

# East of England APPG Submission to Autumn Budget 2018

Building together the foundations of more **productivity**, **prosperity** and **inclusivity** in the East of England



East of England  
All Party Parliamentary Group



# Foreword

The East of England APPG (EE APPG) was constituted at its inaugural meeting and AGM on the 13th of December 2017. Its declared purpose is "to bring together the East of England's MPs and Peers with elected local leaders – and the private and third sectors – to give a strong political voice for policies which support the East of England's economy and promote its potential as a place to work, study, live and invest." It is genuinely cross party with officers from all three major political parties and is sponsored by East of England Local Government Association, British Sugar, London Stansted Airport, the A120 campaign, AstraZeneca, and Anglian Water. Anglian Water have also generously supported the design and printing of this publication as well as its Parliamentary launch.

The EE APPG has established itself as an essential and unique forum for East of England MPs and local government leaders, as well as senior business and third sector representatives, to discuss the challenges and opportunities facing the East of England. However, we did not want to just discuss issues. We also wanted to agree a submission to the Treasury's Autumn Budget which would set out how the Government could, and should, support

the region's efforts to be more productive, more prosperous and more inclusive.

The EE APPG has therefore taken evidence from a wide range of private and public-sector organisations, including the region's LEPs, on transport; infrastructure, investment and housing; and, most recently, on the Industrial Strategy (including skills). It is delighted that over the course of these meetings it has also heard directly from James Palmer, Mayor of Cambridgeshire and Peterborough; Michael Heseltine, former Deputy Leader of the Conservative Party; Lord Adonis, former chair of the National Infrastructure Commission and Andrew Carter, Chief Executive for Centre for Cities.

This is our final report, agreed in July 2018. It makes clear the potential for the East of England to build on the Industrial Strategy's strong foundations and create a more productive, prosperous and inclusive economy in the East of England. We expect the Government to consider carefully its nine recommendations which would deliver growth in a post-Brexit Britain, benefitting both the Exchequer and, taken together, all the communities within the East of England.



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Peter Aldous MP, Co-Chair

*Daniel Zeichner*

Daniel Zeichner MP, Co-Chair

*Sandy Martin*

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Mayor James Palmer, Cambridgeshire and Peterborough

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Anita Thornberry, Haven Gateway Partnership and A120 campaign

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*Alex Plant*

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*Dr Andy Williams*

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# Executive Summary

**The huge potential of the East of England in contributing to the future prosperity of the UK must be reflected in the Government's priorities and departmental investment plans.**

Cambridge has a fast growing economy which on current trends will increase in size by 80% in 25 years – if it secures the necessary support from both the public and private sectors. The Government should use Cambridge's world leading science and innovation assets to increase the spread and pace of growth and development across the whole of the region.

Government support must benefit all parts of the East of England. Some coastal areas and market towns feel 'left behind' – others too long 'left alone'. The Industrial Strategy represents a unique opportunity to take action and spread prosperity in a way that has not happened under successive Governments across the political spectrum.

**The EE APPG therefore calls on the Government to recognise that the key issue for the East of England is how to manage and spread Cambridge's growth to market towns and coastal communities in a strategic and effective manner.**

This document makes a start at bringing key partners together to identify and garner consensus on some key issues. The EE APPG looks to the Government to now provide the correct investment and support to

all those seeking to make the region a better place to work, live, study and invest.

**Greater devolution – to local authorities, to the Mayor, to Sub National Transport bodies and to Local Enterprise Partnerships (LEPs) – must also be part of the solution. However, some challenges are best met at a regional level, particularly climate change, water resource management, and sustainable growth and this should be recognised too.**

Working together, the East of England will face up to the future's challenges and opportunities. In doing so, we hope that the Government will provide ongoing interest, funding and support for the endeavours of all those in the East of England seeking to improve prosperity and wellbeing including for evolving governance arrangements.

With the right infrastructure and delegated powers, we can unlock further opportunities to build on our proven economic potential to create a thriving economy that is inclusive and sustainable for local residents and businesses.

**We call on Government to ensure that the East of England receives a fair share of infrastructure investment to make sure it maintains its global competitiveness and continues to grow its net contribution to the Treasury.**



# Recommendations

**1. Government should support England's Economic Heartland and Transport East – the region's two sub-national transport bodies – to become statutory bodies. Specifically, the Government should as a matter of urgency invest further in in the region's sub-national transport bodies to empower them with the necessary capacity and resources, to prioritise, fund and deliver road and rail transport improvements as well support current plans to make full and efficient use of available runway capacity at the region's largest international gateway, London Stansted Airport.**

**2. Councils should have greater discretionary powers to encourage housing delivery, for example, the ability to:**

- Redefine 'commencement' to clarify what is considered start of delivery.
- Set delivery timescales/phasing and review permissions if these are not met.
- Revive output from SME builders, improve access to finance and consider pre-sales guarantee.
- Consider any necessary revision of planning rules that would accelerate the delivery of new Garden towns.

