



## CAMBRIDGE AHEAD RESPONSE TO THE GREATER CAMBRIDGE LOCAL PLAN FIRST PROPOSALS CONSULTATION

13 DECEMBER 2021

Cambridge Ahead's membership includes 48 of the largest employers in Cambridge and the surrounding region, representing a collective workforce of over 40,000 people. Cambridge Ahead (CA) advocates that **quality of life, across all communities, should be the guiding principle for the sustainable and inclusive growth** of the city region

We welcome the huge effort made by the Planning Authorities to assess and understand the myriad of factors at play in developing a Local Plan that achieves positive outcomes for all communities, the environment, and the economy. Reaching the best possible position is an iterative process, requiring inputs for a range of contributors. We offer our contributions with the intent of aiding the Authorities in the next phase of the Plan's development.

The CA response to the First Proposals consultation focusses on the following key issues we propose are considered for the next phase of the development of the Local Plan:

- National Planning Policy requires our Local Plan to **“build on the area's strengths, counter any weaknesses and address the challenges of the future.** This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.” Greater Cambridge, the most innovative city-region in the UK, and with one of the highest productivity rates, must be able to continue to maximise its potential if the country as a whole is to flourish.
- The Cambridgeshire and Peterborough Independent Economic Review (CPIER) warned that there are **significant “irreparable” implications for the quality of life of existing and new residents** if we under-estimate the level of employment growth that will happen over the course of a Local Plan and subsequently under-invest in infrastructure – housing unaffordability, multiple occupation of housing, congestion, and stress on the environment would all be worsened.
- We believe that it is **important to recognise that the forthcoming Local Plan is not starting from scratch, there is in fact an existing backlog** in employment space and housing. The majority (between 56% and 91%) of jobs accounted for in the 2011-31 Local Plan have already happened at this point in time, yet the supply of housing is running behind (only 27% of houses have been completed).
- **The delivery of the forthcoming Local Plan will be, as is the case for the current Local Plan, as incumbent upon industry as much as it is the Planning Authority** – and where there is supply of employment and housing land in the system, this should be brought forward for development by industry as rapidly as possible to avoid the negative consequences of under-provision set out in this response
- Taking these facts into account we have sought to assess the adequacy of the provision for the **future of our city region which the Plan has such a fundamental role in influencing.** Through our assessment, whilst there is much to admire in the work that has been undertaken to support the development of the Plan, we cannot see that the analysis of the evidence in the First Proposals consultation fully meets the expectations of National Planning Policy, nor fully responds to the warning of the CPIER. **We support the decision to review**

**critically the economic evidence base** and put forward a detailed set of considerations in this response to inform that review.

- **We advocate strongly for the adoption of an adaptive planning approach** which incorporates National Planning Policy requirements to “be flexible enough to accommodate needs not anticipated in plan” and put forward specific suggestions for such flexibility that would respond in a targeted way to new economic evidence that comes forward during the period between the formal review of the Local Plan.
- **An adaptive approach will allow us to embrace positive changes** in how our city region will function in the post-pandemic era, whilst ensuring that the significant levels for space for innovative and productive industry are met sustainably.

## EXECUTIVE SUMMARY

### Improving and enhancing quality of life

The CPIER was clear on the need for the next Local Plan to be based on realistic projections on future employment growth, based on 40 years of steady progressive growth and the indigenous entrepreneurial liveliness of the business community. We have also known for many years that inward immigration to Cambridge from the rest of the country has supported the growth of these companies and communities. More recently the strength of the economy has been reinforced in recent years by the arrival of global companies that are now locating in the area in recognition of Cambridge’s international profile with AstraZeneca the most prominent example. **These pressures are concomitants of the success that the region has achieved and the challenges that we need to recognise and positively manage. Few other communities in the country have these challenges and opportunities and it is important that the Plan recognises them, understands them, and puts in place strategies to manage them well for the benefit of existing and new residents.**

Not planning accurately and well for growth risks a continuation of trends which are already reducing quality of life in the city region. Since the publication of the CPIER, Cambridge Ahead has undertaken further comprehensive research into quality of life in the city region. We have surveyed organisational leaders across business, charity groups, local authorities and community organisations and conducted interviews with representatives of younger age groups and lower income groups. The results show the highest levels of dissatisfaction continue to be around traffic and public transport. Higher levels of dissatisfaction were also indicated on housing and the natural environment, particularly amongst younger groups and lower income groups. Personal relationships and local community are aspects which have increased in priority over the pandemic period, highlighting the importance of investment in community and social infrastructure.

If planned for well, it is our view – based upon analysis of data and our modelling – that higher growth rates than those currently being proposed can be accommodated in a way that improves quality of life for existing and new residents in balance with the needs of the environment and the economy.

We put forward the Bennett Institute for Public Policy’s Six Capitals Wealth Economy Framework as a practical and robust framework to guide inclusive and sustainable growth from our area within the Local Plan and across broader decision-making.

New residential development can often be met with local opposition, driven by a feeling that existing local communities gain little benefit from new homes. We need to do more to communicate

and to deliver on the positives that growth can bring for an area: by contrast with so many other cities in the UK, we can celebrate very low levels of unemployment, high employment levels and income and extensive training opportunities for local young people; additional spending from people in the area in local shops and services and increased property values provided new development is well designed; new infrastructure and investment in the local area arising from S106 or CIL payments from developers; inward investment by major international companies like Astra Zeneca; and a local authority which has a strong rates income and investment capacity, reinforced by additional capital from institutional investors like Aviva and L&G.

#### National Planning Policy Context

National Planning Policy has been recently reviewed with an emphasis on the need to support economic growth and productivity, particularly in areas which can be global leaders in driving innovation.

The forthcoming Greater Cambridge Local Plan, therefore, for the first time is required to respond to certain sustainable economic drivers. We focus our response on analysing where we feel the economic evidence analysis undertaken should be significantly improved, and specific ways in which the Plan can be as flexible as possible to the changing economic situation being experienced during over the course of the Plan.

