



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Mayoral Statement

14/09/18

If the interim Cambridgeshire and Peterborough Independent Economic Report (CPIER) in May was about identifying the strengths and challenges facing our economy, this final report is about identifying what meaningful actions need to be taken to ensure our area's success story continues.

While our exceptional economic growth and our nationally and internationally-significant business community is thriving, the report shares my view that we must not shy away from the major skills, housing and transport challenges which threaten that continued prosperity. And as the report acknowledges, avoiding stagnation is not just of clear local importance, but of national importance as well.

Indeed, one of the report's key findings is that Cambridgeshire and Peterborough should rightly be recognised as one of the UK's most strategically important economic areas. Clearly the most significant target set down to the Combined Authority, and me as Mayor, as part of devolution, is to lay the foundations to double the size of the economy over the next 25 years. Central government support for our ambitions will be very important via investment, but also through the further devolution of powers.

We need to tackle the issues identified in the report with urgency, but also with positivity and ambition.

That ambitious approach must of course extend to wholly transforming our transport infrastructure, both in the short and long term. I'm pleased to see the report highlights the importance of key projects like the A47 and A10 dualling, the M11 extension, significant rail upgrades and the need to make our bus system fit for purpose.

The report also makes specific mention of our progress with the Cambridgeshire Metro, which it says could transform the economy and many people's day-to-day lives, while providing for continued sustainable growth in the Greater Cambridge area.

Not only does it support these infrastructure projects, but it also backs our innovative proposals through which they can be funded. That includes land value capture (LVC) as well as through greater control of the taxes we generate, otherwise known as fiscal devolution. LVC and schemes like tax increment financing will help lever the private investment, through investment funds, we need to get these transport schemes built. The report also recognises the importance of Mayoral Development Corporations, which would further enhance the ability for the Combined Authority to secure private sector investment in major infrastructure projects.

These initiatives are a big part of what the Combined Authority was set up to do, to use innovative thinking and new approaches to deliver much-needed projects previously out of reach in this area. The report acknowledges the importance of this.

Upgrading our infrastructure is not just about alleviating congestion and increasing capacity on road and rail, but also ties in with unlocking housing, opening up job opportunities to more people and boosting our productivity. Ultimately, I want to bring the economy of Cambridgeshire and Peterborough closer together. This growing interconnectedness is something the CPIER report states must be a long term goal.

The interim report already identified that we can notionally divide our economy into three areas, Greater Peterborough, the Fens area and Greater Cambridge. Happily, every area is experiencing growth. In fact, our annual employment growth of 3.3% between 2010-16, the report estimates, is almost 1% higher than the official ONS figure of 2.4%. By comparison, employment in the UK as a whole grew at just 1.5% over the same period. The report also identifies that a huge amount of our economic growth is from homegrown enterprise, further highlighting Cambridgeshire and Peterborough as hub of dynamism and innovation in business. We must retain those businesses here and nurture further growth.

Investing in and better connecting our market towns with the rest of our economy, be that through road, rail, the metro or buses, will also be hugely important. The report recognises and supports our ongoing Market Towns Strategy, which will invest in growth initiatives in 11 market towns across Cambridgeshire. It is being spearheaded by our St Neots scheme which is already underway.

Housing is another important pillar upon which our future rests.

We are seeing overheated areas where property is simply out of reach for most people, with high living costs, and long and expensive commutes. The effect on our wellbeing, quality of life and productivity cannot be underestimated. The report rightly recommends vastly improving our housebuilding to 6,000 to 8,000 per year from the current rate estimated by the report of about 3,750 per year. I'm passionate about giving people the opportunity to own their own home so we need to build significantly more houses.

But I'm equally passionate about making sure that the infrastructure is in place to sustain these new homes. One of the key advantages of the Cambridgeshire Metro and other infrastructure upgrades like East-West Rail, is that they create transport corridors. Along these corridors we can create sustainable housing and business growth, and this is something the report emphasises as a sound way to avoid overdevelopment. Well planned garden towns and villages along these corridors will also unlock the growth we need in well-planned, sustainable communities.

Affordable housing is of course crucial and I was pleased to see the report highlight that traditional social housing is just one way to meet this need. As the report states, there are many hard working people who do not qualify for social housing, but also are priced out of the expensive private rental market. As Mayor, I have backed Community Land Trusts (CLTs), which are innovative housing schemes providing affordable rental housing in perpetuity, managed by local people for local people who live and work in the area. CLTs have already been successful in villages like Stretham in East Cambridgeshire and the Combined Authority this year approved a £6.5 million commercial loan for a 54-home CLT scheme at Haddenham and is preparing a business case for £40 million commercial loan for a further 1,850 homes on a series of other sites. CLTs offer affordable rents often at rates cheaper than traditional social housing and any money loaned by the Combined Authority to build them is fully repayable by the developer, creating a revolving fund that we can use again and again

for other schemes. This approach differs greatly from simply handing over taxpayers' money to social housing providers for a finite amount of homes and is another example of the sort of fresh thinking we need to help this area continue to thrive.

As with the nation generally, Cambridgeshire and Peterborough has to improve its productivity. The Combined Authority's skills agenda already encompasses the commitment of £13.5 million for Peterborough's first university, the recent opening of the iMet advanced technical skills training centre at Alconbury Enterprise Campus and from the next academic year we will have control of the adult education budget. I absolutely support the report's view that the University of Peterborough needs to be rooted in the local and sub-regional economy, linking in with the skills needs of the area, including advanced engineering and manufacturing sectors. This is the best way to solve our skills shortages, close our productivity gap and give more people well-paid, secure jobs.

Our new Business Board, which formed after the merger of the Local Enterprise Partnership with the Combined Authority, will also have a key role to play in aligning the needs of the business community with our skills priorities. The Board will also help businesses themselves to upskill their workforces.

I support high quality apprenticeships and higher level training and qualifications that feed in directly to the very many employment opportunities we have right across Cambridgeshire and Peterborough and further skills and education devolution from Government will help further.

Our productivity challenges are also inextricably linked to our health and wellbeing. As the CPIER report points out, we face serious health inequality challenges and tackling these are just as important in making society fairer and promoting social mobility as skills and education. Good transport infrastructure, good housing and giving people the skills to secure good jobs are factors which have a huge bearing on health. The report raises important questions on whether further devolution can improve health outcomes further, and this should be explored.

The key advantage of devolution coming to Cambridgeshire and Peterborough is that we have a unique opportunity to significantly improve our area as a great place to live, learn and work, all set down in our 2030 Ambition strategy. It was recognised that further devolution to the Combined Authority, through for example skills, taxation and health, has the potential to improve our prosperity further.

The report clearly states that the key transport, housing, skills and other projects we have identified as part of our 2030 Ambition are both necessary and deliverable. This is an important endorsement of our direction of travel.

This CPIER report will inform our new Local Industrial Strategy which will pull together its findings into a clear strategic direction that will shape and grow our economy for years to come. The report presents an economy with great opportunity, but also a very real set of risks that must be headed off if we are to reach our potential for prosperity.

As Mayor, and on behalf of everyone in Cambridgeshire and Peterborough, my mission is to ensure we do just that.

- **Mayor of Cambridgeshire and Peterborough Combined Authority James Palmer**

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