**3. Further action is recommended to free-up finances to build affordable homes at scale, for example through:**

- Relaxing Housing Revenue Account borrowing.
- Increasing flexibilities around the use of Right to Buy receipts.
- Continuing to not require high value asset payments after 2018/19 would also be welcomed by HRA authorities.
- Allowing local discretion to diversify away from a primary focus on starter homes towards a better mix of tenures.

**4. Ministers should explore innovative funding options that could help deliver infrastructure to enable new housing, either by direct council investment or by leveraging in other funding, for example:**

- A share of stamp duty collected in our areas when property is sold.

- Greater local retention of locally raised business rates.
- Exploring existing and new methods on capturing land value uplift to help fund much-needed infrastructure for new homes.

**5. Digital connectivity in the East of England should be enhanced by:**

- Incentivising greater coverage of mobile 4G "not spots" identified on some major arterial routes, A roads and B Roads in East Anglia, in particular the A11 corridor, to support the Cambridge Norwich Tech Corridor.
- Enabling affordable access for mobile networks to trackside infrastructure to improve rail mobile coverage.
- Giving urgent consideration to Cumulo (business rate) reform, to help achieve reliable broadband to the whole of the East of England.
- The development of enhanced 5G coverage at an early stage, supported by expert research at Adastral Park, which will help to support the evolution of Agri Tech applications including AI and Robotics as well as other sectors such as digi-health.
- Consideration of a priority site(s) in East of England for investment in rural 5G.
- Investment in LFFN in our key cities of Cambridge, Norwich, Ipswich and Colchester to support development of ICT, Agri Tech, and Power Generation sectors.

**6. Government should facilitate greater cooperation between developers, infrastructure providers, and local planning authority providers to improve housing delivery. This should be done by:**

- Considering as a matter of urgency how to improve engagement between local authorities and infrastructure providers, like water companies, in the planning process.
- Providing guidance on data formats and standards to enable improved information sharing.
- Removing the automatic right for developers to connect to the public sewer in order to facilitate an increase in green infrastructure that ensures



flood risk prevention is collaboratively discussed and reduced as we build high quality homes.

- Reviewing building regulations to recognise the water scarce nature of the East of England, and setting enhanced standards for water efficiency in new build dwellings.

**7. Local industrial strategies should focus on supporting the East of England's flagship industries (life sciences, agri-tech, ICT and clean energy) in order to make the region the 'go-to' place for new and already successful businesses in these fields. The Government should:**

- Support this ambition so that these industries in the East of England are recognised on a national and international scale.
- Maintain focus on continuing and increasing investment in research and development which is key to achieving this ambition.
- Establish a business network including improved access to venture capital and early stage growth funding, which would help to support growing businesses and attract entrepreneurial talent to the area.
- Give serious consideration to the case for Higher Education Institutions to be given more funding from the Industrial Strategy Challenge Fund to support their world-leading research into flagship industries' key issues.

**8. LEPs are key to developing and enacting an effective industrial strategy for the region, as local public and private sector leaders on their boards understand the region's challenges**

**well. LEPs are local partnerships, and growth strategies will rely on the strength and quality of local leadership. In order to see prosperity across the East of England, the EE APPG recommends that:**

- All areas need to be able to draw on the right powers and adequate funding to deliver successful and inclusive economies.
- There is also a need to coordinate the Local Industrial Strategies to ensure they have consistency.

**9. Education strategy in the East of England should focus on helping local people to develop transferrable, adaptable skills. The EE APPG recommends that the Government should:**

- Ensure provision of apprenticeships be extended in order to nurture young talent and support local businesses.
- Improve local provision of science apprenticeship training in the region - including prioritising and approving the standards for apprenticeships that relate to science more quickly - given that the region is a hotspot for science and innovation based jobs.
- Reform the Apprenticeship Levy to ensure more flexibility in how funds can be used.
- Encourage and support lifelong learning, including the provision of in-work training, would benefit local industries that are constantly adapting (e.g. the life sciences).
- Responsibility for strategic skills commissioning and its funding should be devolved.

The APPG is kindly supported by



## Economic potential of the East

The East of England has long been a key pillar of the national economy and its contribution depends on maintaining and growing its productivity, profitability and employment. There is a strong economic case for greater investment in the East of England.

**We are one of the fastest growing regions, both in population and economy.** With a population of 6.1 million, 9.3% of the UK's inhabitants live in the East of England. The region's population is growing rapidly, at a pace that is second only to London - in the decade to 2024 it is estimated that the population will increase by 8.9%.<sup>1</sup> In fact, Cambridge's GVA growth between 1998 and 2016 was the third highest of significant cities in the UK.

**In 2016, the East of England was one of just three UK regions to contribute more in tax than it received in public money.** Despite this, public expenditure in the region was £8,155 per capita in 2017, less than the UK average of £9,159. It is crucial to the Exchequer that the East of England continues to flourish.<sup>2</sup> Investment in the East of England yields a very good rate of return and the Government must not be tempted to cut spending due to its strong growth.

**We are a front runner in attracting business.** In 2017 the East of England saw the largest increase in business numbers of all the UK regions, with growth of 6.1%.<sup>3</sup> We are also one of the four biggest exporting regions in the UK, along with London, the South East and the West Midlands - but our performance would be even greater with the right amount of investment.