We are advocating for sustainable and inclusive growth, through strong strategic planning and management. The National Policy context is one of a virtuous circle of investment that ensure growth is sustainable, and the CPIER warned of the dangers of a vicious circle in which under-investment accentuates the unsustainability of growth.

#### Evidence Review: the most recent growth data does not support the projections expressed in the Local Plan and raises concern therefore that the Plan will again underestimate the opportunities and risks that high growth creates

- The proposed Local Plan recognises the CPIER’s comments and agrees that historically based projections should be the main basis for the Local Plan in place of macroeconomic forecasts. However, such historical data raised significant questions over the “most likely” Central Growth (K3)” employment growth rate of 1.1% per annum adopted in the Plan.
- Our view is that the projected growth rates in the plan are an under-estimate and risk repeating the warnings flagged by the CPIER of the overall system of the area.
- In reviewing employment growth rates for 40 years and for the last decade, it is clear to us that the long run average of growth of the area has been consistently higher than the projected KS2 (1.5%) and KS3 (1.1%) figures
- With this considered, a historic reversion to the mean would show that the most acceptable Plan projection to be KS1 (2.1% p.a.)
- Further concern with the evidence gathered to inform the employment projections is that whilst the Plan has stated that higher growth “exogenous” sectors should be treated differently (recognising this as part of the historical failure to estimate growth well) the conclusion that these dynamic sectors should be considered to be growing at 1.5% over the course of the Plan is not supported by recent data.
- Market insight gathered through the NECE project will add further weight to our position that the pandemic should not be considered a rationale for reducing growth projections. Insight from this research clearly reinforces the strength of interest and future market sentiment in the Greater Cambridge economy.

#### Proposing a more adaptive planning approach going forward

- To enable statutory bodies to best respond to and plan for what is being experienced in reality over the course of the Plan, we propose an adaptive planning approach which is responsive to recent changes in the area's overall system
- We make two suggestions for focus of flexibility within the Plan:
  - First, is there overall flexibility in the scale of employment overall which can be anticipated? It will be important to maintain flexibility and some certainty from all other elements of the plan which rely on the overall quantum of jobs (such as housing, infrastructure, etc). There needs to be flexibility built into the plan if it is planning for 3,000 jobs per year (KS2) whereas we suggest the evidence shows it could be c.6,000 i.e., double that level.
  - Secondly, is there flexibility in the type and location of employment sites? Does the Council have a clear understanding of which sectors have been its key growth areas in recent years and what type of employment space and infrastructure would be needed (and where) if these sectors continue to grow? Do options for development of these agglomerations exist in the right locations and for the right uses to facilitate that growth (i.e., office space in Cambourne is no use to ARM or the Biomedical Campus).

#### Evaluating spatial planning choices

- Comparing the Strategic Spatial Options of the Local Plan with CA's Suggested Spatial Vision shows many welcome similarities across the need for higher density development, the five strategic sites, agglomeration supported by transport corridors, and the creation of a connected nature network.
- There is an importance emphasis in the Greater Cambridge context on the duty to cooperate to ensure that there is the right dialogue between planning authorities to respond to the real-world footprint of the Cambridge economy, as measured for example through the travel to work area
- Further CA work on spatial planning choices has elevated the importance of planning well for a new era of more flexible work and location choices, the need for build-to-rent as part of a diverse range of housing types in the city to meet the needs of all city residents, and of course the recommendations made by the climate commission.

## DETAILED RESPONSE

### POLICY CONTEXT FOR THE LOCAL PLAN

The Greater Cambridge Local Plan will set out future land use and planning policies over the 20 years, reflecting growth and changes in our area. Any plan also sets out where new development should happen and allows for spatial options in distributing housing and employment.

Cambridge Ahead supports the belief that a plan for sustainable and harmonious growth for the city is achievable provided enough homes, jobs, local services, transport connections and green spaces are provided to meet the needs of our area and investments for water and electricity supplies are made in time.

#### National Planning requirements for addressing economic opportunities within a Local Plan

By encouraging a positive response to the opportunities of growth, the National Planning Policy Framework (NPPF) states that Local Plans should be positive and proactive in meeting the needs of local businesses:

- *" Help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure." (Para 8)*
- *Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation<sup>42</sup>, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential." (Para 81)*
- *"Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances." (Para 82b)*
- *"Seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment." (Para 82c)*

#### Planning Policy Guidance for evidence bases to assess employment needs

Planning Policy Guidance states that the following factors should be taken into account:

- *"The best fit functional economic market area*
- *the existing stock of land for employment uses within the area;*
- *the recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);*
- *evidence of market demand (including the locational and premises requirements of particular types of business) – sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;*
- *wider market signals relating to economic growth, diversification and innovation; and*

- *any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.” (Para 025)*

We will set out in our response below why believe the evidence gathered so far does not yet meet these required standards.

### **THE CPIER ALSO PROPOSED A SYSTEMATIC STRATEGY FOR THE REGION**

This view of the future of the Greater Cambridge area was set out in the CPIER. The CPIER proposed a systematic strategy for the region including a review of housing requirements based on higher employment growth rates, a package of transport and other infrastructure measures, and developing a set of well-being and inclusive growth measures for the region. Crucially it recommended that there should be “a review of housing requirements based on the potential for higher growth in employment than currently forecast by the EEFM” and that this should be used “to set new targets which are likely to be higher than those already set.”<sup>1</sup>

However, in the Greater Cambridge area, the most dynamic influence on the system over the last couple of decades has been employment growth, particularly fuelled by internal immigration within the UK. This employment growth has also driven increased demand for housing, and higher levels of commuting. The CPIER articulated how, if a system becomes unbalanced there are severe negative implications for quality of life: *“In the Greater Cambridge economy...growth in employment has not been matched by corresponding house-building, or developments in infrastructure. Consequently, house prices have soared and journey times have increased as congestion has intensified. This has meant that many have been forced to endure unpleasant commutes, or been priced away from the city altogether due to the unaffordability of rents. This is bad for both people and businesses, and we believe is an unsustainable approach to growth.”*<sup>2</sup>

The CPIER warned us that if nothing is done then the damage to society “may become irreparable” as escalating costs make the city less attractive to businesses, who ultimately will choose to relocate, leaving behind many of the problems. If we are to safeguard and improve quality of life in our city, now and into the future, we must ensure that the city and its region is able to pursue sustainable growth.

