Peterborough Sub-Regional Economic Strategy 2008-2031

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PARTNERSHIP

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TABLE OF CONTENTS

Executive Summary

X1 A vision to make Peterborough the UK's environmental capital

X1.1 The Peterborough sub-region is at an exciting stage in its economic development. As one of the seven 'engines of growth' identified in the East of England Regional Economic Strategy, population and the sub-regional economy are poised to expand sharply in the next two decades. This strategy for the Peterborough sub-region aims to prepare the sub-region for the challenges of this accelerating growth and the transformation of the sub-regional economy that will be required if growth is to be sustainable and benefit all groups in the community. Importantly, building upon Peterborough's position as the UK's environmental capital and its strategic location, it aims to secure a major shift towards a more knowledge-based open economy, fully integrated and more competitive in the global economy. Underpinning these ambitions is a vision of a bigger more competitive and prosperous sub-region with its population expanding to more than 200,000 residents in the period 2008-2031. Supporting this growth and at the heart of the sub-region is a regenerated and sustainable city centre, strengthening Peterborough's position as a key sub-regional hub serving a network of thriving villages and market towns.

X1.2 This document sets out an overarching framework that will enable partners working together to take forward an economic development programme that will secure the strategic objectives and priorities for realising this vision, which all of the partner agencies working together, will seek to achieve through their own strategies. The strategic objective, priorities and actions contained in this strategy are derived from an extensive review of existing strategies and other relevant documents, interviews with partners and new data analysis contained in the appendix to this document.

X2 The strategy

X2.1 The strategy set out in this document aims to support the future growth and transformation of the sub-regional economy and has been designed not only to complement other strategic initiatives for the sub-region but also to fit comfortably with the four key strategic objectives stressed in the Regional Economic Strategy: The main objectives of the sub-regional strategy are to:

SO1: Raise the competitiveness of business through innovation and enterprise support

SO2: Ensure the flexibility and adaptability of the sub-region to respond effectively and efficiently to changing technological, economic and social trends

SO3: To upgrade and modernise the industrial base of the sub-region building upon its traditional specialisations and competitive advantages, whilst exploiting the opportunities arising from newly emerging industries such as environmental technologies

SO4: To promote greater openness of the sub-regional economy by encouraging further integration into the global economy through support for exports, attraction of internationally mobile investment and access to international innovation systems and knowledge networks.

X2.2 To achieve each of these strategic objectives, strategic priorities and actions have been proposed based upon the analysis of the evidence base, the issues faced and the role that the strategy can play in addressing these issues. The priorities and actions are both cross-cutting and specific in nature resulting in a holistic and integrated strategy for the sub-region.

The Peterborough Sub-Regional Economic Strategy

1.1 Introduction

1.1.1 This document sets out a Sub-Regional Economic Strategy (SRES) for Peterborough and presents the vision for the economic well-being of the sub-region for the period 2008-2031. It provides an over-arching framework that will enable partners to take forward economic development programmes and initiatives that are of critical importance to raising the prosperity and competitiveness of the Peterborough sub-region in an increasingly competitive and changing economic and social environment. The strategy is also designed to strengthen the important role that Peterborough plays in the wider East of England region, firstly in its role as a key gateway to and from the region towards the Midlands, the Greater South East and the North and secondly through its distinctive contribution to economic growth and development in the region.

1.1.2 The strategy is structured to ensure that its priorities and goals align with the Regional Economic Strategy (RES) and complements the Greater Peterborough Partnership Sustainable Community Strategy and Investing in Communities delivery plan.

1.1.3 In preparing the strategy a significant evidence base has been assembled which identifies the main issues and challenges facing Peterborough in its future economic and social development. This evidence base plays a critical role in establishing strategic priorities and goals. It has been assembled through a combination of close consultation with strategic and local partners, a review of existing strategies and other relevant documents and, where appropriate, new data analysis has been undertaken. Discussions and interviews with partners included Peterborough City Council, East of England Development Agency (EEDA), Business Link East, the Learning and Skills Council (LSC), Peterborough Regional Economic Partnership (PREP), as well as the private sector.

1.2 The Vision and Strategic Objectives

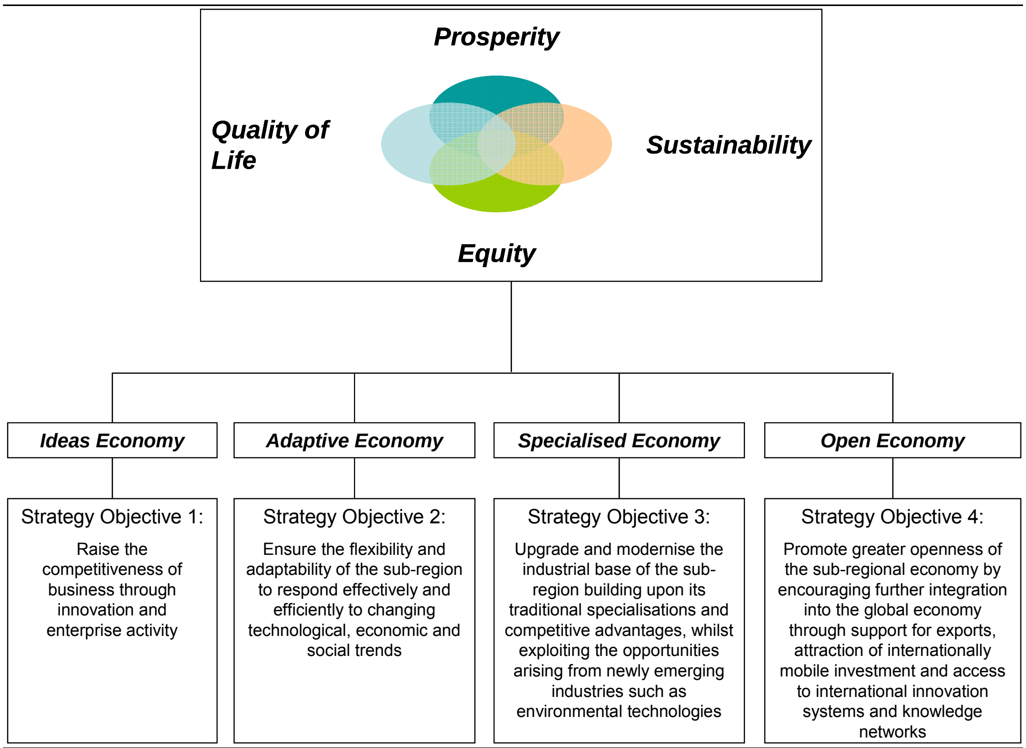
1.2.1 The vision for the future of the Peterborough sub-region has been articulated in the Community Strategy 2008-21:

A bigger and better Peterborough that grows the right way – and through truly sustainable development and growth:

- Improves the quality of life of all its people and communities and ensures that all communities benefit from growth and the opportunity it brings
- Creates a truly sustainable Peterborough, the urban centre of a thriving sub-regional community of villages and market towns, a healthy, safe and exciting place to live, work and visit, famous as the environmental capital of the UK

1.2.2 To achieve this vision, the Peterborough sub-regional economy must continue to increase its prosperity (as proxied by Gross Value Added (GVA) per capita) by raising the productivity of its firms, public sector and other organisations and the employment rate of its residents. Economic growth must benefit all groups and communities in Peterborough and be environmentally sustainable. In the past, Peterborough has experienced steadily rising prosperity and since 1991 has improved its ranking in terms of GVA per capita from 41st to 31st in 2006, of 106 cities in the UK. To maintain this overall performance four strategic objectives have been identified.

Figure 1.1 Strategic objectives



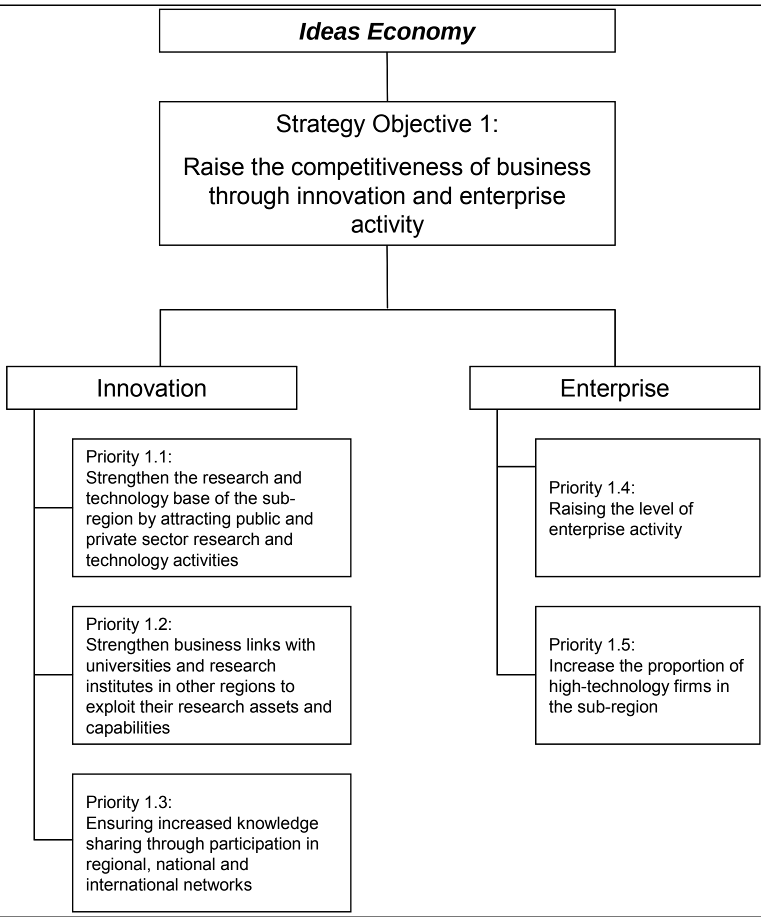
Source: PACEC analysis

1.2.3 The first objective recognises the importance of **innovation** as a key driver of productivity and competitiveness, and of creating an environment that supports creativity and enterprise. The second objective recognises the accelerating pace of change and the requirement for a successful economy to be **flexible, adaptable and agile** in response to changing economic and social circumstances. Critical in this respect is the capacity of the sub-region to improve its skills base and education infrastructure to meet the changing skill needs of business and the public sector. The third objective recognises the strategic importance of **specialisation** and the need to focus on sectors and clusters where Peterborough is perceived to enjoy a competitive advantage. The fourth strategic objective emphasises the aim of promoting Peterborough as an **open economy** engaged in mutually beneficial economic and social interaction with other cities and regions within the UK and internationally.

1.3 Strategic objectives, issues, priorities and actions for the Peterborough sub-region

Strategic objective 1: Raise the competitiveness of business through innovation and enterprise support

Figure 1.2 Strategic Objective 1 and its priorities



Source: PACEC analysis

1.3.2 Innovation is of fundamental importance for promoting productivity growth and the competitiveness of firms in the Peterborough sub-region. The innovation capacity of the sub-region depends not only on the internal capabilities of individual firms but on how well they interact and collaborate with other firms, universities and research institutes in the innovation process. Most industries are now witnessing a fundamental change in the way they innovate and realising the increasing importance of 'open innovation' and the need to partner and collaborate with other firms and organisations. This model of competition is one in which the aim is to leverage innovation to drive economic growth in the sub region. However, unlike many competitor cities and sub regional economies, Peterborough does not have the benefit of a strong research base. R&D infrastructure and connections between industry and the research base in other parts of the UK and overseas are not as strong as they could be.

Priority 1.1 Strengthen the research and technology base of the sub-region by attracting public and private sector research and technology activities

1.3.3 The competitiveness of a modern 'knowledge-based economy' depends critically on the capacity of its firms to innovate. Although some sectors in Peterborough, such as engineering, have a long tradition of innovative activity, other sectors are clearly lagging in this respect. In part, this reflects the structure of industry in the Peterborough sub-region with its relatively low share of high-technology industry and lack of large firms with R&D functions. However, it also reflects the limited research and technology infrastructure in the sub-region capable of engaging with Peterborough firms. An important exception is the Centre for Sustainable Engineering (CSEng), a non-profit inter-disciplinary centre focusing on maximising efficiency in the use of resources, the elimination of toxic and polluting impacts and optimised engineering of resources after use to maximise value as raw materials. It has created a network of over 40 industry and academic experts in the CleanTech space forming collaborative teams across industry and sectoral boundaries to carry out applied research and demonstration and technology commercialisation.

1.3.4 Peterborough Regional College and Anglia Ruskin University have agreed that they will work in partnership to establish a University Centre in Peterborough supported by funding from the Higher Education Funding Council for England (HEFCE) and other organisations. This development will bring higher education institute (HEI) expertise and resources closer to Peterborough businesses and public sector organisations in the sub-region.

Issues	Actions
Limited local research and infrastructure linked to HEIs and other public sector research institutes	Develop research infrastructure of the new University Centre in Peterborough and exploit as a knowledge gateway to other HEIs and research institutes
Few major companies with their R&D functions located in Peterborough	Attract and nurture companies with their R&D functions by establishing industrial parks dedicated to technology-based industry
Relatively few high-technology start-ups with their R&D based in Peterborough	Expand and develop initiatives such as innovation centres and incubators providing suitable premises for new technology-based start-ups

Priority 1.2 Strengthen business links with universities and research institutes in other regions to exploit their research assets and capabilities

1.3.5 Links with universities and research institutes are becoming increasingly important in supporting innovation in small and medium enterprises (SMEs) and large enterprises. Such links provide opportunities for firms in both established and emerging sectors to exploit the research and technology base of HEIs and to access complementary physical and human capital in developing innovative products and processes. The limited local research and technology infrastructure in Peterborough makes it imperative to support the opening up of collaborations with universities, research institutes and other HEIs in other regions of the UK and overseas. The establishment of a University Centre in Peterborough will facilitate links with HEIs in the East of England region. The East of England region is particularly well endowed with high quality HEIs and research institutes within easy access for Peterborough businesses. In addition, the high-technology clusters in Cambridge, Hertfordshire and other parts of the region provide an accessible and mature infrastructure in support of innovation by Peterborough companies and organisations. However, if the business community in Peterborough is to fully benefit from increasing university-industry knowledge transfer activity of the HEI sector in the UK, it must extend the geographical reach of its collaborative efforts.