**We are at the forefront of global excellence and innovation.** The region is a centre for nationally and internationally recognised expertise in sectors such as life sciences, ICT, finance and manufacturing - but again this would be greater with the right amount of investment.

**The corridor from Cambridge out to Milton Keynes and Oxford has the potential to be the UK's Silicon Valley,** with Cambridge being the largest research cluster in Europe. A recently commissioned report showed that if the Cambridge life sciences cluster can continue to grow unimpeded, it could generate an additional £1 billion per annum for the UK economy and provide an extra 6,000 jobs by 2032.<sup>4</sup>

**We are a jobs powerhouse.** Total employment is expected to rise by 7% over the next 15 years (equivalent to 232,000 extra jobs), with a 25% increase in the region's economic output by 2032<sup>5</sup> - again this would be even greater with the right amount of investment.

**We complement and enhance the position of London as a world city.** The Wider South East, which is composed of the East of England, London and the South East, is fundamental to the overall health of the national economy.

***This submission details where infrastructure investment is required to ensure global competitiveness is maintained and the East of England's net contribution to the Treasury continues to grow.***

<sup>1</sup> <https://ec.europa.eu/growth/tools-databases/regional-innovation-monitor/base-profile/east-england>

<sup>2</sup> <https://blog.ons.gov.uk/2017/06/12/the-wealth-of-regions-measuring-the-uks-tax-and-spending-imbalance/>

<sup>3</sup> East of England Economic Forecasting Model 2017 Forecasts dated 13-06-2018 <https://cambridgeshireinsight.org.uk/eefm/>

<sup>4</sup> <https://apps.finervision.com/astrazeneca-infographic-u2/public/>

<sup>5</sup> East of England Economic Forecasting Model 2017 Forecasts dated 13-06-2018 <https://cambridgeshireinsight.org.uk/eefm/>



# The foundations of a more productive, more prosperous and more inclusive East of England: evidence heard and emerging proposals

## A) Transport

**The EE APPG heard compelling evidence that poor internal and external transport links (road, rail and by air) are a significant barrier to economic growth, prosperity and wellbeing in the East of England.**

### Rail

It specifically heard about a number of rail schemes which have the potential to deliver significant capacity, performance and journey time benefits as well as the necessary support for the required step change in housing delivery.

These included:

- the necessary upgrades, dualling and junction changes to achieve a freight link between Felixstowe and the Midlands which is consistent with it being the premier container route in the UK;
- improvements to the Great Eastern Main Line. For example, the Haughley Junction North of Stowmarket; Trowse single track swing bridge at Norwich; and loops between Colchester and Witham;
- improvements to the West Anglia/Cross Country lines for example 4-tracking Broxbourne to Copper Mill Junction; the Cambridge South project; Ely area upgrades; and Ely-Soham doubling;
- improvements to the London area as well as across the Greater Anglia network. For example, improvements to Midlands and West Coast Mainline (London - Luton - Bedford/ Milton Keynes); better east/west rail connectivity to Stansted such as a direct route by rail to Stansted from Braintree, Colchester and Suffolk; Angel Road/Meriden Water to Tottenham Hale track capacity upgrade; and Cross Rail 2 into Essex.

- delivering the new Cambridge South rail station serving the Cambridge Biomedical Campus by 2021;
- an underground metro for Cambridge and a raillink to serve Wisbech linking it to March;
- generally, level crossing upgrades and closures as well as the introduction of digital signalling.

Improved east-west connectivity is also essential to helping realise the East's economic potential. The East West Rail Consortium continues to promote the delivery of a strategic railway connecting East Anglia with Central, Southern and Western England. The complete East West Rail (EWR) link will act as a strategic rail route that will link Ipswich, Norwich and Cambridge, with Bedford/Luton, Milton Keynes, Bicester and Oxford, allowing connections to the South Coast, South West England and South Wales. In this way EWR will form an important new 'multi-modal spine' in combination with the Oxford-Cambridge Expressway.



### Roads

The road network is also extremely important, especially for plans for new housing. In particular, the evidence session heard that improvements are needed in the A14 from Felixstowe to Nuneaton, especially from Cambridge to Peterborough: to the A10 which should be dualled between Cambridge and Ely; and that the upgrades to the A47 between Peterborough and Great Yarmouth via Wisbech are essential.

In fact, the 'Northern Anglia Highway' – a dual carriageway between Peterborough and Norwich – could, and should, be the lifeblood of that area. Upgrading the A47 would also "improve users' journey times and safety."<sup>6</sup> Other road schemes cited included the A12 from London to Ipswich and Norwich and the A127 and A13 Essex Thameside corridor. These were both referenced in the Whole South East 'Initial Strategic Infrastructure Projects' document. Meanwhile it is essential that the dualling of the A428 between Caxton Gibbet and Black Cat roundabout begins as soon as possible.