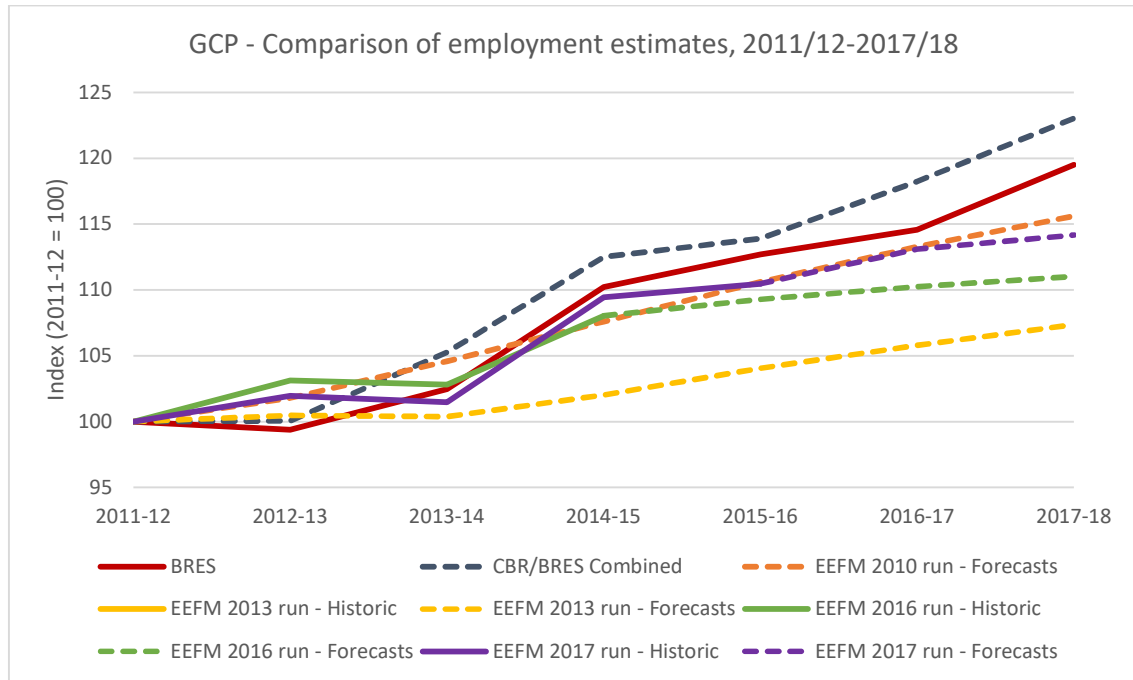
The employment trajectory has been a key corner stone of this issue. Historically, previous planning in the region has underestimated growth and as a result provision for housing, transport and local services have lower than needed, which in turn impact on rents, occupancy, extended commuting and rising congestion. It is therefore fundamental, in our view, that decisions taken in the Local Plan should also be based upon the best possible estimate of likely employment growth over the period of the Plan.

The CPIER in particular recommended a review of planning forecasts because a succession of local plans, based on UK-derived macroeconomic forecasting methods (the East of England Forecasting Model, curated by Oxford Economics and then Cambridge Econometrics), failed serially to provide accurate forecasts of employment growth that matched actual employment outturns. This was illustrated for the Greater Cambridge area in the following graph, which showing that forecasts from the East of England Forecasting Model have serially tended to underestimate actual employment growth in the area by a significant margin.

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<sup>1</sup> Page 11, CPIER

<sup>2</sup> Page 9, CPIER



### EVIDENCE BASE REVIEW

We approach the review of relevant evidence by starting first with the current plan period (2011-31). This makes provision for 33,500 homes and 44,100 jobs

The GL Hearn report indicates that between 2011 and 2017, between 56% and 91% of those 44,100 jobs had already been created (depending on which job figure is used)

If jobs and homes had kept pace with each other, we would have expected around one-third (30%) of all jobs and homes to have been delivered between 2011 and 2017, since it represents around one-third of the 20 year plan period

Clearly job growth has been running ahead of this (with 56-91% delivered)

However, the Council's latest Annual Monitoring Report shows that between 2011 and 2017 8,926 homes (i.e., 27% of the total) were delivered. Not only are jobs running ahead but homes are running behind

If homes had kept pace with jobs between 2011 and 2017 (i.e., 56-91% of homes were delivered, corresponding with the proportion of jobs delivered) this would imply c.19,000-31,000 homes should have been delivered, implying a shortfall of c.10,000-22,000 homes compared with actual delivery as at 2017.

Housing growth has slightly picked up since 2017 but is still running behind job growth and not at a rate fast enough to 'make good' the shortfall at 2017

Some of this shortfall will have resulted in worsening affordability (and since worse affordability is reflected in a higher uplift being applied under the standard method, which the Council should use as its basis for housing need, it will be reflected in the Council's housing need figure). Cambridge

Ahead research has also pointed towards associated impact on issues such as Houses of Multiple Occupation and Short-Term Lets<sup>3</sup> on the overall unaffordability of housing.

