Plan sets out how the Council will support and improve the economy of the city. Policy 77 supports the development of new visitor accommodation and will help retain the economic benefits of the visitor/tourism sector within the local economy by providing service related jobs. Policies</p>	<p>SA objective 15</p>



Key sustainability issues for Greater Cambridge	Likely evolution without the Local Plan	Relevant SA objectives
skilled across a range of economic sectors.	within the South Cambridgeshire, also contains Policies E/18, E/19 which aim to support the agricultural and tourism sectors.	
Significant development is planned within the realm of the Oxford-Cambridge Arc with the role of Cambridge acting as a key component. However, this development must be done sustainably to ensure the long term success of the area.	As Cambridge is amongst the UK's most productive, successful and fast growing cities, it is likely the Arc will affect the local economy without the implementation of the Local Plan, however there is some degree of uncertainty, particularly given the uncertainties posed by Brexit. However, the Local Plan offers the opportunity to help shape the Arc to create the necessary infrastructure, from public transport to housing, in the most sustainable way.	SA objective 14



**Greater Cambridge SA**

**Figure 4.1: Key Employment Areas within Greater Cambridge**

- Greater Cambridge
- Addenbrooke's Hospital
- Business/Science Park
- Established Employment Area
- Protected Industrial Site

Source: CCC, SCDC

Map Scale @ A4: 1:225,000



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CB:CB EB:Bean\_C LUC FIG4\_1\_10824\_Employment\_r0\_A4L 26/09/2019