The current A120 – which is the only road in the country that connects an international port (Harwich) with an international airport (Stansted) – is also prohibiting business growth, for example making the attraction and retention of staff difficult and hindering supply chain connectivity due to the unreliability of the road. It is also having a detrimental impact on skills attainment in North Essex for students wishing to travel to Colchester Institute's new STEM facilities in Braintree.

A new A120 would unlock significant house building in the area whilst an economic impact assessment has shown that the economy would grow by £5bn through the creation of a new A120 (and save at least £3m in reduced accidents). It would bring more potential employees into a reasonable catchment of Stansted Airport, enabling it to grow to its full potential. The improved route from Stansted will also facilitate the growth and impact of the Energy Coast from Great Yarmouth in Norfolk to Maldon in Essex through the area being more attractive to achieve greater foreign direct investment.

<sup>6</sup> Philip Davie, *Highways England* <http://www.itv.com/news/anglia/2017-08-14/plans-unveiled-for-upgrades-to-a47/>



## Global access

Critical too is the region's global access. London Stansted Airport is a key part of the East of England economy and will provide a significant proportion of the South East's aviation growth over the next 15 years. Sitting at the heart of the burgeoning London-Cambridge corridor and the growing East of England region, the airport plays a significant role in connecting hi-tech businesses and life science research parks with the world. These companies do business on a global scale and access to a growing and better-connected airport is critical to their success.

To support anticipated growth at the airport, it has embarked on a £600 million investment program in upgrading passenger facilities. The recent introduction of flights to the USA and Canada with Primera Air and new, daily services to Dubai with Emirates, is a clear statement of Stansted's potential over the next decade. With passengers using Stansted expected to reach 35 million by the early 2020s, and a new runway at London Heathrow at least a decade away, planning permission to make efficient use of available runway capacity and increase passengers being served by the airport from 35 to 43 million passengers per year is critical to continued economic growth in the region.

## Strategic transport planning

Finally, ongoing and effective strategic transport planning is key to regional housing and economic growth. The East of England currently has two emerging sub-national transport bodies, namely England's Economic Heartland and Transport East. With HS2 making Birmingham 'closer' to London than Norwich the need to ensure the continued competitiveness of the East of England through improved connectivity between the region and London is essential. Moreover, improved connectivity within the region is also critical in order to boost productivity – it supports trade and enterprise, provides access to education, training and jobs, and facilitates social mobility, especially in our rural and coastal communities. We call on Government to support our progress towards establishing sub-national



transport bodies across the region and investment to develop these further.

## Conclusion

The region has seen some visionary transport planning, with schemes such as an underground metro being developed for Cambridge. The delivery of such long-term programmes, in conjunction with schemes that will provide short and mid-term transport solutions, could represent a step change for travel in the area.

The APPG therefore believes transport infrastructure in the region must be a key priority. A long-term, strategic vision for this is required if we are to deliver a prosperous future for the East of England, whilst ensuring that measures to meet more immediate demand are implemented. Government has a vital role in this, both in terms of providing funding, but also giving certainty for the short, mid and long term.

## RECOMMENDATION 1:

Government should support England's Economic Heartland and Transport East – the region's two sub-national transport bodies – to become statutory bodies. Specifically, the Government should as a matter of urgency invest further in the region's sub-national transport bodies to empower them with the necessary capacity and resources, to prioritise, fund and deliver road and rail transport improvements as well as support current plans to make full and efficient use of available runway capacity at the region's largest international gateway, London Stansted Airport.

## B) Infrastructure (housing, broadband and utilities)

Infrastructure investment, especially in transport, and the delivery of housing are intrinsically linked. Well-designed infrastructure is needed to support existing residents and businesses as well as new ones, and it is absolutely essential to the housing market working efficiently. It is critical that the East of England delivers the houses and wider infrastructure it needs to sustainably underpin economic and population growth.

## Housing

Housing demand and affordability are key challenges for the East of England. In 2016 – 2017, the East of England saw 17,650 homes delivered, a rate of 6.9 homes for every 1,000 households in the region, a rate higher than London or the South East.<sup>7</sup> The projected housing need for the East of England using the Government's new proposed formula for assessing housing need will increase by 19.8% over a 15 year period from 2016 (equal to 520,290 extra homes).<sup>8</sup>

However, delays to building significantly hinder the supply of housing including affordable homes. There are an estimated 40,300 homes across the East of England with planning permissions that have not been built.<sup>9</sup> Furthermore, delivering affordable homes is a challenge in the region, as it has some of the highest housing costs in the country. The average property value in the East of England in August 2017 was £288,440, compared to the national average of £225,956.<sup>10</sup>

## Unlocking industry delivery – speed, capacity and approach

Notwithstanding the challenges presented by land supply and purchase issues, key barriers to housing delivery could be overcome through greater discretionary powers for local councils. Furthermore, in the area of innovation in construction the East of England is already an exemplar, and with Government support, as well as a culture change in major developers, there could be a significant increase in housing delivery without sacrificing quality.