However, some of this will have resulted in longer distance commuting (and unsustainable commuting patterns) as workers, especially lower wage workers, can no longer find/afford housing in the area. This is evidenced through recent RAND Europe research into the relationships between housing affordability in Greater Cambridge and the Cambridge Travel To Work Area.<sup>4</sup>

The risk is that if jobs growth continues to outpace housing growth in this way, quality of life outcomes in the city region will continue to worsen in terms described by the CPIER.

The current proposed Local Plan material recognised CPIER’s comments and agreed that historically based projections should be the main basis for the Local Plan in place of macroeconomic forecasts; “The new Local Plans need to look forward not back. This process requires a view on patterns of past growth as a starting point: In practice with a sufficiently long time series, the past is often a reasonable guide in determining what the future might look like, particularly in relative terms. Without a consistent view on the past, the challenges of developing an appropriate set of employment projections are not trivial.”<sup>6</sup>

The Joint Planning Service commissioned **the key document underpinning the Local Plan, a Greater Cambridge Employment Land and Economic Development Evidence Study by GL Hearn and SQW, supported by Cambridge Econometric datasets.**<sup>7</sup>

Tables 43 and 48 Estimates of total employment up to 2017 <sup>5</sup>	
Greater Cambridge	Past Annual Growth Rates
1991-2017 BRES	1.6%
2001-2017 BRES	1.4%
2006-2017 BRES	1.5%
2011-2017 CPIER proxy	3.6%
2011-2017 CE	3.2%
2011-2017 EEFM	2.2%

This study comprised scenarios to explore potential future employment trajectories and these were derived from 3 separate analyses:

1. Long run views of past employment growth in the Greater Cambridge area.
2. An analysis based on two broad sectoral categories – most normal, “endogenous” sectors, reflecting national growth trends and based on EEFM/CE work, and exceptional, “exogenous” sectors, particularly reflecting international trends in technology markets<sup>8</sup>.
3. A narrative of how growth developed between 2011-17 had been “exceptionally fast<sup>9</sup> with an acceleration after 2010 compared with growth rates from 2006 and before... (this highlights the risk of using short-run data for long term planning”. It saw this high growth

<sup>3</sup> <https://www.cambridgeahead.co.uk/media/1959/short-term-lets-in-cambridge.pdf>

<sup>4</sup> [https://www.cambridgeahead.co.uk/media/1903/rand\\_estimating-the-incidence-of-housing-affordability-gap-across-the-cambridge-travel-to-work-area.pdf](https://www.cambridgeahead.co.uk/media/1903/rand_estimating-the-incidence-of-housing-affordability-gap-across-the-cambridge-travel-to-work-area.pdf)

<sup>5</sup> GL Hearn, pages 142 and 156

<sup>6</sup> GL Hearn, <https://consultations.greatercambridgeplanning.org/sites/gcp/files/2021-10/FINAL%20Employment%20Land%20%26%20Economic%20Evidence%20Base%20Study%20%28revised%20October%202021%29.pdf>, page 157

<sup>7</sup> GL Hearn, <https://consultations.greatercambridgeplanning.org/sites/gcp/files/2021-10/FINAL%20Employment%20Land%20%26%20Economic%20Evidence%20Base%20Study%20%28revised%20October%202021%29.pdf>

<sup>8</sup> GL Hearn, page 148 ff: The “exogenous” sectors comprised Health and care, Hotels and restaurants, ICT, R&D including biotech, natural science and advanced engineering, and Professional technical services.

<sup>9</sup> GL Hearn, page 148



peaked in 2016-17 at 4.3%<sup>10</sup>, and “the position at 2017 [is] considered to be peak or near peak”<sup>11</sup>.

This approach then generated a series of 3 highest/higher/central growth projections (KS1, KS2 and KS3 in the table below).

Table 48 Application of Growth Rates to 2017 data Greater Cambridge <sup>12</sup>		
	Employment Change 2020 - 2041	2020-2041 Growth (%pa)
EEFM/CE (E1)	40,100	0.8%
<b>Highest Growth (KS1)</b>	<b>120,800</b>	<b>2.1%</b>
CPIER Proxy (CP)	92,100	1.7% <sup>13</sup>
<b>Higher Growth (KS2)</b>	<b>78,700</b>	<b>1.5%</b>
<b>Central Growth (KS3)</b>	<b>58,400</b>	<b>1.1%</b>

Cambridge Ahead offers our considered review of these analyses in turn below.

### 1) Long run views of employment growth

- Although a stated intention to follow this data, the methods for developing these employment projection scenarios deviate, markedly so, from the historic and recent growth rates in the area without any basis in evidence that Cambridge Ahead can see. Highest Growth (KS1; 2.1%) was assumed projecting forward the 2001-17 growth rate for the key sectors, while the other sectors perform as under EEFM projections. The Higher Growth (KS2; 1.5%) projection “used the mid-point of the outcome between E1 and KS1 for key sectors, essentially halving the growth rate, otherwise other sectors perform as EEFM (E1). However, the Plan adopted a projected Central Growth (K3) rate of 1.1% per annum, “being the lower quartile of the outcome between E1 and KS1 for key sectors; otherwise, other sectors perform as (the E1) EEFM” baseline projection.
- In the view of GL Hearn the reason for the selection of this lowest projection was that <sup>14</sup> “The reduction in growth rates is important to consider as it allows for the rate of growth in percentage terms to slow as the sectors expand, avoiding unrealistic absolute year-on-year changes in the sectors as they get larger.<sup>15</sup>” Rejection of the Highest Growth (KS1) projection arose because it “exceeds historic rates due to high long-term annual growth rates for growing individual sectors leading to disproportionate absolute change. This rate or level of growth should not be considered realistic given the population, development and environmental implications.”. GL Hearn’s analysis has then been adopted in the Plan.
- **The actual long run figures produced by GL Hearn appear therefore substantially reduced in the Plan without any evidential basis which Cambridge Ahead can determine, which has the effect of aligning projections on the same basis as the EEFM previously criticised by the CPIER.**
  - Here we draw attention again to NPPF guidance regarding “areas with high productivity which should be able to capitalise on their performance and potential.”