Issues	Actions
Need to increase collaboration with universities and research institutes in the East and other regions of the UK	Strengthen partnerships and collaborations with research-based HEIs located in the East region and other regions such as the South East and East and West Midlands where access is relatively easy Strengthen links with key research and technology bases in close proximity such as Cambridge, Birmingham, Leicester and Warwick universities
Limited awareness on the part of many SMEs of the potential benefits of interaction and collaboration with HEIs in the UK and overseas.	Raise awareness and knowledge of opportunities for collaboration with HEIs and the changing attitudes and culture of HEIs in developing their links with business and public sector organisations. Facilitate and support Peterborough business to link with UK and overseas HEIs through European Framework funding

Priority 1.3 Ensuring increased knowledge sharing through participation in regional, national and international networks

1.3.6 Integration into networks for knowledge sharing is imperative for Peterborough firms if they are to access important knowledge sources within and outside the sub-region and if knowledge-based innovation is to be a key focus for the future sub-region's economic development. Few firms have all the necessary capabilities and skills to stay on top of all areas of progress. Networks of organisations are an important means by which organisations can pool or exchange resources and develop new ideas and skills. Modularisation of production processes and the increasing complexity of many products is driving outsourcing, particularly by larger companies. These trends are opening up new markets for smaller specialised firms. However, the relatively small number of large companies based in Peterborough or with major R&D activities in the sub-region limits the opportunities for smaller companies to participate in local supply chain networks. Access to wider geographical networks in which larger local companies are active is also limited.

1.3.7 Whilst a number of networks are local, close proximity to R&D functions of major multi-national enterprises (MNEs) located in the high-technology clusters of Cambridge and other parts of the M11 Corridor provide an opportunity for Peterborough companies to participate in regional and international networks.

1.3.8 Alliances and insertion into knowledge networks are particularly important for small and medium size enterprises (SMEs). There is a strong positive relationship between collaborative alliances and innovation across a diverse range of industries. However, small firms often lack information on strategic alliance opportunities or the potential opportunities provided by outsourcing of larger firms. Companies such as CSR and ARM in Cambridge provide good examples of relatively small companies entering the global supply network of major overseas multi-national enterprises.

1.3.9 Attracting major overseas multi-national enterprises not only increases the potential for Peterborough firms to exploit new knowledge sources but also provides a conduit for entering international networks and widening market opportunities. Large firms typically have strong international links and a large number of international partnerships. The establishment of Tata Consultancy Services Limited with its Peterborough Innovation Laboratory provides an example of how the attraction of inward investment can provide the opportunity to access innovation networks at a national and international level.

1.3.10 There is evidence that increased knowledge sharing for innovation is significantly enhanced when it takes place between nationally and internationally recognised centres of excellence. In the case of Peterborough the emerging environmental industries cluster and the more mature cluster surrounding the food industry would seem to offer excellent opportunities for firms in these clusters to participate in related networks and clusters in other parts of the UK and overseas.

1.3.11 Advances in information and communications technology (ICT) are transforming the way companies innovate and compete. Modern communications technology is bringing companies much closer together and allowing companies to access codified information available in different parts of the global economy. ICT is also transforming the way people work and inter-firm relationships in the supply chain. However, many SMEs lack the knowledge required to exploit ICT in developing collaborative relationships and entering and exploiting knowledge and innovation networks.

Issues	Actions
There is a need for Peterborough firms to continually raise their participation in production networks that extend beyond the sub-region.	Identify opportunities for Peterborough firms to enter supply networks of major companies outsourcing at a national and international level.
Extending formal and informal participation in networks providing access to knowledge and opportunities for R&D collaboration is increasingly important if Peterborough companies are to raise their innovative capacity and capability.	Extend and develop new forums for encouraging informal ties and networks amongst Peterborough firms Develop a Peterborough research network which provides access to research contacts in the East of England region, nationally and internationally.
Exploit the opportunities afforded by overseas multi-national enterprises located in the sub-region, the East of England region and the wider UK which have the potential to increase the flow of knowledge and raise the innovative capability of Peterborough firms.	Identify major overseas multinationals in the sub-region and wider UK which are of potential importance for key sectors and clusters in Peterborough and support the development of links and collaborative relationships.
There are important benefits from exploiting advances in ICT to enter and participate in knowledge networks	Provide support for helping SMEs understand the opportunities afforded by developments in ICT for engaging with networks for knowledge acquisition and exchange

Priority 1.4 Raising the level of enterprise activity

1.3.12 It is well established that SMEs are a major source of employment growth. In the Peterborough sub-region there were about 420 small businesses in manufacturing with fewer than 200 employees (98% of businesses in this sector) and about 1,850 small businesses in business services with fewer than 200 employees (99% of all business in this sector). The birth rate (VAT registrations) of firms in Peterborough is also relatively high compared with both the East of England region and the nation. However VAT de-registrations are also relatively high. Small high-technology companies also make an important contribution to innovation. Peterborough is significantly below average in terms of the share of employment for which they account. Raising innovation rates in SMEs improves their competitiveness through new products/services and by raising productivity through process innovations.

Issues	Actions
There is a perceived lack of coordination between the variety of business support initiatives for new start-ups and a minority of SMEs do not seek advice	Undertake a thorough review of business support structures and services Establish a coordinated and adaptable business support structure to cater for the needs of SMEs in a simplified way
Many new start-ups demand high quality incubator space in attractive surroundings and providing easy access to a range of business support services	Increase the provision of premises suitable for new start-ups and improve access to business services Ensure adequate provision of suitable premises for high-technology SMEs through dedicated innovation centres and business parks
Social enterprises are making an important contribution to enterprise activity that meets social needs	Encourage and support the social enterprise sector
VAT deregistrations of SMEs are relatively high in Peterborough	Raise the participation rate of SMEs seeking business advice at different stages in their life cycle Raise the quality of business advice and support at all stages in the birth, growth and development of the firm Strengthen entrepreneurship courses in schools and further education colleges Promote management development programmes to SMEs based in the region Encourage greater networking and collaboration by SMEs Develop the range of services available to businesses
Low innovation rates of SMEs	Raise the awareness of SMEs to the potential benefits of developing an innovative culture Use Innovation Centres to provide advice on innovation and business development and to raise participation in seeking such advice Encourage participation in the Peterborough Innovation Network Establish innovation incentive schemes

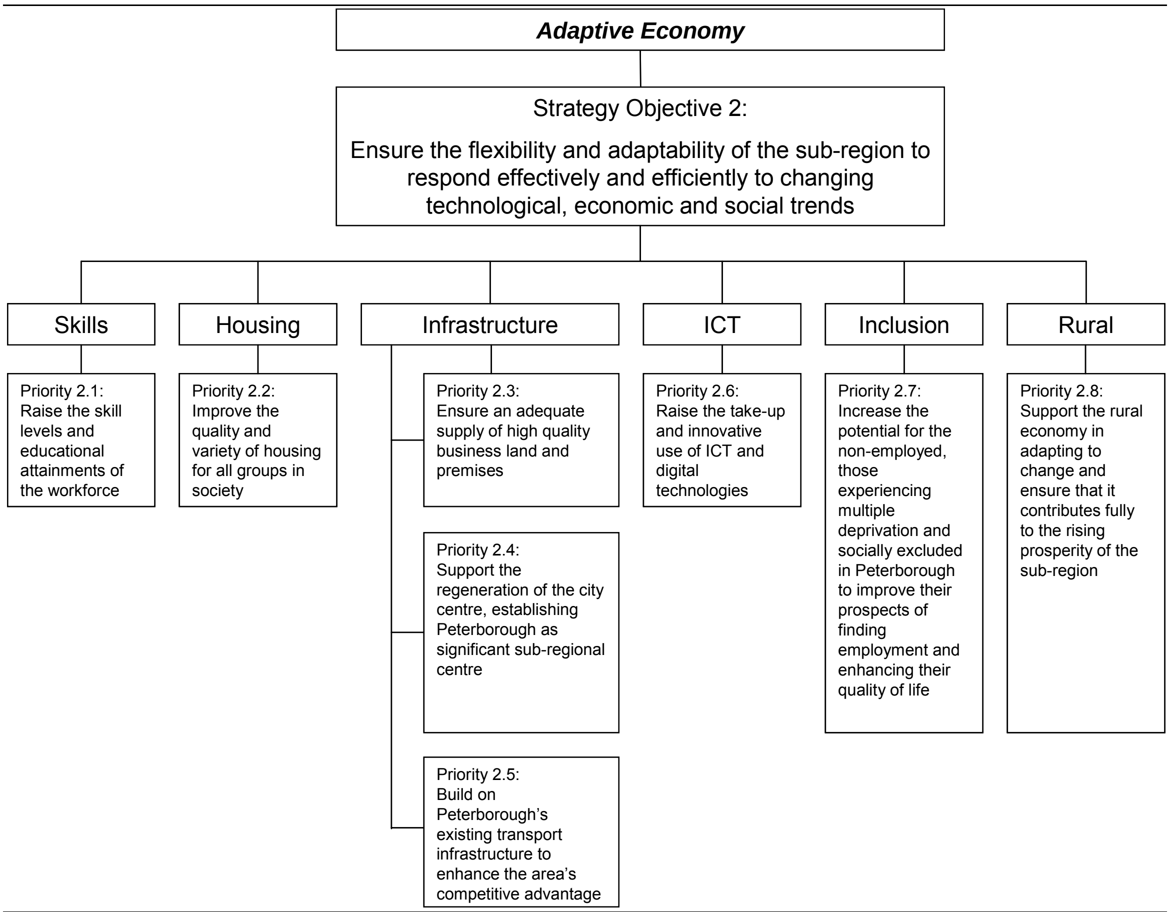
Priority 1.5 Increase the proportion of high-technology firms in the sub-region

1.3.13 The high technology sector tends to employ a relatively high proportion of professional and technical workers which is an important driver of innovative activity in attracting high-technology inward investment and raising innovative capability. Peterborough has a relatively small high-technology sector by comparison with Cambridgeshire, the East of England region and Great Britain. The small scale of Peterborough's high-technology sector is reflected in the relatively low proportion of professional and technical employees working in the sub-region. There is therefore a need to encourage the growth of the high-technology sector in the sub-region through support for technology-based new start-ups and through the attraction of high-technology firms from outside the sub-region. Innovation centres, incubators and the provision of facilities in supporting the birth and growth of high-technology firms provide an important focus for the development of the sector and the attraction of inward investment.

Issues	Actions
The Peterborough sub-region has a relatively small high-technology sector	Identify and address unmet business development needs of Peterborough's existing high-technology clusters that have potential for growth and development (Environmental technologies and Advanced Engineering) Attract high-technology inward investment
Lack of HE anchor around which high-technology firms might cluster	Exploit the opportunities provided by the new University Centre to create a business proposition attractive to high-technology firms
Lack of sufficient suitable premises to house new high-technology start-ups and subsequent expansion	Provide more space suitable for high-technology start-ups and inward investment

Strategic objective 2: Ensure the flexibility and adaptability of the sub-region to respond effectively and efficiently to changing technological, economic and social trends

Figure 1.3 Strategic Objective 2 and its priorities



PACEC analysis

1.3.14 A successful Peterborough economy must be sufficiently adaptable and flexible to respond effectively and efficiently to changing economic, social and technological trends, the majority of which come from outside the sub-region. Thus the Peterborough sub-regional economy is not only subject to external shocks and changes owing to its close integration into the economies of the East of England region and wider UK, it is also subject to changes and shocks emanating from the EU and global economy. Social impacts arising from demographic changes including migration and an ageing population cannot be ignored if increases in prosperity are to continue to be enjoyed by all groups in society. Technology is changing the means by which businesses and the public sector produce and distribute their products and services. Increasing awareness of the threats and opportunities raised by environmental issues and climate trends are also obliging both business and public sector organisations to review their practices to achieve a more efficient use of resources such as energy, water and raw materials. Supporting the need to adapt and ensuring flexibility of response to these changes is therefore a key requirement and challenge confronting the sub-region in the period to 2031.

Priority 2.1 Raise the skill levels and educational attainments of the workforce

1.3.15 A key requirement in meeting the need for a flexible and adaptive economy is a skills base responsive to the rapidly changing needs of business as the pattern of demand changes and as technology changes production and distribution processes for manufacturing and services. Major shifts in the skills demanded by industry and the public sector will be required to support future growth of the Peterborough economy, and changes in its industrial structure. Moreover, if Peterborough is to succeed in restructuring its economy towards more high value-added activities the demand for skills at the intermediate and higher level will increase significantly. The upgrading of skills of those in the workforce and the integration of the unemployed and other groups of non-employed with the potential to find employment will be essential if skill and labour supply constraints are not to limit the growth of the sub-regional economy and/or give rise to unacceptable net inward commuting. Although the Peterborough economy has low unemployment and a number of positive features, skill levels and educational achievements are relatively low compared with the East of England region and nationally. In particular, the proportion of the workforce in the professional and technical occupations is relatively low and Peterborough has a higher proportion than average of population with no qualifications and a much lower proportion of the population with degree level or equivalent qualifications. This constrains economic development, prevents some people from fulfilling their potential and contributes to a low wage, relatively low skill economy. For Peterborough to become a high-skilled, high wage economy and for businesses to improve their competitiveness and productivity the workforce must be responsive to the needs of businesses and businesses must share the responsibility of skills upgrading with the educational sector. There have been some developments to date which have aided this, such as the Thomas Deacon Academy, a school set up by the Government Academies Programme and sponsored jointly by Perkins Engines and the Deacon's School Trust, and the new University Centre Peterborough which has been established.