Further action is needed to deliver our shared aims of increasing housing supply. Part of the solution must be to ensure permitted homes are built out more quickly, which means considering tools to tackle the unimplemented/ slow delivery of planning permissions. Options to ensure a Mayoral Development Corporation is permissible in Cambridgeshire and Peterborough should also be progressed.

## RECOMMENDATION 2:

The EE APPG recommends that Councils should have greater discretionary powers to encourage housing delivery for example the ability to:

- Redefine 'commencement' to clarify what is considered start of delivery.
- Set delivery timescales/phasing and review permissions if these are not met.
- Revive output from SME builders, improve access to finance and consider pre-sales guarantee.
- Consider any necessary revision of planning rules that would accelerate the delivery of new garden towns.

<sup>7</sup> MHCLG Live table 253: permanent dwellings started and completed, by tenure and district

<sup>8</sup> Total dwelling stock in 2016 is 2,625,020 (MHCLG Live Table 100) and 'Planning for the right homes in the right places' Housing need consultation data table, <https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>

<sup>9</sup> The LGA commissioned Glenigan to undertake an analysis of the extent and scope of unimplemented residential planning permissions in England and Wales in financial years 2015/16 and 2016/17. [https://lginform.local.gov.uk/reports/view/lga-research/lga-research-unimplemented-planning-applications?mod-area=E92000001&mod-group=AllRegions\\_England&mod-type=namedComparisonGroup](https://lginform.local.gov.uk/reports/view/lga-research/lga-research-unimplemented-planning-applications?mod-area=E92000001&mod-group=AllRegions_England&mod-type=namedComparisonGroup)

<sup>10</sup> <https://www.gov.uk/government/news/uk-house-price-index-hpi-for-august-2017>



## Delivering affordable housing

We have welcomed several Government actions to support building affordable homes to rent and buy, especially recognition of the need for more rented homes.

### RECOMMENDATION 3:

Further action is recommended by the EE APPG as it is needed to free-up finances to build affordable homes at scale for example through:

- Relaxing Housing Revenue Account borrowing.
- Increasing flexibilities around the use of Right to Buy receipts.
- Continuing to not require high value asset payments after 2018/19 would also be welcomed by HRA authorities.
- Allowing local discretion to diversify away from a primary focus on starter homes towards a better mix of tenures.

## Investing in infrastructure to unlock housing growth

Investment in strategic transport infrastructure can unlock land for housing and economic growth. We welcome Government's recognition of the importance of infrastructure in unlocking housing

growth, including utilities, and some funding opportunities. The scale of the challenge of improving and maintaining infrastructure requires more funding opportunities than are currently on offer. We are concerned that the Housing Infrastructure Fund alone will be insufficient to meet needs. Additionally, a strategic approach is needed from the construction industry, utilities and regulators to allow for timely funding and delivery of large scale infrastructure to unlock development.

### RECOMMENDATION 4:

The EE APPG recommends that Ministers explore innovative funding options that could help deliver infrastructure to enable new housing, either by direct council investment or by leveraging in other funding for example:

- A share of stamp duty collected in our areas when property is sold.
- Greater local retention of locally raised business rates.
- Exploring existing and new methods on capturing land value uplift to help fund much-needed infrastructure for new homes, including tax increment financing.



## Broadband

On broadband infrastructure, connectivity is very important for businesses, as well as households, and improving future coverage will depend on cooperation between local authorities and companies. While there is still more to do, there has been considerable progress in recent years in making superfast broadband speeds available across the East of England. EE now provides outdoor 4G coverage across 99% of the region's geography and intends to build new sites and upgrade others. Meanwhile 94% of businesses now have superfast broadband.

ICT remains one of the key economic sectors in the East of England, as referenced by the New Anglia LEP, principally because of the presence of BT's Global HQ of Research and Innovation at Martlesham.

Supporting the knowledge corridors from Cambridge to Norwich, Cambridge to Ipswich, through the support of 4G infrastructure coverage from all mobile network operators is extremely important.

The East of England remains the breadbasket of the UK agriculture industry and is the centre of Agri Tech, supported by universities such as University of Essex in developing robotics in rural sectors. The 5G urban connected communities project from DCMS will accelerate the proliferation of 5G in urban environment. The anticipated Rural Connected Communities project, set within the context of the agri-tech sector in the East of England will likely yield the most productive returns and applications, and we believe that such a project should be sited within the heart of this Agri Tech sector in the East of England.

Meanwhile, Local Full Fibre Networks (LFFN) have already been identified by DCMS as a priority for the UK. The East of England, already a net contributor to the UK economy with its key sectors in Life Sciences (Cambridge), ICT (Martlesham), Offshore Power Generation (Lowestoft) and agri-tech means that 'Full Fibre' deployment to towns and cities in the East will enable the whole region to enjoy the benefits of growth in the economy. Cambridge, Norwich and Ipswich represent key



sites where the incentives for LFFN investment could be raised in order to secure early wide scale deployment of Ultrafast speed broadband.