<sup>10</sup> GL Hearn, page 142, citing BRES

<sup>11</sup> GL Hearn, page 95

<sup>12</sup> GL Hearn, page 156

<sup>13</sup> GL Hearn, page 157

<sup>14</sup> GL Hearn, page 154

<sup>15</sup> GL Hearn, page 165

- ONS census data from 1981, 1991, 2001 and 2011 show that the long run historical per annum growth rates were: 1981-1991 1.82% pa; 1991-2001 2.28% pa; and 2001-2010 1.84% pa. In reviewing employment growth rates for 30 years before the last decade, it seems clear that the long run average of employment growth of the area was consistently higher than the Plan’s projected KS2 and KS3 figures. Based on a historic reversion to the mean of employment growth over the previous 30 years in the area, the most plausible Plan figure should at least be KS1.
- Cambridge Ahead’s view is that the long run rates in the Plan are adopting an under-estimate and do not provide the best possible objective assessment of the area’s growth. As a result, the Plan risks repeating the previous errors in the EEFM forecasts and ignoring the warnings flagged by the CPIER.

## 2) High growth exogenous sectors

- In the GL Hearn analysis of the exogenous sectors, they set out the recent growth of employment in the Greater Cambridge area between 2010 and 2017:

Table 44 Comparing “high growth” recent GC historic data 2010-2017	CE Annual growth numbers	CE Annual growth rate %	BRES/CEB Annual growth numbers	BRES/CEB Annual growth rate %
Health & care	+9,600	6.1%	+7,500	5.0%
R&D	+4,800	4.6%	+5,300	4.3%
ICT	+3,600	5.1%	+6,500	10.0%
Professional technical services	+4,900	4.0%	+6,500	7.4%
Hotels & restaurants	+6,000	8.2%	+5,900	8.3%
All sectors	+33,600	2.5%	+42,700	3.5%

Source: GL Hearn analysis of EEFM/CE & CBR/BRES data<sup>16</sup>

- The Cambridgeshire and Peterborough Local Industrial Strategy provides some commentary on the status and potential of these sectors “Cambridge’s global leadership in academic discovery, and sectors such as life sciences and digital, together with Peterborough’s rich heritage in manufacturing, and The Fens’ potential for agri-tech, that provide the building blocks to make Cambridgeshire and Peterborough the UK’s fastest growing and most innovative economy outside London.”<sup>17</sup>
- In developing its projections of employment in these high growth sectors from 2017-2040, GL Hearn rejected the most recent historical data and its KS1 projection on the grounds that it “exceeds historic rates - due to high long-term average annual growth rates for growing individual sectors leading to disproportionate absolute change ...(and) should not therefore be considered realistic given the population, development and environmental implications.”<sup>18</sup> It therefore considered KS2 as a better outcome than comparable historic rates of growth.

<sup>16</sup> GL Hearn, pages 149 and 156

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[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)

<sup>18</sup> GL Hearn, page 157

- In the case of the health and care sector, it referred to Addenbrooke’s recent and further planned expansion as a source of potential high growth above the endogenous care sector, and believed that, for hospital activities to double to around 40,000 jobs by 2040, as projected by KS1, would be unrealistic in terms of labour, skills, and demand.<sup>19</sup> KS2 should therefore be expected.
- In the case of R&D (life sciences, natural sciences, and advanced engineering), the study recognises the recent high growth rates of employment, but doubted that a continued consistent rise over 20 years to 2041 would “lack evidence, (that).. would entail a strong supply of highly skilled labour being drawn perhaps from university graduates but also from in-migration both domestically and internationally.”<sup>20</sup> Irrespective of the recent historical performance, the study suggested 16,400 additional jobs in R&D by 2041, an average growth rate of 2.9%<sup>21</sup>.
- In the case of ICT, the study accepted that the sector had showed very recent fast growth since 2001 and then again 2014-17 but had taken the view that “testing growth rates from 2001 onwards does not suggest justification for modelling growth above the regional rate.”<sup>22</sup> As a result, it presumably adopted the regional rate, E1/0.8% pa, rather than the previous 2010-17 actual growth assessed as between 5.1% to 10.0%.
- **Given the historical data shown by GL Hearn evidencing high growth of those exogenous sectors, their decision to propose that their 2020-41 growth rates should now be projected at KS2/1.5% pa,<sup>23</sup> requires substantiating with evidence we believe is not present. GL Hearn’s future views of these sectors do not tally with any comments by major corporate actors in these sectors: for example, the progress of Arm and Frontier Developments, the IPO of Darktrace, let alone from the annual reports of AstraZeneca, Abcam, or the recent investments in the region made by Apple, Amazon, or Sanofi.**
- **Growth in the sectors referenced above will contribute to greater demand in the restaurant and hospitality sector, including for example hotels**
- **GL Hearn’s prospective view for these sectors, proposed and adopted in the Plan, cannot be regarded by us as an objective assessment of the region’s economic development**
  - We again draw reference here to NPPF requirements for the Local Plan to “take into account both local business need and wider opportunities for development.” (Para 81)

### 3) Dealing with recent exceptional growth 2011-17

- Given the lack of long run historical growth rates and the recent performance of the high growth exogenous sectors, the remaining argument to support the central growth scenarios in the Plan has to turn upon a view that the latest years of growth have to be regarded as exceptional and are therefore likely to fall back and regress to some future regional or national mean.
- The GL Hearn study states that the recent levels of growth in the area should be characterised as exceptional and that the data should not be used uncritically to develop projections. “Simply using the 2001-2017 annual average growth rate for the key growth sectors results in an employment count by 2040 (KS1) which is unrealistic in the increments of job change that could occur year on year.”<sup>24</sup>

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<sup>19</sup> GL Hearn, page 158