Issues	Actions
The resident workforce in the Peterborough sub-region is less skilled than that of the East of England region and the UK.	Increase the numbers in the workforce undertaking training and securing qualifications of value to firms in meeting their skill requirements.
Skills provision must match the changing labour requirements of business and the public sector both in terms of the level of skills and their quantity	Increase the proportion of the workforce with Level 2+
Limited training by firms leading to a recognised qualification on the part of employees	Collaborate with firms on their training and skills upgrading and develop a culture which recognises the benefits of continuous skills development. Measures to include employer – led FE and vocational training to support innovation and a citywide partnership programme to provide training facilities
A relatively low proportion of school leavers have 5 GCSEs A*-C passes which limits their opportunities and their potential for further education and/or training	Tackle the issue of low educational achievement at school level and increase the numbers progressing into higher and further education
Relatively low activity rates of lone parent families	Introduce measures to raise the activity rates of lone parent families
Increasing migrant population in the Peterborough workforce	Provide support for the New Link migrant worker reception centre and aim to integrate higher skilled migrant workers in to the Peterborough workforce Establish a migrant worker brokerage scheme to be developed as an employer-engagement intervention with the Greater Cambridge Partnership
Limited provision of Higher Education and Further Education facilities in the Peterborough sub-region	Grow and develop the current initiative to provide a new HE Institution and work with the College to provide graduates with skills that will meet the needs of employers and emerging skills shortages. Raise the aspirations of school leavers, particularly young people living in disadvantaged communities to enter Further and Higher Education Create a construction workshop and catering training unit that will make a durable contribution to skills provision in Peterborough
Raise the management skills of business	Promote management development programmes to companies based across the sub-region

Priority 2.2 Improve the quality and variety of housing for all groups in society

1.3.16 The Regional Spatial Strategy requires the construction of 25,000 new homes in Peterborough to meet the needs of population growth to over 200,000 by 2021. Maintaining the quality of the housing stock, providing a diversity of housing and a mix of tenures to meet the needs and aspirations of a growing population is vitally important for ensuring that Peterborough retains its reputation as an attractive place in which to live and work. Attracting talented and highly qualified people to the sub-region is an important means by which the skills base can be enriched. Success in this respect is greatly facilitated by a housing market able to respond to and meet the needs of incomers to the sub-region.

1.3.17 Not only must the Peterborough housing market support population growth and adapt to changing patterns of housing demand, it must also continue to increase the supply of affordable housing for lone parent households, those on low incomes and those taking their first steps on the housing ladder. The average gross annual salary of Peterborough residents in 2007 was 11.9% below the national average and 16.5% below the average for the East of England region. However, house prices are lower and the average salary multiple is 5.88 in Peterborough compared with 7.53 in the East of England, indicating that housing is relatively more affordable in the sub-region. Moreover, the growth in the number of dwelling spaces has been relatively fast compared with both England and Wales and the East of England region and the stock of vacant dwelling places is also relatively high in the sub-region. Relatively low prices, vacant dwelling spaces and growth of dwelling spaces would suggest a market with excess supply but they may also signal low quality. The Building Research Establishment in 2007 reported that 17% of Peterborough's households may potentially fail the Decent Home Standards[1].

[1] Decent Homes Standard is set by central government and articulated by the Department of Communities and Local Government (http://www.communities.gov.uk/housing/decenthomes).

Issues	Actions
Substantial increases in the future population of Peterborough will require substantial additions to the stock of dwellings. Attracting high quality labour, meeting the housing needs of low income groups and providing for a range of housing preferences requires a flexible and adaptive housing strategy and the provision of a diverse range of dwelling places, dwelling size and quality and tenure.	Working through the Peterborough Housing Strategy, ensure a responsive and flexible approach to meeting a diversity of housing needs and preferences. Provide a balanced mix of housing ranging from high quality executive homes, homes for first time buyers and affordable homes for those on relatively low incomes
The quality and diversity of the housing stock is an important factor influencing the competitiveness of a city in attracting and retaining inward investment and highly skilled and talented workers Perceptions of the quality of life in Peterborough is one important factor influencing a firm's choice of location. In this respect the quality of the housing stock is important and also impacts on the ability of incoming firms to retain those staff asked to move to a new location.	Ensure that the quality of the housing stock enhances Peterborough's reputation as a desirable place to live and work Facilitate a wide choice of dwelling types for incoming households and households changing place of residence
Although currently housing in Peterborough is relatively more affordable than that in many other parts of the East of England region and the UK, rapid growth in the population of all socio-economic groups in the future will require increased provision of affordable housing. Increasing numbers of migrant workers resident in Peterborough are already creating new challenges in the provision of suitable affordable housing. Failure to meet this need may constrain the recruitment of key workers, militate against the development of balanced communities and limit the development of a cohesive community with consequential negative impacts on Peterborough's future economic growth and development	Ensure an adequate provision of affordable housing to meet the needs of key workers on relatively low incomes, lone parents and other low income groups in the community Provide more affordable homes in rural areas
Incoming households often lack the information required to understand their housing options and make a housing choice which best suits their needs and financial circumstances	Ensure adequate provision of advice and information for those entering the Peterborough housing market

Priority 2.3 Ensure an adequate supply of high quality business land and premises

1.3.18 If the Peterborough economy is to successfully adapt to the business needs of knowledge-based firms and support a significant increase in employment opportunities for the planned growth of population, a suitable supply of quality employment land in appropriate locations must be made available. In part, closures and contractions of firms will release some existing land for use by new and growing industries but there is a strong case for concentrating specialised clusters of firms on designated sites. Such concentrations can raise productivity where there are firms with close input-output relationships, where there are benefits to be gained from close collaborative interactions between firms and where there are knowledge spill-overs requiring proximity. Sites should also be selected to support the development of the rural parts of the sub-region and to ensure good accessibility for residents in rural areas.

1.3.19 Firms require different premises through their life cycle of birth, growth and consolidation, different sectors may also have differing premise specifications and incoming firms from other parts of the UK or overseas may also have particular land and premise requirements. The need for more innovation centres and premises suitable for high-technology industry has been signalled above as important if these sectors of the economy are to expand. This suggests that the sub-region must adopt a flexible approach to site designation and the type of premises to be constructed in its attempts to support enterprise and attract inward investment.

Issues	Actions
There is need to ensure an adequate supply of quality employment land and premises to support the anticipated growth of employment in the sub-region including its rural areas	Improve the supply of serviced land for commercial development and tackle the low supply of small and medium size industrial units in the rural parts of the sub-region Encourage sustainable building design
Restructuring of the Peterborough economy towards more knowledge-based sectors must be supported by appropriate designation of employment sites and the type of premises constructed	Increase the supply of employment land suitable for knowledge based firms. Designate sites for development which facilitate the development of clusters of firms that benefit from being in close proximity to each other. Ensure sufficient serviced land is made available for potential incoming firms attracted from other parts of the UK or overseas Improve the quality and attractiveness of existing commercially developed sites to encourage in situ expansion of existing tenants and incoming firms to occupy vacant premises
Limited availability of premises suitable for high-technology start-ups and to house their subsequent expansion	Provide more space suitable for high-technology start-ups and incoming high-technology firms

Priority 2.4 Support the regeneration of the city centre, establishing Peterborough as significant sub-regional centre

1.3.20 If the Peterborough sub-region is to enhance its competitiveness as a place where new and growing industries choose to locate and where a skilled, educated and diverse population seeks to live, it must secure its status as a vibrant and dynamic regional-scale city in the London-Stansted-Cambridge-Peterborough 'growth corridor'. Our evidence shows that Peterborough has moved up the growth league of UK cities in terms of Gross Value Added (GVA) per capita and within the East of England region it is one of the fastest growing centres of economic activity. If this performance is to be sustained Peterborough must regenerate its city centre and build on and exploit its Environment City status. As an Urban Regeneration Company, Opportunity Peterborough is responsible for regenerating the city centre through public-private sector partnership involving investment of £1billion.

Issues	Actions
Peterborough city centre in need of regeneration	Working through Opportunity Peterborough contribute to the regeneration of the city centre in terms of improved built environment, retail offer, residential mix and enhanced leisure and cultural assets
Ensure Peterborough makes its contribution to improved energy efficiency of its physical infrastructure	Build on Peterborough's Environment City status and create zero carbon dwellings Establishment of 'Green Quarter' in the city centre
There is a need to develop Peterborough as major regional scale city and strengthen its links with its wider rural hinterland	Undertake initiatives to strengthen urban/rural links and a balanced development of the city and its hinterland

Priority 2.5 Build on Peterborough's existing transport infrastructure to enhance the area's competitive advantage

1.3.21 Although location close to major road, rail and air communications infrastructure is an important source of Peterborough's competitive advantage, future demographic and economic growth will necessitate continued upgrading of Peterborough's local and inter-regional transport infrastructure. Failure in this respect will damage the efficiency of the Peterborough economy and erode an important competitive advantage. Improved transport links will also be required if Peterborough is to fulfil its role and make its contribution to the region's growth ambitions in its location at the northern end of the London-Stansted-Cambridge Peterborough growth corridor. Upgraded transport infrastructure is also important in strengthening Peterborough's links with its rural communities and wider regional hinterland. A high quality transport network will also help in securing more sustainable development, particularly when combined with technological changes and changes in how people and firms use the network.

Issues	Actions
Expansion of the population and continued growth of the Peterborough economy in the period to 2031 will place increasing demands on Peterborough's transport infrastructure	Continued investment in the sub-region's transport infrastructure Support for innovative measures to improve the efficiency in how the transport network is used both in the city and in the sub-region Work with partners to ensure funding support from the Transport Investment Fund for new and improved transport infrastructure Support business initiatives that encourage employees to adopt more sustainable transport choices in their travel-to-work journeys
Transport makes a major contribution to carbon emissions and these are significantly increased by congestion	Encourage changed travel habits by firms and residents to reduce their use of road space Promote the introduction of new technologies that reduce emissions and the environmental impact of travel Support firms in Peterborough's environmental cluster to work on new technologies for minimising the environmental impact of moving freight and people Remove local bottlenecks Improve local provision of alternatives to private car use such as enhanced cycle routes, local transport plans and public transport support
Not all members of the community are able to share in the social and economic benefits provided by the local transport system	Ensure that the transport system meets the needs of all sections of the community including the disadvantaged, those in rural areas and those without cars
Good transport links in the 'growth corridor' with sea ports and with other regions of the UK are important in sustaining Peterborough's locational advantages and in supporting its role as a logistics and distribution hub	Work with regional agencies and transport providers in other regions to ensure that key transport links of importance to the Peterborough economy do not become overloaded and congested

Priority 2.6 Raise the take-up and innovative use of ICT and digital technologies

1.3.22 Developments in ICT are a major source of productivity gains for businesses and the public sector, an important driver of new products and production processes and they are underpinning new ways of delivering public and private services to businesses, households and other groups in the community. Whilst the use of ICT and digital technologies is pervasive there is a need to encourage greater use of ICT and more innovative ways of exploiting its potential, particularly by SMEs and those living in the more rural parts of the sub-region and disadvantaged communities where ICT may increase accessibility to essential services and support e-learning.

Issues	Actions
Unexploited and potentially beneficial opportunities in the use of ICT by many organisations and households	Raise awareness on the part of households, business and other organisations of the potential benefits that can be secured from more fully exploiting the widening opportunities offered by ICT. For example -alert employees and employers to opportunities for more home working -alert those with limited educational qualifications to e-learning opportunities -encourage businesses to raise their competitiveness through greater exploitation of ICT in activities such as procurement, marketing and supply chain management -ensure Peterborough's public sector has fully exploited the potential efficiency gains to be secured from effective use of ICT Improve the skills and ability of people to make effective use of ICT through training and e-learning
Under-utilisation of ICT by those living in the more rural parts of the sub-region and the relatively disadvantaged	Support those living and working in rural communities to better exploit the opportunities afforded by ICT to meet those needs arising from a rural location Encourage and support the disadvantaged to use ICT to improve their access to essential services

Priority 2.7 Increase the potential for the non-employed, those experiencing multiple deprivation and socially excluded in Peterborough to improve their prospects of finding employment and enhancing their quality of life

1.3.23 The unemployed and those in the working age groups on incapacity benefit have relatively low incomes and unrealised economic and social potential compared with those in employment. They are also an underutilised labour resource that potentially can be brought into effective use to raise GVA per capita in the sub region and contribute to higher levels of economic prosperity in the East of England region and nationally. Long periods of unemployment and incapacity are also often associated with social exclusion and multiple deprivation, which typically combines poor health, low quality housing and family dysfunction. A community with high levels of unemployed and socially excluded will be divisive and will weaken economic development and growth.

1.3.24 The evidence on the scale of unemployment in Peterborough is not clear cut but both the benefit claimant count and the International Labour Organization (ILO) measure suggest a relatively high rate (between 3 and 5%) compared with Cambridgeshire and the East of England. 6.8% of the population of working age are on incapacity benefit indicating a combined unemployment-incapacity number of about 10,000. Young persons between the ages of 18 and 24 are most likely to be unemployed and

BME communities also experience relatively high rates of unemployment. Evidence from the Index of Multiple Deprivation also points to relatively high rates of multiple deprivation in certain Super Output Areas (SOAs) in Peterborough compared with Cambridgeshire and the East of England region. 40% of lone parents are on income support

1.3.25 Investing in Communities is an important programme designed to address these problems of non-employment and multiple deprivation by focusing on education and skills, employability and the promotion of enterprise and investment within target communities. The IiC Programme coordinates activities with the Peterborough LAA which in turn coordinates local service delivery through partnership led activity.

Issues	Actions
Relatively high rates of unemployment and incapacity. Unemployed and those on incapacity benefit, which together account for some 10,000 people, are an important source of economic and social disadvantage and a potential labour resource	Working through the Investing in Communities programme, to introduce measures to bring the non-employed into active employment by interventions to (a) raise skill levels, education and training. Such actions to include: -employer led FE and vocational training for the young -enhanced Learning Communities programme (b) create pathways to sustainable employability and employment -assisting those in receipt of incapacity benefit through demonstrator activity through 'Pathways to Employment' -investment in Well-Being Centre to support and empower those where physical, mental, education well-being is a barrier to employment. -support for New Link migrant worker reception centre (c) Encourage entrepreneurship Continue targeted delivery of the BizzFizz model to encourage and enable entrepreneurial activity Increased support for social enterprise, self employment and new start-ups through provision of incubator space Develop a neighbourhood investment plan
Multiple deprivation and social exclusion in selected areas of Peterborough with lone parents, migrant workers, BME groups, young people not in education, employment and training and the inactive most at risk of, or experiencing, deprivation	Provide support to enable people in disadvantaged communities to access employment, education and training through affordable child care provision and transport (particularly for disadvantaged groups in rural areas) Provide improved access to essential services such that they are easily accessible to the socially excluded regardless of where they live Support for social enterprises

Priority 2.8 Support the rural economy in adapting to change and ensure that it contributes fully to the rising prosperity of the sub-region

1.3.26 The rural economy is currently being buffeted by many supply-side shocks which will impact its competitiveness, both regionally and internationally. It must become flexible and agile enough to respond effectively to these in order to contribute fully to the rising prosperity of the sub-region. Technological change is altering the processes used by the agricultural and farming sectors of the rural economy. To remain competitive, the rural economy will have to be able to host these new technologies and innovate in processes.

