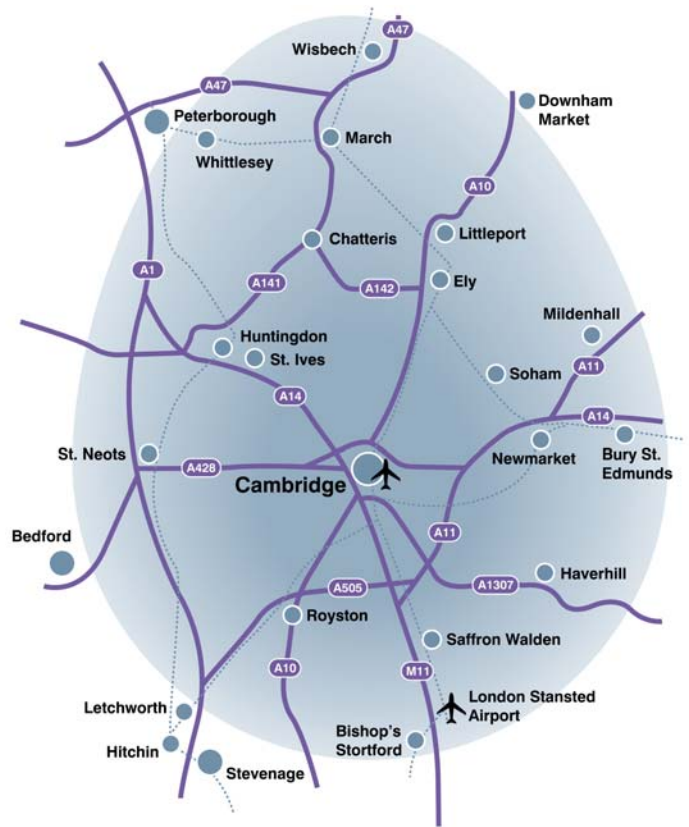


Greater Cambridge – Europe’s Innovation Capital

Our approach to working with Government and helping lead the UK out of recession

1. This is Greater Cambridge

- The scientific research and development capital of the UK with 5x more R&D jobs than the UK average and a cluster of around 1,500 hi-tech businesses employing over 48,000 people.
- The area’s economy has a concentration of high growth knowledge-based activities that can lead the UK out of recession, such as in the cleantech, ICT and biomedical sectors
- Cambridge has the highest innovation rate of any city in the UK and the area has been awarded 2 European ‘Labels of Excellence’ for innovation and support for hi-tech start-ups. 82 members of the University of Cambridge have become Nobel Laureates for their contribution to science and technology - more than any other university in the world.
- Internationally renowned health sector institutions include The Sanger Centre at the Wellcome Trust Genome Campus in Hinxton, and the Cancer Research Institute at Addenbrooke’s Hospital housing the largest concentration of cancer researchers in Europe.
- The area is a major tourist destination - more than 10 million people visit the area each year for attractions such as Ely Cathedral, The Imperial War Museum at Duxford and Newmarket race course.
- 7.8% of all UK Venture Capital investments take place in the area, which accounts for less than 1% of the UK population.
- The area covers an approximate 25 mile radius from Cambridge and straddles several county boundaries. It lies less than 1 hour from London and 1/2 hour from Stansted airport with its easy access to the main European capitals.



(For indicative purposes only - Not to scale)

2. Greater Cambridge – the positive impact on the UK economy

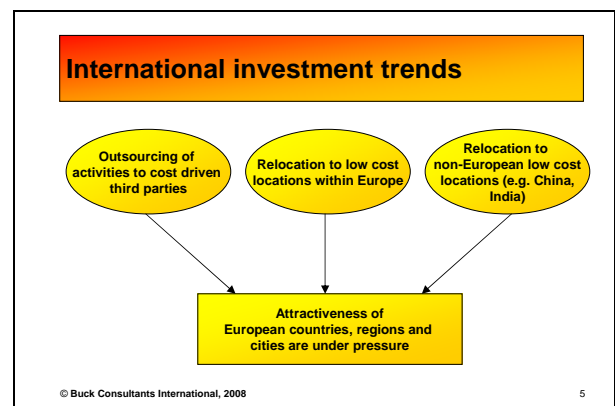
Direct economic contributions include:

- GVA £ per head growth between 2006-07 of 6.7% (UK: 4.8%, East of England: 5.1%)
- Employment growth (1971-2006) – 165,000
- UK exchequer tax take £5.5bn (UK £400bn)
- Export value £2.8bn (UK £190bn)

Wider benefits to the productivity of the UK economy include:

- **Attracting inward investment** to the UK that might otherwise have located in other countries, e.g. first Microsoft R&D facility outside USA
- **Transferring technology** to companies operating in other parts of the UK e.g. Cambridge University spin out company, Metalysis, now based in Sheffield employing 50 people
- **Supplying innovative intermediate goods and services** to firms located in other parts of the UK e.g. for every job at ARM, 20 jobs are created elsewhere.
- **Providing a ‘role model’ for economic development organisations** e.g. St Johns Innovation Centre providing an internationally recognised role model for incubation.