However, the business case to support further high-speed broadband deployment is extremely challenging and we need the right policy and regulatory environment if we are to succeed. One key issue is Cumulo, or business rate, reform. All of the UK's digital infrastructure builders, including Openreach, believe that the Cumulo business rate regime urgently needs overhauling so that the Chancellor's full fibre ambitions can be realised. The EE APPG therefore recommends that the Treasury urgently gives consideration to reform, to help achieve reliable broadband to the rest of the UK.

**RECOMMENDATION 5:**

The EE APPG specifically recommends that digital connectivity in the East of England should be enhanced by:

- Incentivising greater coverage of mobile 4G "not spots" identified on some major arterial routes, A roads and B roads in East Anglia, in particular the A11 corridor, to support the Cambridge Norwich Tech Corridor.
- Enabling affordable access for mobile networks to trackside infrastructure to improve rail mobile coverage.
- Giving urgent consideration to Cumulo (business rate) reform, to help achieve reliable broadband to the whole of the East of England.
- The development of enhanced 5G coverage at an early stage, supported by expert research at Adastral Park, which will help to support the evolution of Agri Tech applications including AI and Robotics as well as other sectors such as digi-health.
- Consideration of a priority site(s) in East of England for investment in rural 5G.
- Investment in LFFN in our key cities of Cambridge, Norwich, Ipswich and Colchester to support development of ICT, Agri Tech, and Power Generation sectors.

Utilities

Population growth and the impacts of climate change remain the two biggest pressures facing infrastructure providers in the East of England over the coming decades. Our evidence session heard from various infrastructure providers, including water and telecoms companies, who believe resilience can be improved and embedded through minor changes to the planning process. At present, there are a number of frustrations from infrastructure providers with elements of the planning process.

Planning delivery and timescales

There is a disparity between different stakeholders in their planning and delivery timescales, often the result of their regulatory frameworks among other things. For example, water companies operate in five year regulatory price reviews (asset management periods), and the energy network's RIIO price control period are every eight years. These irregularities can be overcome by greater certainty over when developments in Local Plans are to be brought forward.

Increasing data sharing and standardisation

Additionally, there is more to be done to increase data sharing and standardisation between local authorities and utility providers. For example, a common information format, such as GIS maps, would allow more timely responses to planning applications that would significantly speed up the process. Guidance from Government in this area is sought to facilitate the collaboration needed to deliver the quantity of housing that the region, and the country, needs.

Involvement in the planning process

Above all, the biggest concern for utility providers that we heard from was the need for a greater involvement for them in the planning process. Greater involvement would help the region boost the number of properties being built. Infrastructure providers being directly asked to input into the planning process will facilitate the delivery of their own necessary upgrades to ensure that infrastructure delivery is not holding up housing development.



This point is particularly pertinent for the East of England as our region is water-stressed and large areas are vulnerable to flood risk. Therefore, as we build houses, it is absolutely crucial to ensure that these properties are resilient to the increasingly unpredictable impact of climate change. This can only be done by involving those infrastructure providers and environmental custodians in planning decisions, and implementing measures to improve water efficiency in new developments. For example, incentivising water reuse schemes in development or making the higher water efficiency standard of 110 litres per person per day mandatory as part of a review of building regulations.



RECOMMENDATION 6:

The EE APPG recommends that the Government facilitates greater cooperation between developers, infrastructure providers, and local planning authority providers so as to improve housing delivery. This should be done by:

- Considering as a matter of urgency how to improve engagement between local authorities and infrastructure providers, like water companies, in the planning process.
- Providing guidance on data formats and standards to enable improved information sharing.
- Removing the automatic right for developers to connect to the public sewer in order to facilitate an increase in green infrastructure that ensures flood risk prevention is collaboratively discussed and reduced as we build high quality homes.
- Reviewing building regulations to recognise the water scarce nature of the East of England, and setting enhanced standards for water efficiency in new build dwellings.



## C) Industrial Strategy

Four Local Enterprise Partnerships (LEPs) cover the region: Hertfordshire, New Anglia, Cambridgeshire and Peterborough and part of the South East LEP. While these each have their own Strategic Economic Plans and are developing Local Industrial Strategies, there is much cross-boundary collaboration such as the East of England Energy Group, Transport East and England's Economic Heartland.

The EE APPG heard compelling evidence that the East of England has an overall strong economy with many growing sectors. Many of these are in science and innovation - life sciences, agri-tech, advanced materials & manufacturing and ICT, but other sectors such as, logistics, clean energy, financial services, construction and tourism play an important role. Many of these industries thrive on research and development and contribute to funding such activities.

One example is British Sugar who by investing in efficiency and productivity in their factories, now generate virtually zero waste in the process and are one of the most competitive sugar producers in the world. A second is AstraZeneca, which in 2016 invested £1.4bn on R&D in the UK - this represents 35% of total UK pharmaceutical R&D, and 7% of total UK business R&D.