1.3.27 In addition to technological shocks, the rural economy faces changing import prices due to rising oil costs, fluctuations in the sterling exchange rate, improvements in the efficiencies and quality of production systems in the EU accession states and the growth in labour prices in developing countries. Input prices are also rising. For example, the world costs of wheat and barley rose by 36% between October 2005 and October 2006. This will make the cost of production increase, reducing export competitiveness.

1.3.28 The average age of farmers in the rural economy is also rising, suggesting that farming will tend towards fewer, more efficient farms with a greater use of contract labour. This will impact positively on the production levels of farms.

1.3.29 Major policy shifts in the UK and EU, such as the reform of the European Union Common Agricultural Policy (CAP), animal welfare regulations, food hygiene and transport policies, international tariffs, health and safety regulations and environmental regulations will all impact on the rural economy. Some policy shifts such as meeting environmental regulations will reduce the profit margins in the rural economy while others may increase the export potential by opening up foreign markets to British goods.

1.3.30 Climate change will potentially play a large role in the development of the rural economy in the Peterborough sub-region. It is crucial that producers become agile enough to adapt to climate change-related shocks. Climate change may cause hotter, drier summers and warmer, wetter winters which will make conditions worse for the agricultural and farming sectors, compounded by higher levels of storms and flooding. The changing climate will alter the composition of products that the Peterborough sub-region can offer which will present both opportunities and threats.

1.3.31 In addition to the supply-side shocks outlined above, the rural economy faces a number of demand-side shocks. Changing consumer preference for food, for example the trend towards locally produced products, will provide both opportunities for the rural economy in Peterborough as it can capture a larger share of its local market, and threats, due to likely falls in its market shares in other regions. In addition, a growing world population will increase global demand for food which will present export opportunities.

1.3.32 Key attributes of the rural economy in the Peterborough sub-region are[2]:

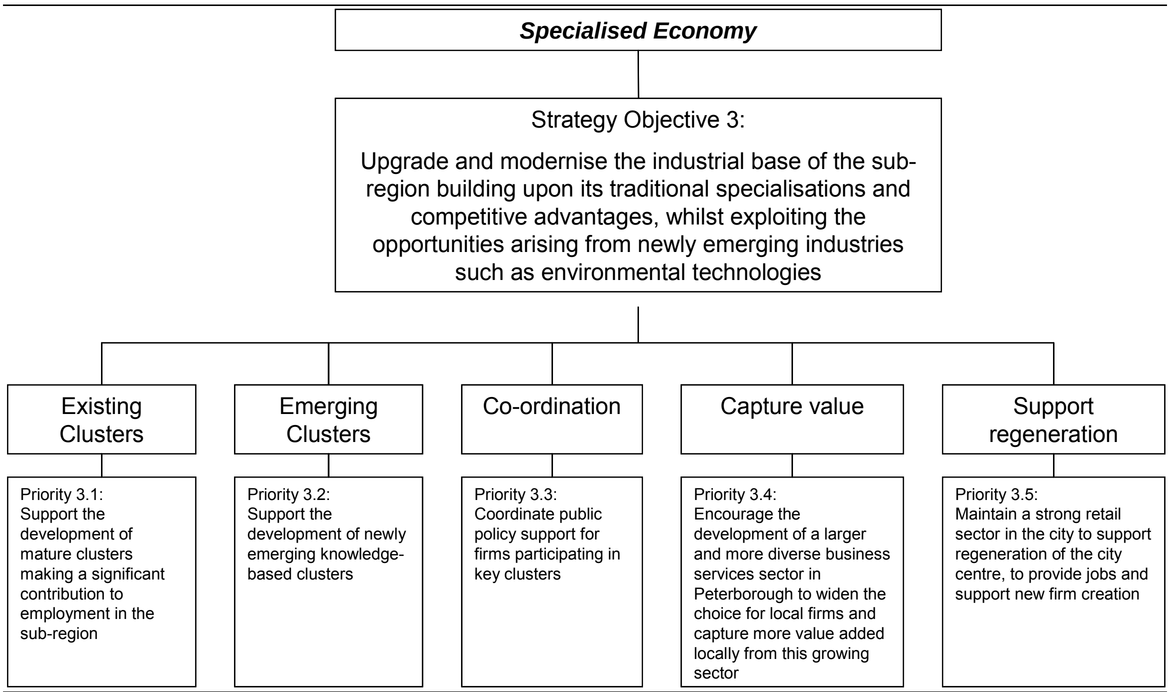
- Rural areas have small economies where the employment is dominated by the public sector;
- Rural areas to the east of the district are generally poor while those to the west are more affluent. There is a current lack of affordable housing in the affluent rural villages;
- Foods produced in the rural areas are not consumed locally;
- Rural villages lack ethnic minority communities;
- Urban and rural areas are not well linked and have distinct identities.

Issues	Actions
The rural economy in the Peterborough sub-region is being marginalised and must integrate with the rest of the sub-region's economy in order to fully benefit from rising prosperity.	Design initiatives for the rural community to benefit from the accelerating growth of population and income in the Peterborough sub-region Integrate more into the food processing and production cluster Provide suitable sites and premises to encourage new firms and SMEs to locate in the rural areas of the sub-region Improve access to new employment opportunities in the sub-region Retain and develop local amenities to encourage the retention of population
Declining profit margins in agriculture-based firms mean that companies must innovate in both products and processes to remain competitive	Raise the efficiency of companies in the rural economy through the application of innovative processes and new production technologies Encourage closer collaboration in the food processing and production cluster to facilitate innovation
Increasing competition is putting pressure on traditional agricultural activities. Companies need to diversify into non-agricultural goods and services such as tourism or education, and add value to existing products.	Promote diversification of farming and agricultural-based activities Support moves into higher value added products
Environmental awareness influencing consumers' demand for local products.	Develop local farm markets serving local restaurants
Policy shifts in the UK and EU are opening new export markets for agricultural products.	Support the development of new export markets in high quality products
Labour requirements of the agricultural sector are changing in the face of technological advances, requiring higher skills levels	Raise the skills level of the rural workforce and reduce the number of people on benefits by improving their competitiveness in the labour market

[2] Summarised from Peterborough City Council "Peterborough Integrated Growth Study: Stakeholder and Public Consultation Report – Issues Stage"

Strategic objective 3: Upgrade and modernise the industrial base of the sub-region building upon its traditional specialisations and competitive advantages, whilst exploiting the opportunities arising from newly emerging industries such as environmental technologies

Figure 1.4 Strategic Objective 3 and its priorities



PACEC analysis

1.3.33 Although Peterborough has achieved a relatively good economic performance in recent decades, there have been marked differences in the performance of its different industries and key industrial clusters. As in the case of the UK, Peterborough has experienced a long decline in its manufacturing sector and a growth in its public and private services sectors. Manufacturing industry employment has declined from just under 20,000 jobs in 1979 to 12,000 jobs in 2006 and by contrast employment in Business Services[3] over the same period has risen from about 6,500 jobs to 29,200. Employment in the mainly public sector has risen by about 13,700 and has been a major source of new job opportunities over the past decade. With the expected rapid growth in population in the sub-region, and the possible continued response to the Lyons Review recommendations, this will continue to be a major source of employment growth and increased demand for a wide range of skills in the long run. These trends have resulted in significant changes in the industrial structure of the Peterborough economy with some key sectors and industrial clusters diminishing in size and new sectors and clusters emerging. Although the manufacturing sector has declined, Peterborough retains a smaller but

[3] Business services was assumed to include the following UK SIC Codes: 70 (real estate activities), 71 (renting of machinery and equipment without operator and of personal and household goods), 72 (computer and related activities), 73 (research and development), 74 (other business activities)

nevertheless relatively high concentration of mechanical engineering activity. This engineering cluster, which owes its origins to early railroad developments and the machinery needs of the agricultural sector, consists of large firms such as Perkins Engines and a diverse range of small and medium size firms in industries such as equipment manufacturing, metal manufacturing and electrical engineering. Employment in Peterborough's food processing and food manufacturing industry has also declined since the mid 1990s but a significant cluster of related industries remains, including specialised machinery, packaging, storage and distribution.

1.3.34 In contrast to these clusters in decline or experiencing relatively slow growth, other clusters are creating new job opportunities. Peterborough boasts an emerging and broadly based cluster focusing on environmental technologies consisting of an estimated 340 companies engaged in activities such as emissions control, water management and treatment and the management of energy resources. With good access to road, rail, air and port connections Peterborough has also become an attractive location for companies with large scale wholesaling, distribution and warehousing requirements. A logistics cluster consisting of a wide mix of firms engaged in the packaging, storage and warehousing of goods and their movement across different modes of transport has become an important feature of the sub-region's industrial landscape. The ProLogis Kingston Park is now a focal point for a major logistics cluster.

1.3.35 Although Peterborough contains clusters of selected business services, including certain financial services and travel agents, the sub-region has not emerged as a major business services location in recent decades, when nationally this sector has experienced rapid growth of employment. The evidence would also suggest a lack of choice in business services being provided by firms in the sub-region. A narrowly-based business services sector will limit the attractiveness of Peterborough to potential incoming firms and also weaken its attractiveness to professionals and those with relatively high level qualifications who perceive the sector as providing interesting and rewarding career opportunities.

Priority 3.1 Support the development of mature clusters making a significant contribution to employment in the sub-region

1.3.36 Industrial clusters reflect existing or past locational advantages that raise the competitiveness and productivity of firms and other organisations in the cluster. Clustering provides efficient access to specialised inputs and skilled labour pools, access to knowledge, information and know-how, links and interactions with institutions and public sector organisations relevant to the cluster. It also benefits innovation and facilitates diffusion of innovations and collective learning on the part of cluster participants. For these reasons industrial clusters are seen as important for the future growth and development of the Peterborough economy. However, it is clear from the evidence that a number of Peterborough's traditional clusters based around selected industries in the manufacturing sector such as mechanical engineering and food production and processing are releasing labour (although many firms within these clusters are performing well). In part this may reflect increasing productivity but it may also reflect diminishing market share. Other mature clusters such as the logistics cluster are experiencing a growth of employment and output and there is a case for supporting them not only to maintain a diverse portfolio of clusters in Peterborough but also to create new job opportunities across a wide range of skills.

Issues	Actions
Some of Peterborough's more mature and traditional clusters are in decline and releasing labour but nevertheless continue to make an important contribution to the economy particularly in terms of employment and jobs for the less skilled	Conduct thorough analysis to identify potential for regenerating declining clusters such as engineering and food processing and manufacture Secure buy-in from all cluster stakeholders, establish cluster support teams, develop cluster strategy and identify collaborative actions Develop public/private sector initiatives to support firms in declining clusters by ensuring that constraints to growth and business development are minimised and competitiveness in domestic and export markets is increased. Such initiatives include upgrading the skills of the workforce through cluster skills centres, cluster-based networks, support for cluster specific enterprise and entrepreneurship development. Work with EEDA's rural affairs and food strategy, the Regional College and Food East and build on Peterborough's strength as regional and national logistics hub.
Facilitate the anticipated growth of the logistics/distribution cluster	Ensure sufficient land is made available in sites suitable for expansion of environmentally sound premises for logistics and distribution activities

Priority 3.2 Support the development of newly emerging knowledge-based clusters

1.3.37 An important challenge for the Peterborough economy is to extend its portfolio of clusters to include clusters of knowledge based firms. A knowledge-based cluster is an innovative, interacting group of firms and other local organisations that gain competitive advantage from creating and diffusing knowledge amongst themselves. As discussed above, the Peterborough economy lacks many of the assets for levering the development of high-technology and knowledge-based industries. In particular it lacks a strong local research infrastructure which local firms can interact with and exploit in the development of new products and services. The environmental technologies cluster is therefore an important development for Peterborough's cluster strategy.

Issues	Actions
Although all clusters share some business development needs, emerging and embryonic knowledge-based clusters such as the Environmental Technologies cluster have needs which differ from those of more mature clusters	Establish cluster specific locations or sites to encourage knowledge sharing and diffusion Encourage links and networking with other similar or complementary knowledge-based clusters Support cluster-based entrepreneurial activity by attracting similar firms to business incubators and establish cluster expertise at small business advice centres Market newly emerging clusters and support the building of cluster markets Continue to develop the Encluster initiative

Priority 3.3 Coordinate public policy support for firms participating in key clusters

1.3.38 Firms in clusters benefit from interactions with other firms in the cluster and from knowledge spillovers and easy access to complementary assets in skills, technology and information. Although clusters secure these benefits for firms, individual firms tend to under-invest in cluster development because benefits flow to others. Public policy intervention is therefore required. However, public sector support for clusters tends to be focused on individual firms rather than the cluster and in the case of Peterborough is fragmented across a range of different organisations and institutions.

Issues	Actions
Fragmented provision of government-supported services to clusters	Using cross-cutting inter-agency teams to refocus government services to support the collective and interdependent needs of the cluster rather than individual firms' needs. Cluster initiatives organise the policy response and are not a new policy Organise data by cluster and focus on cluster analysis as well as sector analysis

Priority 3.4 Encourage the development of a larger and more diverse business services sector in Peterborough to widen the choice for local firms and capture more value added locally from this growing sector

1.3.39 The UK business services sector has grown rapidly in recent decades and remains a major source of new job opportunities across a wide range of skills and capabilities. Peterborough has also gained jobs in the business services sector and although growth has been adequate there is evidence of a lack of choice for businesses outsourcing their business service needs (Shared Intelligence, 2005: Peterborough Pathways to Prosperity).