<sup>20</sup> GL Hearn, page 158

<sup>21</sup> GL Hearn, page 156, Table 48

<sup>22</sup> GL Hearn, page 151

<sup>23</sup> GL Hearn, page 159

<sup>24</sup> GL Hearn, page 161

- “The results that the recent period has been one of fast growth. It is reasonable to expect that, whilst the economy can perform at this higher rate for a period, over time this falls back towards longer run absolute change that is constrained by macro-economic, population and environmental factors....Method KS3 (1.1%) has alignment with past absolute change and as a result reflects a ‘business as usual’ or central growth scenario which is the most likely outcome as it takes account overall historic patterns including the fast growth recent past. KS2 (1.5%) sits broadly in the middle of the longer term historic 1991 or 2001-2017 and recent historic (2011-17) absolute change.”<sup>25</sup>
- “Finally, as a sense check, the preferred forecasts (KS2 and KS3) have been tested against the aggregate historical absolute jobs year on year average change figures:<sup>26</sup>

	1991-2017 %	1991-2017 Proj'd 2020-2041	2001-2017 %	2001-2017 Proj'd 2020-2041	2011-2017 %	2011-2017 Proj'd 2020-2041	KS2 2020-2041 %	KS2 Proj'd 2020-2041	KS3 2020-2041 %	KS3 Proj'd 2020-2041
Greater Cambridge	2.7	57.4	2.6	55.3	6.0	125.2	3.8	78.7	2.7	58.4

Source: GL Hearn analysis

- How GL Hearn’s analysis of these historical data and projections to 2041 set out in Table 51 relate to the earlier Tables 43 and 48, and then proceed on the basis of this analysis to recommend the Plan’s projected growth rates - KS3/1.1% and KS2/1.5% set out in Table 52<sup>27</sup> - is entirely opaque yet is such a critical element of the overall analysis.
- More significantly, against this argument about growth in the period 2011-17 being extraordinary and should therefore be discounted in assessing the prospective Plan rates of growth, the BRES results for actual growth across 2017-20, let alone for the combined BRES/CBR data, entirely contradict the view that the underlying rate of growth is falling back. Although there are oddities within individual sectors within the BRES results, the recent levels of growth show:

	1 year 2018-19		3 years 2016-19		6 years 2013-19	
	BRES	CBR/BRES	BRES	CBR/BRES	BRES	CBR/BRES
Cambridge	3.2%	3.8%	2.8%	3.6%	2.4%	2.9%
South Cambs	5.8%	1.4%	3.5%	1.9%	4.8%	4.1%
Greater Cambridge	4.4%	3.2%	3.1%	2.9%	3.5%	3.5%

Source: CBR’s calculations based on data from BRES (Nomis)

	1 year 2019-20		3 years 2017-20		6 years 2014-20	
	BRES	CBR/BRES	BRES	CBR/BRES	BRES	CBR/BRES

<sup>25</sup> GL Hearn page 163

<sup>26</sup> GL Hearn, page 162/3, Table 51

<sup>27</sup> GL Hearn, page 163, Table 52

Cambridge	11.7%		5.7%		3.5%	
South Cambs	-2.7%		0.6%		2.6%	
Greater Cambridge	5.2%		3.4%		3.1%	

Source: CBR’s calculations based on data from BRES (Nomis)

- The data series show not only that the rates of growth have not fallen back, but that the latest data indicate a further acceleration. Given the impacts of Covid on employment, this progression is in fact stronger evidence of higher resilience, rather than of incipient decline.
- The most recent BRES data indicate some volatilities in the data, as earlier mentioned by the CPIER, and it will not be possible to provide a combined CBR/BRES series of 2020 data until early 2022, but it is already evident from the CBR’s most quarterly update on employment on Greater Cambridge that the continuation of high employment growth is likely to continue.

#### 4) Concluding comments

- The three complementary arguments underlying the recommended Plan annualised growth scenarios – KS3/1.1%, with the possibility of the slightly higher KS2/1.5% - have clear flaws as set out by GL Hearn’s analysis. The historical reversion to regional mean was notably higher than the recommended figure; the reasons put forward for discounting the recent performance of the higher exogenous sectors have not provided supporting evidence and instead have been lacking a credible evidential basis; and the suggestion that the high growth between 2011-17 was peaking and then likely to regress to a future regional or national mean has again not only been unconvincingly argued, but has now been convincingly rebutted by the actual continued high growth of the region.
- Accordingly, Cambridge Ahead does not feel that the recommended Plan annualised growth rates stand up to the test of providing an objective assessment for the region’s proposed future growth

#### PROPOSALS TO MOVE TOWARDS A MORE ADAPTIVE PLANNING APPROACH

Planning Policy Guidance says that “Authorities will need to take account of longer term economic cycles in assessing this data and consider and plan for the implications of alternative economic scenarios.”

To reduce long arguments about historical and prospective growth rates and competitive figures for projecting employment growth, Cambridge Ahead would prefer to explore the ideas of flexibility in the Local Plan. We suggest that the planning process should become even more adaptive. The Plan is based on a single fixed view of employment growth and housing needs, set to run for 20 years, albeit allowing for a single additional higher alternative growth rate. Given the dynamism of the regional economy, this suggested scope of flexibility is still limited. In its Proposed Policy Direction, the Plan in fact indicates that the GL Hearn Study considered a higher growth forecast and “it suggested that providing flexibility in employment land in case the market delivers more jobs than anticipated.”

We make two stronger suggestions for focus of flexibility within the Plan:

- First, is there overall flexibility in the scale of employment overall which can be anticipated? It will be important to maintain flexibility and some certainty from all other elements of the plan which rely on the overall quantum of jobs (such as housing, infrastructure, etc). There needs to be

flexibility built into the plan if it is planning for 3,000 jobs per year (KS2) whereas we suggest the evidence shows it could be c.6,000 i.e., double that level.