Greater Cambridge continues to compete for “UK Plc” but international competition is increasing:



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Source: Buck Consultants International

3. But success has led to growth pressures

In the last 35 years the number of people working in the area has grown from 200,000 to 400,000 whilst the population has grown from 420,000 to 760,000. Future plans estimate, from 2001 to 2021, an additional 73,000 houses and 75,000 jobs in the area equating to 16% population growth compared to 8% nationally. This level of development is leading to pressures that are limiting the growth of the cluster and its potential future contribution to the UK economy.

On behalf of "UK Plc" Greater Cambridge competes globally with places such as Munich, Silicon Valley, Beijing and Bangalore, all of which continue to invest and expand. Yet a recent report in 2006 found "we believe it is possible [we are seeing] the first signs that the Cambridge cluster has started to **hit the limit set by regional conditions and that the long term health of the cluster may be at risk**".

Specific threats to sustainable growth include:

- Infrastructure deficit of at least £763m over the next 10 years including at least £593m for transport
- High house price to salary ratios of 1:8 in Greater Cambridge compared to 1:6 in the UK
- Skills shortages at NVQ levels 3 and 4 with 80% of employers reporting recruitment problems
- Slow growth in size of hi-tech companies (75% employ fewer than 25 people) resulting from a shortage of mezzanine finance, inadequate infrastructure and lack of business management skills
- Essential services, such as policing, will soon be stretched beyond acceptable levels; the County has only 190 officers per 100,000 people, compared to a UK average of 267
- Potential increase in the carbon footprint of the area, as most districts in the sub-region already emit more CO₂ per capita than the UK average

4. Working jointly with Government to lead the UK out of recession

Cambridgeshire Together, the LAA Board for Cambridgeshire, and the Greater Cambridge (economic) Partnership are committed to achieving the right conditions to help achieve the challenging target of 75,000 jobs for the area by 2021, but in a sustainable way as part of a low carbon economy with a high quality of life.

By supporting the growth of the knowledge-based economy, such as in the ICT, cleantech and biomedical sectors, based on the unique local innovation, learning and R&D capacity, the area can help drive the UK out of recession, grow the national economy and thereby help reduce the budget deficit.

Our vision is for Greater Cambridge to be one of the dozen or so globally renowned hi-tech, low carbon economic clusters in 10 years time, helping to promote the UK.

The Greater Cambridge area represents a significant opportunity for Government to invest in the success of the national economy. GVA £ per head growth in Cambridgeshire from 2006-2007 was 6.7%, compared to an average of 4.8% for the UK and 5.1% for the East of England. Cambridgeshire's GVA £ per head in 2007 was 10.5% above the regional average, which equates to a £1,200m per annum contribution to the national economy above the East of England rate.

We therefore invite Government to work with us on innovatively funded projects:

Infrastructure / Services

- Increasing investment in transport infrastructure e.g. A14 widening, dualling of A428 / A47 / A11, Ely southern bypass, extensions to guided busway and rail enhancements, such as Chesterton station
- Designating the Cambridge sub-region as the National Sustainable Construction cluster
- Ensuring funding streams more accurately reflect population growth, such as by returning the business rate to local control so enabling front funding of infrastructure
- Supporting the development of a major regional cultural / conference venue
- Providing resources to bring forward Northstowe as the UK's flagship sustainable new town

Business Support

- Plugging the funding gap for the growth of businesses by promoting innovative new solutions
- Ensuring public sector purchasing policy assists hi-tech small to medium size companies growth, e.g. strengthening the Small Business Research Initiative so it meets with the same success as the Small Business Innovation Research programme in the USA
- Providing assistance for the provision of business incubator facilities and services in key emerging technologies
- Helping to develop the cleantech sectors in Greater Cambridge, building on the academic, consultancy and commercial expertise in the area and linking with the existing clusters in Norwich and Peterborough

Education / Skills

- Ensuring support for world class universities
- Ensuring funding streams, including through the area cost adjustment formula, reflect population growth and provide an uplift in the basic funding for all students
- Providing adequate resources for vocational training and for upgrading further education colleges