Issues	Actions
Limited choice in the local availability of selected business services	Assess the nature and scale of the shortfall in the range and quality of business services on offer by local firms. Ensure increased availability of new office space. Attract new business service firms into the sub-region

Priority 3.5 Maintain a strong retail sector in the city to support regeneration of the city centre, to provide jobs and support new firm creation

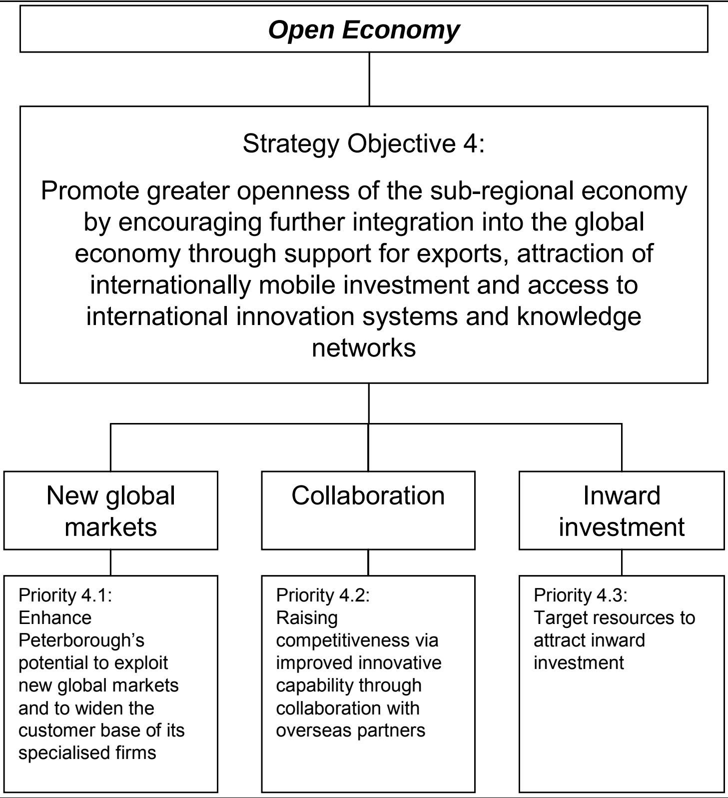
1.3.40 A strong retail sector is an important driver of city centre regeneration, a major source of employment and a stimulus for new firm creation. It is also very important for the quality of life of the residents and for attracting people and firms to the area. Peterborough is home to a major retailing centre serving a large catchment area of over half a million people (Shared Intelligence, 2005). However, a study by TBR Economics in 2004[4] showed that while the city performs well in offering non-specialist retail, compared to both Cambridge and London its offer of smaller, specialist retail services is limited. In a separate study by DTZ for Peterborough City Council in February 2004, evidence was provided showing that the city centre's market share of shoppers and spend has declined since 1999 probably owing to increasing competition from other retail centres in the East of England region and East Midlands.

Issues	Actions
Intensifying competition from other regional centres in the East of England and Midlands regions Relatively high rents Limited number of restaurants providing outlets for local food producers	Working with Opportunity Peterborough upgrade and regenerate the city centre Increase the supply of zone A space Support the opening of new restaurants in the city and encourage local sourcing

[4] Quoted in Shared Intelligence (2005)

Strategic priority 4: Promote greater openness of the sub-regional economy by encouraging further integration into the global economy through support for exports, attraction of internationally mobile investment and access to international innovation systems and knowledge networks

Figure 1.5 Strategic Objective 4 and its priorities



PACEC analysis

1.3.41 Increasing cross border integration of production and trade, increasing international mobility of capital and labour, and increased cross border knowledge flows are exposing both large firms and SMEs in all parts of the world to new opportunities and challenges. Although competitive pressures have intensified, new opportunities have emerged with the opening up of hitherto protected markets. Global brand leaders are offshoring and outsourcing to contract manufacturers and specialised component and service suppliers providing new markets for SMEs specialising in particular niches and segments of global value chains. More open markets combined with faster and cheaper transport and communications are therefore opening up new opportunities for Peterborough firms.

1.3.42 Innovation in today's world is also a globally distributed activity in which firms collaborate across national boundaries. Firms are moving away from reliance on internal R&D and instead becoming more 'open' in their innovation, partnering with small and large companies, universities and research institutes located in different regions and countries. Despite the global reach of large firms increasing emphasis is being given to regional level collaboration in the process of innovation. It is therefore very important that firms are able to attract and absorb external knowledge, information and ideas. Collaboration, alliances and ventures with partners both inter-regionally and internationally are key drivers of innovation and competitiveness in today's economy.

1.3.43 Sub-regional economies are also becoming more integrated in their nation's regions and in other regions across the EU. The EU Single Market Programme with its aim of removing all barriers to trade and the movements of capital and labour is not only transforming the competitive position of nations but also regions in the EU.

1.3.44 Attracting foreign direct investment and international talent is also important for raising prosperity in Peterborough. It potentially brings to Peterborough not only jobs but also a new stock of innovative processes, skills and management practices that can help stimulate the sub-regional economy and its local supply chains and clusters. It can also provide access to crucial overseas markets.

1.3.45 The implication of these shifts is that Peterborough must support a broader culture of openness and collaboration involving interactions and strategic alliances with organisations and companies in other regions and countries whilst seeking to attract inward investment. However, the sub-region faces increasing competition from other regions and sub-regions for mobile investment and mobile highly skilled labour. Firms have fewer and fewer constraints on where they locate and individuals on where they choose to live.

Priority 4.1 Enhance Peterborough's potential to exploit new global markets and to widen the customer base of its specialised firms.

1.3.46 Globalisation is opening up new opportunities for Peterborough firms to access new customers and widen their customer base. It is also allowing large firms to source more widely and to recast their supply networks. Increased outsourcing of a widening range of functions traditionally carried out inside firms is providing new markets for computer services, advertising, product design and internal administrative computer services. Taking advantage of these opportunities is important because exports are a major driver of growth for the Peterborough economy.

Issues	Actions
Exploiting and competing successfully in the new export markets generated by increasing outsourcing and economic integration	Support the development of strategic partnerships and entry into the supply network of major overseas companies engaged in outsourcing services in which Peterborough specialises Support the provision of training, premises and other facilities targeted on entrepreneurs and companies with strong potential for growing export markets Improve access to overseas markets by supporting companies in raising their export market intelligence and improving their understanding of local conditions and product/service preferences Raising awareness of Peterborough's specialisms and key clusters in overseas markets for example through support for participation by Peterborough companies in overseas trade fairs Support for participating in global networks (e.g. overseas trade shows, global trade associations, linking with overseas collaborators etc.)

Priority 4.2 Raising competitiveness via improved innovative capability through collaboration with overseas partners

1.3.47 The need to participate in innovation networks and to engage in collaborative R&D to raise innovative capability is a recurring issue confronting regions and sub-regions seeking to enhance their competitive position in the global economy. It is clear that SMEs can develop innovative products and provide complementary specialisms to larger companies through joint ventures and collaborative alliances. Large multinationals are also able to fund the development of prototypes and their trialling.

Issues	Actions
Innovation is increasingly a collaborative activity involving firms and research institutions in other countries	Encourage and support a culture of 'open innovation' and business engagement with companies and research institutions able to facilitate entry into global networks with opportunities for collaborative innovation

Priority 4.3 Target resources to attract inward investment

1.3.48 Increasing the rate of inward investment is an important mechanism for enhancing the openness of the Peterborough economy and restructuring it towards more knowledge-based activities. Co-location of Peterborough firms with overseas investment also promotes formal and informal interaction. In particular Peterborough's clusters provide an incentive for inward investment to gain competitive advantage by entering the cluster and benefiting from co-location.

Peterborough's strategic location is also attractive for inward investors seeking to locate in a major distribution and logistics hub. However, although within a short drive time of the high-technology clusters located in Cambridge, Peterborough has not proved an important location for incoming high-technology firms to the East of England region.

Issues	Actions
Limited success in attracting inward investment able to support innovation and provide a gateway into global innovation networks	Support Opportunity Peterborough's marketing strategy for inward investment from UK and overseas. Identify and engage with investor development visits to foreign-owned companies with East of England International to stimulate further investment and attraction of more skilled higher value jobs Exploit locational benefits derived from Peterborough's strategic location to attract inward investment to the logistics cluster Ensure that Peterborough offers a competitive business environment for relocating inward investment Provide suitable premises to attract high-technology inward investment Develop and promote the Peterborough image and brand through articulating the unique selling points and developing a coordinated approach to marketing Continue to support and promote Peterborough's status as an Environment City

Appendix A The Structure and Competitiveness of the Peterborough Economy

A1.1 This chapter provides evidence on the structure and competitiveness of the Peterborough economy. The evidence is presented within a framework for understanding the general drivers of prosperity in a sub-region, and is closely aligned with that presented in the East of England Regional Economy Strategy (RES). For each of the key indicators on the economy, Peterborough is positioned relative to different comparators including Cambridgeshire, East of England and Great Britain as a whole. This evidence base will highlight the key issues and challenges facing Peterborough in raising its prosperity.

A2 Prosperity : GVA per capita

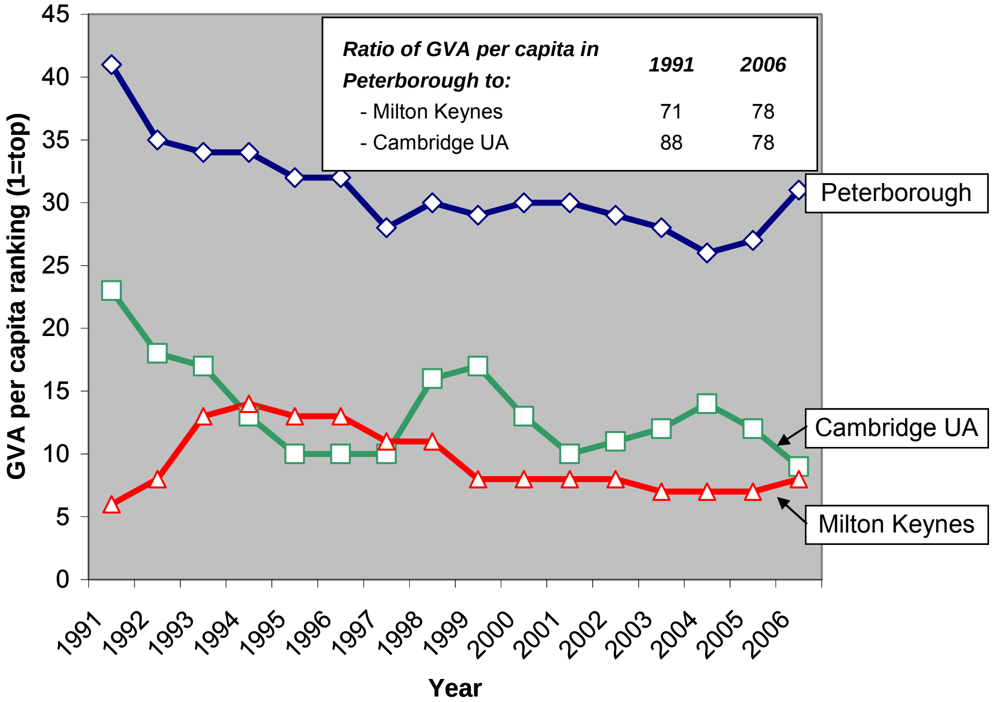
A2.1 By GVA per capita, Peterborough ranks 31st of the 106 cities in Great Britain in 2006, improving from 41st in 1991 (Table A2.1) and has a higher average GVA per capita than both the East of England and Great Britain as a whole. However, it remains well below the GVA per capita for the Cambridge Urban Area, which ranks 9th, and just below the average for Cambridgeshire. In addition, while Cambridgeshire increased its ranking by 32 places, Peterborough increased more slowly, rising only 10 positions in the ranking over the same period.

Table A2.1 Prosperity of the top 12 cities in the UK and Peterborough (1991, 2006)

	Prosperity (GVA per capita (£k/capita)				Rank		
Area	**1991**	**2006**	**Change**		**1991**	**2006**	**Change**
Aberdeen City	36.1	50.4	14.3		1	1	0
Welwyn Hatfield	23.8	31.6	7.9		2	2	0
Slough	19.1	29.7	10.5		8	3	5
Reading/Wokingham	16.5	28.8	12.2		17	4	13
Swindon	22.6	28.5	5.9		3	5	-2
Greater London	19.2	28.1	8.9		7	6	1
Stevenage	18.2	27.0	8.8		11	7	4
Milton Keynes	19.3	26.9	7.6		6	8	-2
Cambridge Urban Area	15.6	26.9	11.3		23	9	14
Exeter	18.3	26.7	8.5		10	10	0
Cambridgeshire	12.5	21.0	8.5		62	30	32
Peterborough	13.8	20.9	7.1		41	31	10
Great Britain	13.4	18.8	5.4		47	44	3
East of England	12.7	17.8	5.0		57	56	1

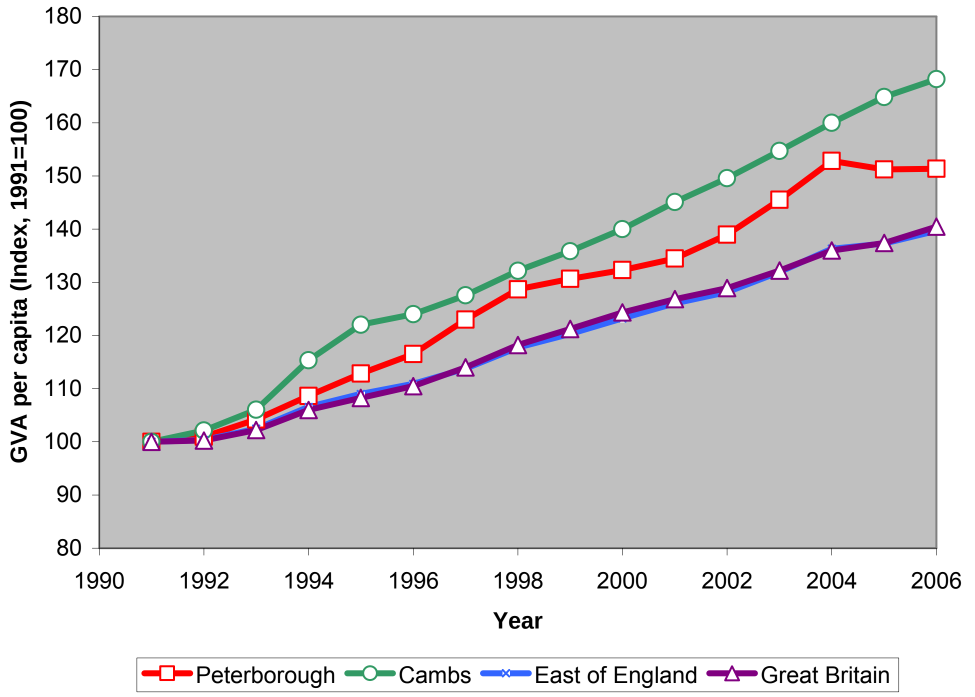
Constant 2005 prices
Source: PACEC LEPS

Figure A2.1 Evolution of the ranking of Peterborough, Milton Keynes and Cambridge UA, in terms of GVA per capita 1991-2006