The Government's Industrial Strategy highlights the importance of the world-class life sciences across the Cambridge to Oxford 'corridor' - which has the potential to be the UK's Silicon Valley, and a driver of regional and national economic growth. This is detailed in the sectoral component of the Life Science Industrial Strategy, published in August 2017.<sup>11</sup>

A recently commissioned report showed that if the Cambridge life sciences cluster can continue to grow unimpeded, it could generate an additional £1 billion per annum for the UK economy and provide an extra 6,000 jobs by 2032.<sup>12</sup>

AstraZeneca, the UK's second largest life sciences company by value, cites that a key driver for the move of their global headquarters to Cambridge was being "right at the heart of the UK's most thriving life science ecosystem...with over 430 life sciences companies and organisations based in and around the city".

Such economic strengths and drivers in the East of England should be leveraged across the region - through improved infrastructure as well as skills and training - to ensure a wider socio-economic impact.

### Supporting Local Industrial Strategies

LEPs in the region should advise on the best local industrial strategy to follow, as they have expert knowledge of their local area. Because the East of England is home to a diverse range of communities (including cities, market towns and coastal communities), localised strategies within the region would be ideal for creating local specialisations and reducing inequalities. Additionally, those who live and work in an area (like LEP board members) are acutely aware of a place's infrastructure issues, and so are the best to advise on what should be done to improve it.

LEPs are therefore key to developing and enacting an effective industrial strategy or strategies for the region, as local public and private sector leaders understand the region's challenges well. Local areas would benefit from more ability to make decisions for themselves. Traditionally, the business environment in the East of England - and, more widely, the country - has not been conducive to the growth of SMEs. Presently, businesses see little advantage to collaborating with local government or creating a local support network.

### Investing in Skills and Education

As the Industrial Strategy outlines, Cambridge has recently been a hotspot for job creation. However, across the region more broadly, the lack or unsuitability of workers' skills and qualifications is a common issue for businesses and is a significant barrier to growth. Whilst graduate recruitment and retention in some parts of the region is excellent, graduates often do not possess the skills needed.



Apprentices are often more in demand than graduates, particularly in the scientific and technical industries in which the East of England specialises. As these sectors grow and evolve, students and workers will need more training to adapt. At present, businesses face challenges in hiring apprentices due to how the Apprenticeship Levy is designed. For example it can currently take around two years to get a single apprenticeship standard up and running. Without relevant standards in place, businesses cannot run all the apprenticeships they need.

Moreover, it would be helpful if companies were able to use the levy for specific training that would benefit apprentices (e.g. leadership development, business-related training, outward bound courses) without the lead training provider having to sub-contract. In addition smaller employers in the region struggle to take on apprentices without additional administrative support. Funding to support take-up of apprentices for smaller employers would be extremely valuable (this is



<sup>11</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/650447/LifeSciencesIndustrialStrategy\\_acc2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/650447/LifeSciencesIndustrialStrategy_acc2.pdf)

<sup>12</sup> <https://apps.finervision.com/astrazeneca-infographic-u2/public/>



something being looked at by the Science Industry Partnership in Cambridge).

Local training providers should focus on skills that are widely applicable to entrepreneurship and the region's key industries. The Stansted College is an excellent example of 'place based' industrial strategy, as a leading organisation working in partnership to bring specific skills to an area. At present, for science apprenticeships, there is a significant gap in terms of local providers - e.g. AstraZeneca and MedImmune's higher level science apprentices in Cambridgeshire have to do foundation degree courses with the University of Kent as there is no local course in the region.

Skills attainment varies massively throughout the East of England. Whilst two thirds of Cambridge residents hold a NVQ4+ qualification, just 27% of people in Peterborough do. There is a need to address the disengagement between schools and further education institutions to promote vocational qualifications and apprenticeships as viable career paths. Ofsted's focus on GCSE grades is an example of the lack of sufficient incentives in the system for skills at the Further Education level. There is also a discrepancy in

funding for schools in the East of England – compared to London where all schools are good or outstanding – and there is widespread support for a massive devolution of the skills agenda and funding.

### Conclusion

Issues of local infrastructure can negatively affect businesses in the region. Poor transport makes it difficult for businesses to distribute goods and to attract commuting workers. Unaffordable housing means that local businesses find it difficult to employ low/medium-paid workers. Weak broadband and mobile connections mean people are unable to run their businesses from home or work remotely. Due to the region's growing population, housing is often seen as a greater need than office space. For example, St Albans town centre's growing demand for housing has seen office buildings turned into homes. This disincentivises business in the area, as the shrinking availability of offices drives costs up.

Local councils, LEPs, businesses and other partners are committed to working together to develop ambitious strategies. The Government also needs to play its part.



### RECOMMENDATION 7:

The EE APPG recommends that local industrial strategies should focus on supporting the East of England's flagship industries (life sciences, agri-tech, ICT and clean energy) in order to make the region the 'go-to' place for new and already successful businesses in these fields. The Government should:

- Support this ambition so that these industries in the East of England are recognised on a national and international scale.
- Maintain focus on continuing and increasing investment in research and development which is key to achieving this ambition.
- Establish a business network including improved access to venture capital and early stage growth funding, which would help to support growing businesses and attract entrepreneurial talent to the area.
- Give serious consideration to the case for higher education institutions to be given more funding from the Industrial Strategy Challenge Fund to support their world-leading research into flagship industries' key issues.