- Secondly, is there flexibility in the type and location of employment sites? Does the Council have a clear understanding of which sectors have been its key growth areas in recent years and what type of employment space and infrastructure would be needed (and where) if these sectors continue to grow? Do options for development of these agglomerations exist in the right locations and for the right uses to facilitate that growth (i.e., office space in Cambourne is no use to ARM or the Biomedical Campus).
  - CBR data can be used to map the geographic location of key growth sectors to ensure that land use to support the growth potential of these sector is brought forward in the right, sustainable, locations. Example maps are included as Appendix A

### Overall Flexibility

The Councils should consider setting the job figure (based on the evidence this should be KS1 – which is currently projecting a minimum of 5,700 per year) within policy clearly as a minimum to ensure that provision for infrastructure and other services can be planned for appropriately. This would also reflect the NPPF (para 82d) which sets out that planning policies should be flexible enough to accommodate needs not anticipated in the plan whilst being able to rapidly respond to economic circumstances (NPPF 82d), and the PPG (ID 2a-027) which sets out that authorities will need to consider the implications of alternative economic scenarios (in this case, higher ones). This is a reasonable approach for the Councils to take given that recent job growth has substantially outpaced the level indicated in current plans. A failure to build in this flexibility relating to the overall job requirement runs the risk that the employment policies in the plan become out-of-date quickly because of changing circumstances.

Given the evidence of historic under-estimation of job growth in its plans, the Councils should also include a review mechanism in their employment policy/ies. This could state that the Councils will review job growth figures annually and, if over any specific period (for example, three or five years) the average annual job growth (according to a specified source, such as BRES) exceeds a given rate/level of growth (for example, it exceeds the planned minimum annual job growth set out in policy by KS1 + 10%), then the Council will review the economic evidence base and undertake a partial update to the employment policies in the plan. This would ensure the Councils regularly monitors job growth figures to ascertain whether recent trends (seen since 2011) are part of an economic cycle or whether there has been a more fundamental economic change occurring in Greater Cambridge which has yielded an environment with persistently high – but sustainable – year-on-year economic growth, for which the Councils need to appropriately plan.

Important forums for sharing data have recently been established through the GCP/CA Quarterly Growth updates produced by the CBR. These are presented to Councillors and officers and are publicly available<sup>28</sup>. These updates sit alongside the annual corporate growth data for the Cambridgeshire and Peterborough area which is published through the Cambridge Cluster Insights database<sup>29</sup>. Further to this, Cambridge Ahead has also begun to work with partners to produce a housing data dashboard which will begin to be published shortly.

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<sup>28</sup> <https://www.greatercambridge.org.uk/futureinvestmentstrategy/research-and-evidence>

<sup>29</sup> <https://www.cambridgeahead.co.uk/cambridge-cluster-insights/>

## **SPATIAL AND QUALITATIVE GROWTH**

A great deal of Cambridge Ahead's response has focused on the quantitative underpinning of the Local Plan, and clearly reflecting increase in employees in the area will in turn flow into increased square metres of additional employment space or new housing builds per year which we are now able to report on a quarterly basis. But the agglomerations of employment space, the reinforcement of existing city quarters or creating new communities also determine the quality of the work and home life of those who live in Greater Cambridge, and we recognise that this has to be a critical part of the forthcoming Plan.

In setting out our Suggested Spatial Vision for the area, we outlined a blended approach to the spatial options for the development of the area and, in comparing these ideas with the Strategic Spatial Options of the proposed Local Plan material, we strongly welcome many similarities:

- There is continued preference for compact and higher density of development in the city for employment and housing
- If anything, we would like to reinforce the importance of higher density of developments in the city to cater for reduced travel, improved air quality, and to respond to increased concerns about climate change. As a result, we see a clear continued focus on the 5 major new employment centres across the city – the CB1/Station Road/central business area; West Cambridge/Eddington; North East Cambridge and the Science, Innovation and Business Parks; the Bio-Medical Campus; and Cambridge East – and encourage additional complementary housing provision as part of these employment sites
- These spatial choices also support the selective extension of Cambridge clusters outward across a wider region footprint. There are many families that may wish to live outside the city but also to be closely connected to their work and the city's amenities. Agglomeration of some of the high growth sectors and their extension along enhanced existing transport corridors is welcomed through the proposed Plan material, and their integration and expansion of homes in selected existing communities, such as Sawston, Hinxton, Fulbourn, and Waterbeach
- We welcome the recognition within the plan for a policy to guide proposals for specialist housing and homes for older people through 'whole life housing' approaches. Investing in good quality homes and neighbourhoods for older people which support them to sustain healthy and independent lives can save substantial amounts across the health and care system in the longer term as well as improving individual quality of life.

We support the Local Plan and transport plans of the GCP in extending and enhancing the public transport links in and around the city. Despite of the impacts of the pandemic on public transport traffic flows, we continue to support efforts to reduce the use of private cars and their impacts on congestion and air pollution and to encourage buses and cycling as key adjuncts to the spatial development of the city region.

The work of the CA Housing Group has also supported the need for a diverse range of housing types and tenures in the city to meet the needs of all city residents. These should include households on middle income earning levels between £25k-£45 who are unable to access social or affordable rental housing but who also find it difficult to afford the existing private market. Cambridge Ahead believes that the combination of increased long term housing capital and the benefits of higher densities in the city should support stronger encouragement of Build to Rent planning policies and provision as a part of the housing mix to help meet the needs of this group.

By contrast, Cambridge Ahead is concerned about the growth of use of online platforms for short term lets, such as Airbnb, to rent out whole residential units as temporary accommodation. The concentrated prevalence of this activity can have a negative impact on housing affordability and availability, as well as significant social impacts.