Note: 1 = top ranking
Source: ONS, PACEC analysis

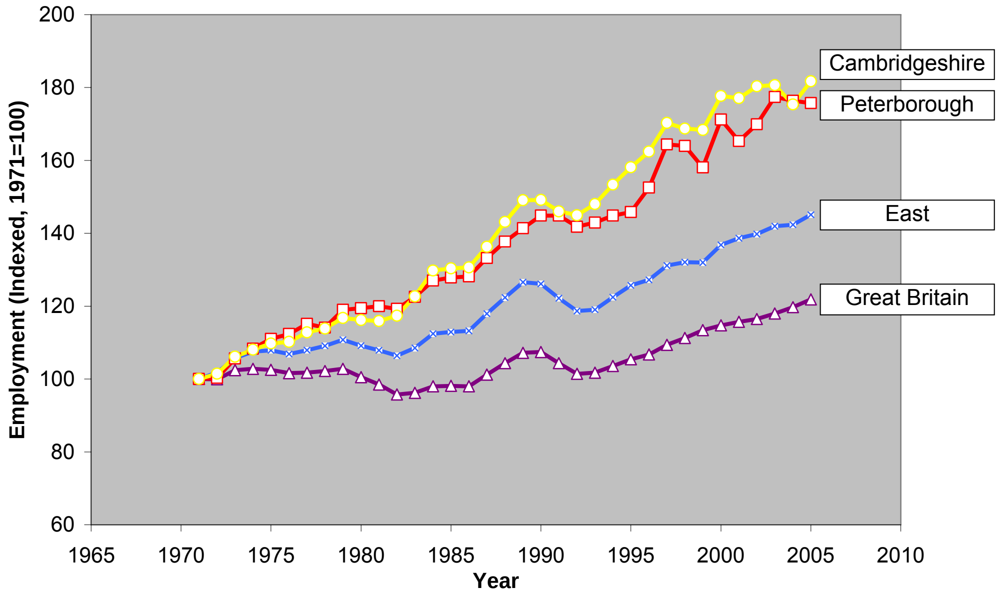
Figure A2.2 Gross value added per capita in Peterborough and its comparators (1991-2006)



Constant 2005 prices
Source: ONS, PACEC analysis

A2.2 GVA per capita has grown rapidly over the period 1991-2006, with Peterborough outperforming the East of England (Figure A2.1), although increasing less than Cambridgeshire.

Figure A2.3 Employment in Peterborough and its comparators 1971-2005



Source: ONS, PACEC analysis

A2.3 In 2005 there were approximately 102,000 jobs in Peterborough. This has grown consistently over much of the period 1971-2005, and has grown at a faster rate than Great Britain as a whole (Figure A2.3).

Table A2.2 Employment rate (%) in Peterborough and its comparators in 2006

	Peterborough	Cambridgeshire	East	Great Britain
Total	74.6	78.4	76.9	74.3
Male	79.4	84.2	82.3	78.5
Female	69.6	72.4	71.3	69.8

The employment rate is the proportion of the working-age population who are in employment
Source: ONS, Annual Population Survey, PACEC analysis

A2.4 The employment rate for Peterborough and its comparators is presented in Table A2.2. The employment rate in Peterborough (74.6%) is approximately equal to the national average (74.3%), although it is lower than that in Cambridgeshire (78.4%) and the East region (76.9%). There is also a clear difference between the male employment rate (79.4%) and the female employment rate (69.6%) in Peterborough.

A2.5 Understanding the drivers of GVA per capita growth is therefore very important. GVA per capita can be thought of consisting of two sub-components: productivity (GVA per employee, GVA/E) and the employment rate (employment per capita, E/P)[5]. This

[5] GVA per capita, GVA/P = GVA/E * E/P)

provides a useful starting point for identifying the main engine of growth for the Peterborough economy.

Table A2.3 The contribution of productivity growth and employment rate growth to prosperity (GVA/capita) growth for Peterborough and its comparators

	1991-2005		
	Change GVA/P (%)	Change GVA/E (%)	Change E/P (%)
Peterborough	**51.2** (100)	**32.3** (63)	**18.9** (37)
Cambridgeshire	**64.9** (100)	**53.4** (82)	**11.4** (18)
East of England	**37.3** (100)	**26.9** (72)	**10.4** (28)
Great Britain	**37.4** (100)	**25.1** (67)	**12.4** (33)

Numbers in brackets represent the share of growth attributable to each component
Constant 2005 prices
Source: PACEC analysis, ONS, ABI

A2.6 It is evident from Table A2.3 that productivity growth contributes most to prosperity growth over the fifteen year period of 1991-2005, during which all areas exhibited a substantial positive growth in prosperity. Gross value added per capita grew by 51.2% in Peterborough, which outstripped both the national rate (37.4%) and that of the East of England (37.3%). However, GVA per capita in Cambridgeshire increased faster than in Peterborough, with its value in 2005 being 64.9% higher than in 1991. On the whole the increase in productivity over the fifteen year period has been the main driving force behind the prosperity growth across the comparators, with approximately two-thirds arising from productivity growth and one-third from employment rate growth. Cambridgeshire has seen a more marked increased in productivity growth compared with the other comparators, likely due to the rise of the high-tech cluster during this period.

A3 An Ideas Economy

The evidence: the ideas economy in Peterborough

Innovation

A3.1 A good revealed measure for innovative activity in an economy is the number of patents obtained. Table A3.1 below outlines the numbers of patents obtained by Peterborough and its comparators in relation to Great Britain for the year 2005.

Table A3.1 Number of patents obtained, stock of VAT registered companies and the patent rate in 2005

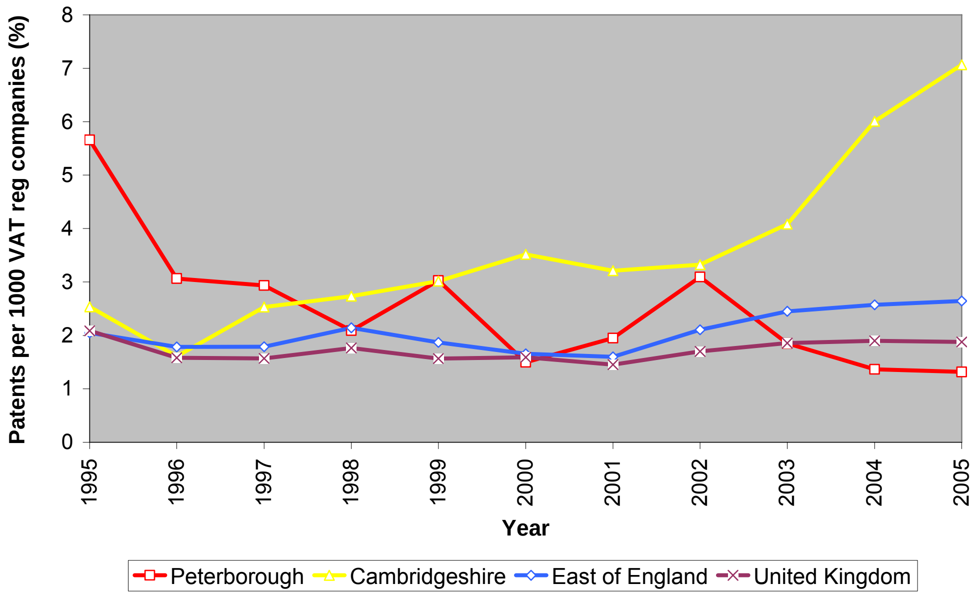
	Peterborough	Cambridgeshire	East	Great Britain
Patents	6	190	510	3,560
Stock of Vat Registered companies	4,480	26,200	188,000	1,790,000
Patent rate (%)	0.13	0.71	0.26	0.19

Source: Patent Office; PACEC analysis

A3.2 It is evident that Cambridgeshire and the East of England region are significantly more innovative than Great Britain as a whole. The patent rate of Cambridgeshire is over three times that of Great Britain, generating 7 patents for every 1000 companies compared with 2 patents for every 1000 companies in the country as a whole. However, it appears that Peterborough languishes far behind both the East of England region and Cambridgeshire, and is below that of Great Britain, generating only approximately 1 patent for every 1000 companies.

A3.3 Figure A3.1 below illustrates the trends in obtaining patents experienced over the period of 1995 to 2005 by Peterborough and its comparators. Peterborough has witnessed an overall decline in the level of patents obtained. This steady decline is sharply contrasted by the rise in the numbers of patents obtained within Cambridgeshire. Cambridgeshire has consistently outperformed both the East of England region and Great Britain over the ten year period. The sharp rise in patent output within Cambridgeshire illustrated below may be a reaction to the impacts of Higher Education Institution third stream funding programmes, enhancing University and business relations and co-operation.

Figure A3.1 Patents obtained in Peterborough and each of the comparators (1995-2005)



Source: Patent Office; PACEC

Enterprise activity

A3.4 Enterprise is the engine of growth in jobs and a generator of income and gross value added. The creation of new firms brings new goods and services to the Peterborough economy, and importantly helps bring new innovations, both in products and process to the sub-region. This helps raise the innovative capacity of the sub-region by bringing new ideas and best practice. It also increases competition in the sub-region which can drive innovation. VAT registration and de-registration data can provide useful proxies for the birth rate and death rate of firms respectively, and hence provide inferences on the survival of firms. However, one must note that low-turnover micro businesses are not obliged to sign onto the VAT register and the proxy, while useful can be limiting in industries populated by micro-firms.

Table A3.2 VAT registrations and deregistration in Peterborough and its comparators in 1996, 2001 and 2006

		Peterborough	Cambridgeshire	East	Great Britain
1996	VAT Registrations	395	1,705	16,100	162,400
	VAT Deregistrations	340	1,480	14,100	146,600
	Stock of VAT registered companies	3,600	18,800	162,700	1,578,100
	VAT Registrations Rate (%)	11.0	9.1	9.9	10.3
	VAT Deregistrations Rate (%)	9.5	7.9	8.7	9.3
2001	VAT Registrations	430	1,770	16,700	166,500
	VAT Deregistrations	340	1,430	14,800	147,700
	Stock of VAT registered companies	4,100	20,500	179,500	1,728,300
	VAT Registrations Rate (%)	10.4	8.6	9.3	9.6
	VAT Deregistrations Rate (%)	8.3	7.0	8.2	8.5
2006	VAT Registrations	480	1,870	17,500	177,800
	VAT Deregistrations	350	1,500	14,000	139,200
	Stock of VAT registered companies	4,700	22,700	196,500	1,892,200
	VAT Registrations Rate (%)	10.1	8.2	8.9	9.4
	VAT Deregistrations Rate (%)	7.4	6.6	7.1	7.4
2001-2006	Growth of Stock of VAT Registered Companies (%)	14.2	10.9	9.5	9.5

Source: ONS, PACEC analysis

A3.5 The birth rate of firms (VAT registrations) in Peterborough and in the comparators is shown in Table A3.2. Peterborough has the highest rate of VAT registrations of the comparators suggesting a high amount of enterprise activity in the sub-region. The growth of such activity is also provided in this table. Between 2001 and 2006, the number of VAT registered firms in Peterborough grew by 14% from approximately 4,100 to 4,700, higher than in any of the comparator areas.

A3.6 However, while the birth rate of companies is high in Peterborough, the area has a higher company death rate than its surrounding areas (although similar to that of Great Britain) Table A3.2. This suggests that support may be needed to help those new companies to survive.

High-technology industries

A3.7 High-technology industries can provide significant external benefits in terms of innovative activity and spillovers into other sectors. In addition, high-tech industries tend to have a higher-skilled workforce which is an important driver of innovative growth in a sub-region.

Table A3.3 Share of employment in high-tech industries in total employment (%)

	Peterborough	Cambridgeshire	East	Great Britain
1998	4.2	17.6	9.6	8.6
2001	3.6	17.6	9.5	8.6
2006	4.8	18.4	9.8	9.4

Note: High-tech industries consist of the following SIC 2003 codes: 11, 22.3, 23, 24.16/17/40/nec, 29.60/nec, 30, 31.1/2/3/61/nec, 32.1/2/3, 33.1-5, 34.1, 34.2/3, 35.11/2/3/43/nec, 40, 41, 60.30, 62.30, 64.20, 72, 73, 74.2/3, 80.30
Source: ABI, PACEC analysis

A3.8 The above table shows that Peterborough has significantly less employment in high-technology sectors compared to all other comparators, half that in Great Britain and the East, and a quarter of that in Cambridgeshire.

A4 An Adaptive Economy

The evidence: the adaptive economy in Peterborough

Skills

A4.1 The skills base of the workforce is a critical driver of success for a regional economy. While the education level of a workforce is a good proxy for the skills base in a sub-region, it does not tell the whole story. The education level (proxied by the qualifications gained) within the sub-region may not necessarily translate into the skills necessary for the jobs that exist. An alternative proxy is the standard occupational breakdown within the sub-region, which provides evidence on the types of jobs (managerial, professional, clerical etc.) that exist. Combining these two proxies can provide powerful insights into the skills level in the sub-region. Important evidence on the quality of the workforce can also be gleaned from the average salary in the sub-region.

A4.2 However, before one begins analysing the different skills levels, it is useful to analyse what is happening to the overall population in Peterborough. A growing population can provide the influx of new skills and innovative ideas to the sub-region. It can also provide the added flexibility and adaptability for the economy by expanding the skills pool from which employers draw their workers.