### RECOMMENDATION 8:

LEPs are key to developing and enacting an effective industrial strategy for the region, as local public and private sector leaders on their boards understand the region's challenges well. LEPs are local partnerships, and growth strategies will rely on the strength and quality of local leadership. In order to see prosperity across the East of England the EE APPG recommends that:

- All areas need to be able to draw on the right powers and adequate funding to deliver successful and inclusive economies.
- There is also a need to coordinate the Local Industrial Strategies to ensure they have consistency.

### RECOMMENDATION 9:

Education strategy in the East of England should focus on helping local people to develop transferrable, adaptable skills. The EE APPG recommends that the Government should:

- Ensure provision of apprenticeships be extended in order to nurture young talent and support local businesses.
- Improve local provision of science apprenticeship training in the region - including prioritising and approving the standards for apprenticeships that relate to science more quickly - given that the region is a hotspot for science and innovation based jobs.
- Reform the Apprenticeship Levy to give more flexibility in how funds can be used.
- Encourage and support lifelong learning, including the provision of in-work training, thereby benefitting local industries that are constantly adapting (e.g. the life sciences).
- Devolve responsibility and funding for strategic skills commissioning.



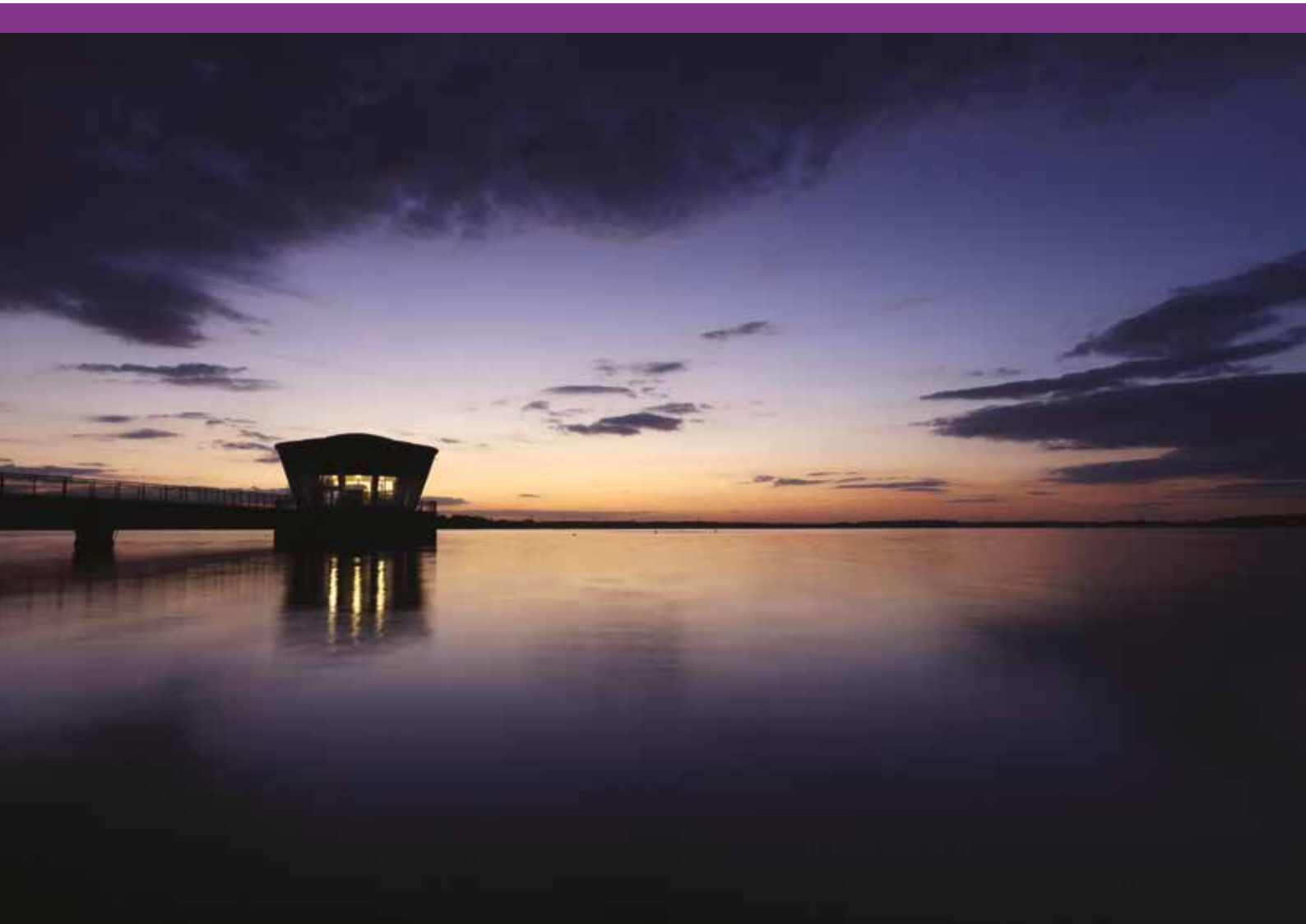
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