In the last 3 years, Cambridge Ahead has actively encouraged the creation of a connected Cambridge Nature Network, tied through and around the city via nature corridors

**All of these positive qualitative comments on the spatial options are important adjuncts to our key concern about the quantitatively high projections of employment: recognising the pressure of future employment flows in the Plan and learning how positively to manage these pressures and to support the quality of life in the city and beyond are key objectives of the Plan. Failing to manage these pressures will only result in escalating house occupancies, rents, expanding travel to work areas, and rising congestion levels.**

#### **AFTERWORD**

In parallel to Greater Cambridge, we also track the trajectory of Silicon Valley through its established Silicon Valley Index (SVI)<sup>30</sup>, which has recorded the Valley's growth since 1995. Its growth trajectory has run faster and further than Greater Cambridge and its planning is less organised than Greater Cambridge. In the latest annual poll published by SVI in November 2021, respondents there are split on the overall direction of Silicon Valley and the greater Bay Area: 48% say their region is headed in the right direction, while 52% say it is on the wrong track. 71% of respondents think their quality of life is worse than it was five years ago. 56% of respondents say they are likely to leave the region in "the next few years". The general cost of living (84%) and high housing costs (77%) are the top two reasons cited likely to leave the region.

We firmly hope that in Greater Cambridge we can avoid failing to learn these emerging lessons from California.

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<sup>30</sup> <https://jointventure.org/publications/silicon-valley-index>

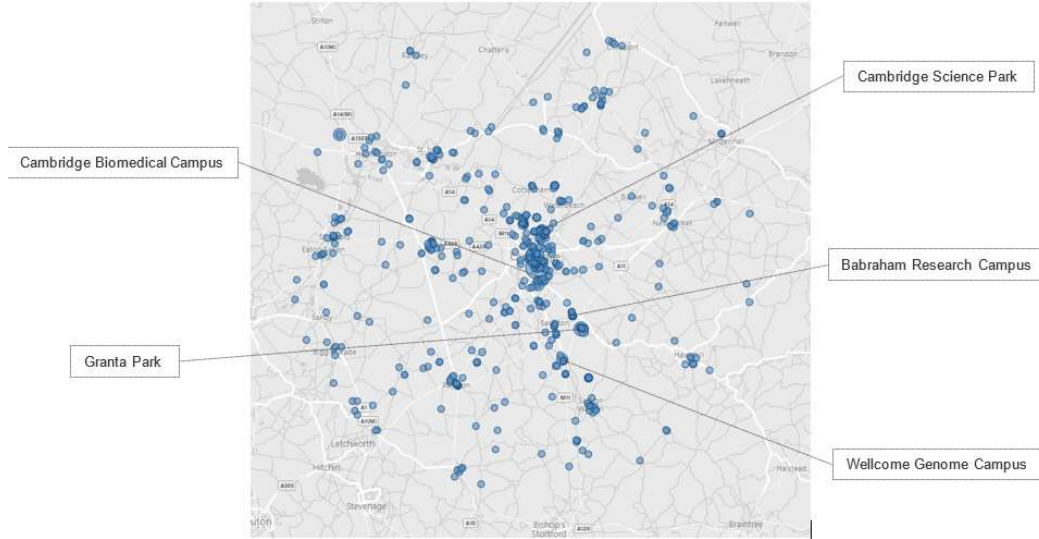


## APPENDIX A – CLUSTER MAPS TO ILLUSTRATE THE SPATIAL CHARACTERISTICS OF KEY GROWTH SECTORS

Local data from Cambridge Cluster Insights can be used to geographically locate key growth sectors, and therefore support flexible planning policy that would bring forward space in the right locations to spread clusters sustainably along transport corridors.

This full geographic data can be utilised by policymakers through the Cambridge Cluster Insights dashboard, example maps have been produced below.

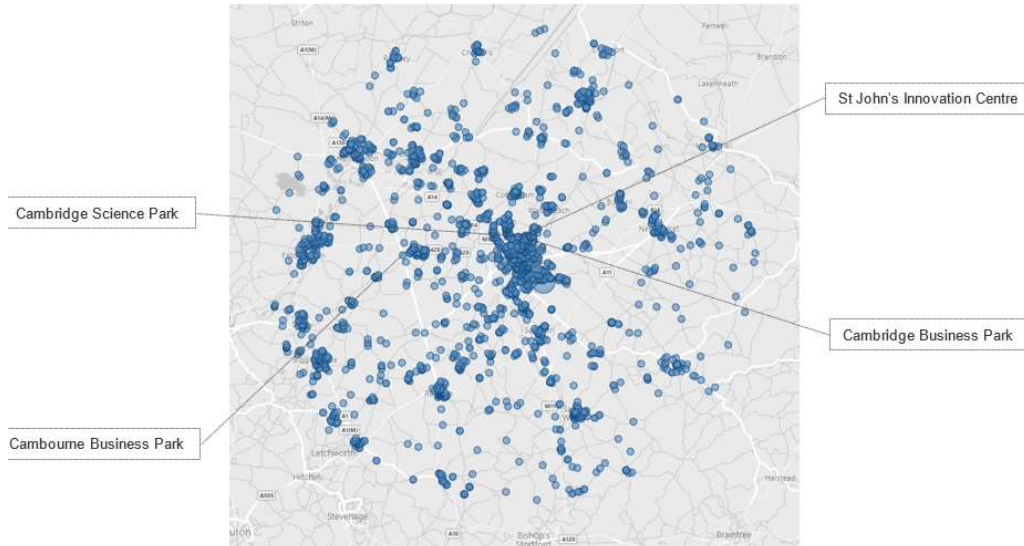
**Figure 1 Location of Life Science companies based in the Cambridge Cluster**



(b) 2019-20

*Note:* The size of each bubble is proportionate to the number of employees in 2014-15 and 2019-20.  
*Source:* Cosh & Caselli, CBR.

**Figure 2 Location of ICT companies based in the Cambridge Cluster**



(b) 2019-20

*Note:* The size of each bubble is proportionate to the number of employees in 2014-15 and 2019-20.  
*Source:* Cosh & Caselli, CBR.