Table A4.1 Population of working age, growth in the population of working age, total population and the share of the population of working age in the total population

		Peterborough	Cambridgeshire	East	Great Britain
1996	Population of working age	97,800	336,100	3,195,300	34,542,900
	Population - all ages	158,100	530,400	5,232,800	56,502,600
	Population of working age (% of total)	61.9	63.4	61.1	61.1
2001	Population of working age	97,700	351,900	3,296,400	35,395,400
	Population - all ages	157,400	554,700	5,400,500	57,424,200
	Population of working age (% of total)	62.1	63.4	61.0	61.6
2006	Population of working age	102,700	375,200	3,432,300	36,629,500
	Population - all ages	163,300	589,600	5,606,600	58,845,700
	Population of working age (% of total)	62.9	63.6	61.2	62.2
2001-2006	Growth in population of working age (%)	5.1	6.6	4.1	3.5

Source: ONS, Census of Population, PACEC analysis

A4.3 Table A4.1 shows the figures for Peterborough and the comparators for working age groups and for the total population. The total population in Peterborough in 2006 (mid-year ONS estimate) was 163,300 of which 63% were of working age[6]. The proportion of working age is slightly higher compared to the East in general and in line with that for Great Britain. The total population of working age has seen modest growth over the period 2001-2006, higher than for Great Britain as a whole, but lower than for Cambridgeshire.

Table A4.2 Qualifications (% of Population of working age)

	Peterborough	Cambridgeshire	East	England
Population of working age	100.0	100.0	100.0	100.0
NVQ0	15.4	9.9	13.2	14.1
NVQ1	17.0	16.0	16.4	14.7
NVQ2	21.1	18.9	20.2	18.6
NVQ3 (2 A-levels)	17.3	16.5	17.7	17.8
NVQ4/5 (Degree-level and above)	18.7	29.6	24.9	26.3
Other / unknown	10.6	10.2	7.8	8.7

Data given is for the population of working age. Trade Apprenticeships have been split 50/50 between NVQ level 2 and NVQ level 3.
Source: Annual Population Survey 2005; PACEC

[6] Working age has been defined as 16-64 for males and 16-59 for females.

Panel A4.1 Qualification Levels and their Equivalents

- **No qualifications**: No academic; vocational or professional qualifications.
- **Level 1**: 1+ 'O' levels/CSE/GCSE (any grade); NVQ level 1; Foundation GNVQ.
- **Level 2**: 5+ 'O' levels; 5+ CSEs; 5+ GCSEs (grade A - C); School Certificate; 1+ A levels/AS levels; NVQ level 2; Intermediate GNVQ or equivalents.
- **Level 3**: 2+ 'A' levels; 4+ AS levels; Higher School Certificate; NVQ level 3; Advanced GNVQ or equivalents.
- **Level 4/5**: First degree; Higher Degree; NVQ levels 4 - 5; HNC; HND; Qualified Teacher Status; Qualified Medical Doctor; Qualified Dentist; Qualified Nurse; Midwife; Health Visitor or equivalents.
- **Other qualifications/level unknown**: Other qualifications (e.g. City and Guilds; RSA/OCR; BTEC/Edexcel); Other Professional Qualifications.

A4.4 The full breakdown of qualifications among the adult population for Peterborough and its comparators is given in Table A4.2 (the qualification definitions are summarised in Panel A4.1 above). Peterborough has a higher than average proportion of the population with no qualifications (NVQ0) (15.4%) and a much lower proportion of the population with degree level (or equivalent) qualifications (NVQ4/5).

Table A4.3 5 GCSEs A*-C pass rate in 2006

	Peterborough	Cambridgeshire	East	England
Number of students (aged 15) obtaining 5 GCSEs A* to C	1,300	5,270	42,900	376,000
Number of GCSE students (aged 15)	2,250	8,430	69,800	634,000
Pass rate (%)	58.0	62.5	61.5	59.3

Source: DfES - Performance Tables; PACEC analysis

A4.5 Table A4.3 below shows the percentages of 15-year-old GCSE students achieving 5 GCSE’s of grade A*-C in Peterborough and the comparator areas. At 58% the pass rate of students in Peterborough is lower than Cambridgeshire (62.5%), the East (61.5%), and England on average (59.3%).

A4.6 As mentioned earlier in the section, the occupational breakdown provides additional evidence on the skills base in the sub-region. The evidence for Peterborough is provided in Table A4.4. Peterborough has a much lower proportion of professionals occupations compared with the other comparators (10.5% in Peterborough compared to 18.2% in Cambridgeshire, 13.3% in the East of England and 13.0% in Great Britain as a whole), and it has a lower number of associate professionals. It has a higher level of sales and customer service occupations, and elementary occupations than its comparators.

Table A4.4 Occupational breakdown 2006 (% of all in employment)

Occupational Classification (SOC)	Peterborough	Cambridgeshire	East	Great Britain
1: Managers and senior officials	13.9	14.9	15.3	15.0
2: Professional occupations	10.5	18.2	13.3	13.0
3: Associate professionals & technical occupations	11.8	13.6	14.5	14.3
4: Administrative and secretarial occupations	11.2	12.3	11.7	12.1
5: Skilled trades occupations	8.7	10.5	11.5	10.9
6: Personal service occupations	8.5	8.5	7.7	8.0
7: Sales and customer service occupations	9.1	6.3	7.6	7.7
8: Process, plant and machine operatives	10.7	6.5	7.2	7.3
9: Elementary occupations	15.4	9.2	11.0	11.4

The occupation classification is SOC2000 (Standard Occupation Classification).
Source: Annual Population Survey 2006; PACEC

Table A4.5 Average gross annual salary (£k) for 2002-2007, residence-based and workplace-based.

	2002	2003	2004	2005	2006	2007	% change 02-07
Peterborough residents	19.7	20.4	20.1	20.3	20.6	21.3	8.0
Peterborough workplace	19.9	21.1	20.9	22.1	22.8	23.2	16.9
Cambridgeshire residents	20.8	22.4	24.4	24.7	25.0	25.7	23.3
Cambridgeshire workplace	20.7	22.1	24.0	24.4	24.4	25.3	22.3
East residents	21.7	22.7	23.7	24.4	24.8	25.4	17.1
East workplace	20.5	21.5	22.2	22.9	23.5	24.0	17.1
Great Britain residents	20.5	21.2	22.1	23.0	23.5	24.1	17.9
Great Britain workplace	20.4	21.2	22.1	23.0	23.4	24.1	
% difference Peterborough residents to East residents	-9.4	-9.9	-15.1	-16.7	-16.7	-16.5	-7.0
% difference Peterborough workplace to East workplace	-3.1	-2.1	-6.1	-3.2	-3.1	-3.3	-0.2
% difference Peterborough residents to GB residents	-3.8	-3.8	-9.2	-11.7	-12.1	-11.9	-8.1
% difference Peterborough workplace to GB workplace	-2.8	-0.7	-5.5	-3.6	-2.8	-3.6	-0.8

Source: ONS, PACEC analysis

A4.7 Lastly, the average salary provides important evidence on the quality of the workforce in the sub-region. Table A4.5 shows while the average earnings in Peterborough have increased over the period 2002-2007, the increases have not been as fast as in the comparators. The median gross annual salary for Peterborough residents is 12.1% lower than the average for Great Britain in 2006, and 16.7% lower than those for the East of England. A major concern is that this gap is widening. In 2002, the residence-based average earnings for Peterborough was only 3.7% lower compared to Great Britain, and 9.4% lower compared to the East of England.

A4.8 It is clear from all the evidence on average salary, education level (qualifications) and occupational breakdown, that the Peterborough economy is dominated by a low-wage, low-skilled workforce.

Housing

A4.9 A diverse and good quality housing stock that can grow in-line with population growth, and that can adapt to the changing needs of a dynamic population, is very important for an adaptive region. As the structure of an economy changes, for example, upgrading its skills levels and attracting higher value added businesses and higher proportions of professionals, it must also adapt the type of housing and infrastructure. Higher quality housing with greater provision of amenities will be required to attract people to the sub-region. However, while it must also aim to provide higher cost, high-quality housing, it is still very important to provide the diverse range of housing types and affordability that serves its population structure.

Table A4.6 Key housing statistics

		Peterborough	Cambridgeshire	East	England & Wales
Dwellings: spaces	2006 (000s)	73	318	2,420	22,100
	2001 (000s)	68.4	298	2,310	21,300
	Growth 2001-2006 (%)	5.9	6.5	4.8	3.9
Vacant household spaces	2001 (000s)	2.8	8.9	62.1	815
	Share of total dwelling spaces 2001 (%)	4.2	3.0	2.7	3.8
Housing market	Value (2006Q4, £M)	192	966	7,310	62,200
	Sales (2006Q4, 000s)	1.2	4.8	33.9	300
	Average house price (2006Q4, £k)	157	200	216	207
Affordability	Salary multiple 2006	5.88	6.94	7.53	7.90

Source: Residential Property Prices, HM Land Registry; Census of Population 1991, 2001; PACEC analysis

A4.10 The average house price in Peterborough is substantially lower than in the East of England (£60,000 lower) and also lower than in Cambridgeshire or Great Britain as a whole (Table A4.6). A lower average house price could indicate a number of factors. Firstly, demand for housing may not be meeting the supply of housing. The table shows that the proportion of vacant households is higher in Peterborough compared with those areas where house prices are higher (Cambridgeshire, East of England and Great Britain). This supports the hypothesis that there may be excess supply of housing in Peterborough. In addition, the lower house prices could signal a lower quality of housing compared with the other comparators.

A4.11 The lower house prices in Peterborough means that housing is more affordable than in other comparators (see Table A4.6). The average salary multiple for Peterborough is 5.88 compared with 7.53 for the East of England.

A4.12 In addition to the lower cost housing in Peterborough, there are also a higher proportion of lone parent households in Peterborough (7.7%) compared to Cambridgeshire (5.1%), East of England (5.3%) and England (6.4%)[7].

Unemployment and incapacity benefits

A4.13 An adaptive economy must provide employment opportunities for all groups in society including those with high skills levels and qualifications, and those with lower skills levels or those with no qualifications as well as those that are typically excluded from the labour market. Different types of unemployment exist including structural (resulting from long term changes in the patterns of demand and production in an economy), frictional (people who are unable to work or are between jobs), or demand deficient (where labour demand is below the level necessary for full employment). It is difficult to disentangle these different types of unemployment, but some progress can be made by identifying the long term unemployed and the age distribution of the unemployed. There is an additional issue relating to those on incapacity benefit, a number of whom are 'unemployed'. The purpose for making these distinctions is because the different types of unemployment call for different types of initiatives.

Table A4.7 Unemployment: claimant count in 2007

	Peterborough	Cambridgeshire	East	England & Wales
Unemployment Benefit Claimants (June) (000s)	3.1	7.8	61.1	756
Population of working age (16-59/64) (000s)	102	486	3,450	33,600
Unemployment Benefit Claimants (June) rate (%)	3.1	1.6	1.8	2.2

Source: ONS: Claimant Unemployment; PACEC

A4.14 Simply looking at the claimant count provides only a first glance at the overall unemployment level in a sub-region as it only measures those who are claiming benefits. It does not take account of, for example, the frictionally unemployed or hidden unemployment. Table A4.7 shows that the claimant count is much higher in Peterborough compared with the comparators.

A4.15 Another measure of unemployment, the International Labour Organisation (ILO) measured unemployment, provides a better picture of the level of unemployment in a sub-region. This measure accounts for jobless people wanting to work, are available to work and are actively seeking employment. Table A4.8 shows the data for 2001. Peterborough had an ILO unemployment rate of 4.8% among the economically active population, which is lower than the average for Great Britain (5.1%) but is much higher than those of Cambridgeshire (3.4%) and the East of England (3.8%).

[7] Source: Census of Population, 2001.

Table A4.8 Unemployment: ILO unemployed in 2001

	Peterborough	Cambridgeshire	East	Great Britain
Unemployed (ILO) (000s)	3.7	12.3	101	1,410
Economically Active (000s)	77.3	362	2,690	27,400
Share (%)	4.8	3.4	3.8	5.1

Source: Census of Population 1991, 2001; PACEC

A4.16 The number of people claiming incapacity benefits can provide an indication of the level of hidden unemployment. The share of people on incapacity benefits in Peterborough (6.8%) is higher than in both Cambridgeshire (4.7%) and the East of England (5.1%), although lower than the average in Great Britain (7.3%).

Table A4.9 Incapacity benefit in 2006

	Peterborough	Cambridgeshire	East	Great Britain
Incapacity benefit (May) (000s)	7.0	22.4	175	2,680
Population of working age (16-59/64) (000s)	103	478	3,430	36,600
Incapacity benefit (May) rate (%)	6.8	4.7	5.1	7.3

Source: DWP; PACEC

Table A4.10 Long term unemployed and age structure of unemployment in 2006

	Peterborough	Cambridgeshire	East	UK
Total claimant count	3,200	5,200	65,500	947,900
Claiming for under 1 year (% total)	11.3	15.4	14.6	15.9
Claiming for over 1 year (% total)	88.7	84.6	85.4	84.1
Total claimant count	3,100	5,200	65,300	945,600
Between 17 and 19 (% total)	15.1	12.9	12.1	11.9
Between 20 and 54 (% total)	78.2	76.9	77.7	79.5
Over 55 (% total)	6.7	10.2	10.2	8.6

Source: ONS, PACEC

A4.17 Table A4.10 presents data on structural unemployment in Peterborough by looking at the proportion of claimants that are long-term unemployed (claiming benefits for over one year), and those age groups where structural unemployment is typically high (17-19 year olds, and over 55 year olds). The evidence suggests that Peterborough has both a higher percentage of its claimants as long term unemployed, coupled with a higher percentage of its claimants being between 17-19 years old compared with its comparators. This evidence suggests that the problem of structural unemployment is greater in Peterborough than in its comparators.

Deprivation

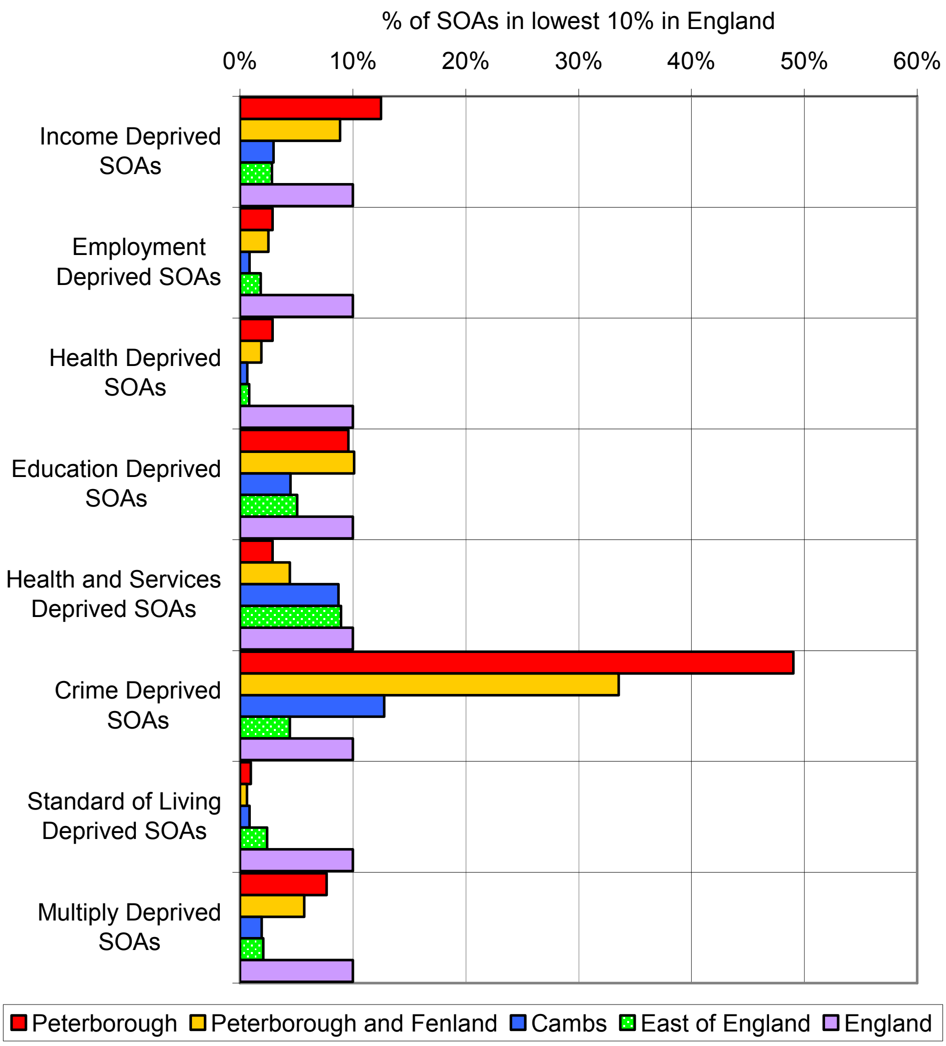
A4.18 Reducing the levels of deprivation in a regional economy is important for the adaptive economy and for the quality of life in the sub-region. The different facets of deprivation – income, employment, education, health, health service provision, crime, standard of living – are important in driving improved quality of life or increased prosperity whether it be through an increase in the productivity (through increased skills, better health) or increased employment rates. Disentangling the sources of Peterborough's deprivation will shape the necessary strategic interventions to improve prosperity.

A4.19 Deprivation at local level is measured by the Index of Multiple Deprivation, which is itself split into seven categories. Deprivation statistics are produced for each Super Output Area (or SOA: a sub-ward geographical unit used in Census data collection).

A4.20 Figure A4.1 below shows that Peterborough has the highest number of SOAs (7.7%) falling within the most deprived 10% in relation to its comparators according to the Index of Multiple Deprivation. Peterborough is shown to have the lowest percentage of deprived areas relative to the East in the area of Health and Services (2.9%) and the second lowest in terms of Standard of Living (1%) compared to 9% and 2.4% respectively.

A4.21 The levels of Income deprivation in Peterborough are almost four and a half times that of the East with 12.5% of areas falling within the 10% most deprived in England. The Crime deprivation levels in Peterborough are staggeringly high with nearly half (49%) of areas falling within the most deprived 10% in England.

Figure A4.1 Percentage of SOAs in the lowest 10% in England



SOAs are Super Output Areas, as defined by Census 2001
Source: Index of Deprivation 2004; PACEC

A5 A Specialised Economy

The evidence: the specialised economy in Peterborough – key sectors

A5.1 In light of the above, important sector specialisms for the Peterborough economy have been identified by analysing the top 10 industrial sectors according to size (proxied by employment), location quotient (an indication of geographical concentration of employment), and the growth rate. These sectors are summarised in Table A5.1 to Table A5.3.

A5.2 The top three sectors ranked by employment numbers are shown in Table A5.1. These are Education (11,400), Recruitment, security and business support (10,400), and Health (9,100). All three of these sectors have shown positive growth over the period of 2000 to 2005. The Education sector showed the largest positive growth of the period, with its 2005 employment 27% higher than in 2000. Despite these employment gains, only the recruitment, security and business support sector has a higher concentration of employees compared with the national average (location quotient of 1.52).

A5.3 One must be cautious with data on the Recruitment, security and business support sector. As the economy restructures towards outsourcing and temporary workers become more prevalent, recruitment agency employment can be seen to swell due to the much larger numbers of temporary staff associated with them, rather than an increase in the actual size of the recruitment agency (and hence in the actual sector).

A5.4 Other important sectors according to size are construction, mechanical engineering, and the food sector (agriculture, food manufacture and food retail).

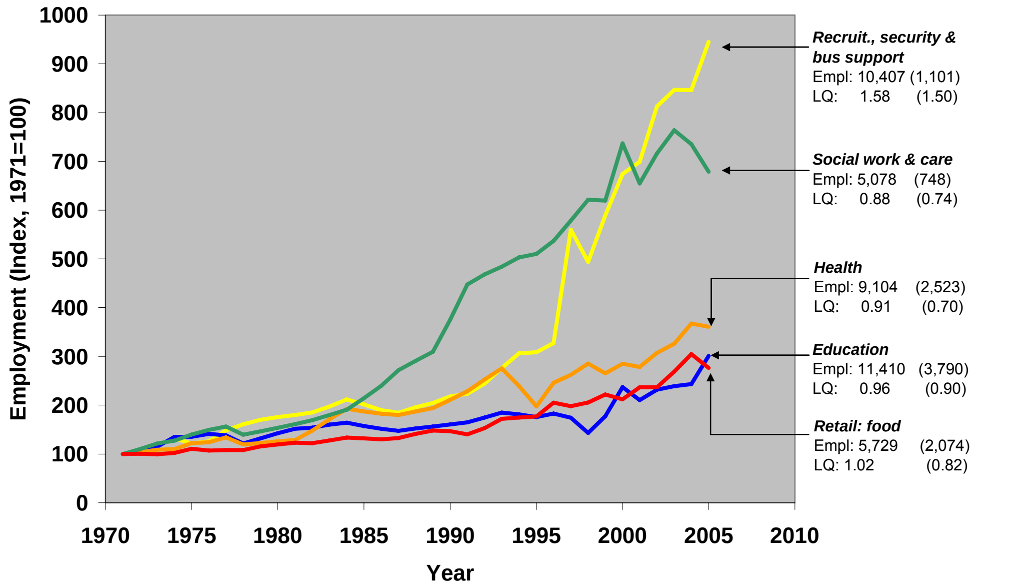
Table A5.1 Top ten sectors in Peterborough by employment

Sector	Employment (2005)	Share of England employment (%)	Growth (2000-05) (%)	Concentration (LQ)	Relative CAGR 2000-2005 (P'boro - UK) (%)
Education	11,400	1.15	27.1	0.96	4.7
Recruit., security & bus support	10,400	1.41	40.3	1.52	11.0
Health	9,100	1.25	26.7	0.95	5.9
Public admin & defence	6,500	1.32	23.7	1.02	8.3
Construction	6,400	1.23	34.0	0.68	4.2
Manufacture: mechanical engineering	5,800	3.47	-21.8	4.46	0.1
Retail: food	5,700	1.63	30.3	1.03	4.2
Social work & care	5,100	1.33	-7.9	0.91	-2.3
Agriculture	4,100	4.06	-3.5	2.41	-2.3
Manufacture: food	3,700	4.73	-5.0	2.25	-5.0

Source: ONS, PACEC analysis

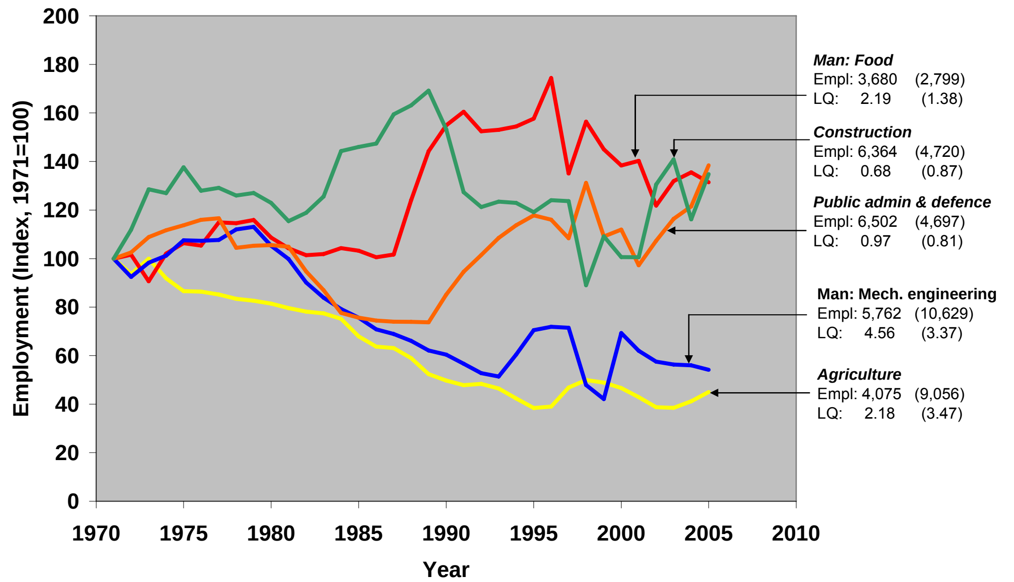
A5.5 The long run growth of the ten largest sectors is presented in Figure A5.1 and Figure A5.2 for the period 1971-2005. It is important to view the very long term in order to account for any long-term economic cycles. It is clear from these figures that the recruitment, security and business support sector, social work and care sector, health, education and food retail sectors have seen large sustained increases in employment since 1971, while food manufacturing, construction, and public admin and defence have seen only modest increases over their 1971 employment values. Importantly, two sectors in which Peterborough has a high concentration of employment relative to the national average, agriculture and the manufacturing associated with mechanical engineering have declined substantially since 1971. However, while employment in the manufacturing (mechanical engineering) sector has almost halved since 1971, it has become more concentrated. This suggests that Peterborough has maintained its competitive advantage in this sector compared with other areas despite it downsizing.

Figure A5.1 Long run employment growth for key sectors (by size) 1971-2005



Note: Employment and LQ given for 2005 (figures in brackets are **1971 values)**
Source: PACEC LEPS analysis

Figure A5.2 Long run employment growth for key sectors (by size) 1971-2005



Note: Employment and LQ given for 2005 (figures in brackets are **1971 values)**
Source: PACEC LEPS analysis

A5.6 Table A5.2 shows the top ten sectors in Peterborough according to concentration (location quotient, LQ). The six most concentrated sectors, with the exception of the manufacture of made-up textiles, have all been declining in employment since 2000. Four of the top ten sectors in Peterborough as ranked by concentration have shown positive growth between the years 2000 and 2005. These were broking and fund management, the manufacture of non-metallic minerals, the manufacture of made-up textiles, and the manufacture of paper.

A5.7 Table A5.3 identifies the top ten sectors in Peterborough in terms of their growth rates from 2000 to 2005. The Broking & fund management sector has shown the greatest growth at 749% bringing its LQ up to 2.27, over twice the average national concentration of such employees. Warehousing and freight forwarding, and the Courier sectors have both shown high positive growth since 2000, although they employ only modest numbers. The Gas supply sector was the smallest employer to make it into the top ten growth sectors, showing 97% growth but still only employing 65 workers.

Table A5.2 Top ten sectors in Peterborough by concentration

Sector	Employment (2005)	Share of England employment (%)	Growth (2000-05) (%)	Concentration (LQ)	Relative CAGR 2000-2005 (P'boro - UK) (%)
Manufacture: mechanical engineering	5,800	3.47	-21.8	4.46	-6.0
Travel agents	2,100	4.06	-36.8	4.09	-4.7
Manufacture: made up textiles	770	2.56	34.7	3.31	4.7
Insurance	2,400	1.62	-50.1	3.06	-8.6
Agriculture	4,100	2.68	-3.5	2.41	-28.9
Wholesale: food & drink	2,100	2.39	-0.3	2.37	-1.9
Broking & fund management	1,800	1.38	748.6	2.27	53.5
Manufacture: food	3,700	2.85	-5.0	2.25	-6.8
Manufacture: non-metallic minerals	1,100	4.73	24.5	2.14	7.2
Manufacture: paper	670	3.53	13.4	2.03	1.1

Source: PACEC analysis

Table A5.3 Top ten sectors in Peterborough by growth rate (2000-2005)

Sector	Employment (2005)	Share of England employment (%)	Growth (2000-05) (%)	Concentration (LQ)	Relative CAGR 2000-2005 (P'boro - UK) (%)
Broking & fund management	1,800	1.38	748.6	2.27	53.5
Warehouse & freight forward	1,600	1.30	196.4	1.00	37.4
Holding companies	340	0.76	166.1	0.62	19.9
Research & development	92	0.58	155.6	0.18	24.5
Membership organisations	1,700	1.47	151.7	1.66	20.6
Gas supply	200	1.19	124.4	1.81	13.0
Extract: metal & stone	65	1.14	97.0	0.69	12.0
Man: instruments	430	1.74	82.3	0.83	11.0
Courier	510	1.55	68.4	1.06	25.9
Market research	1,400	0.96	62.3	0.66	10.0

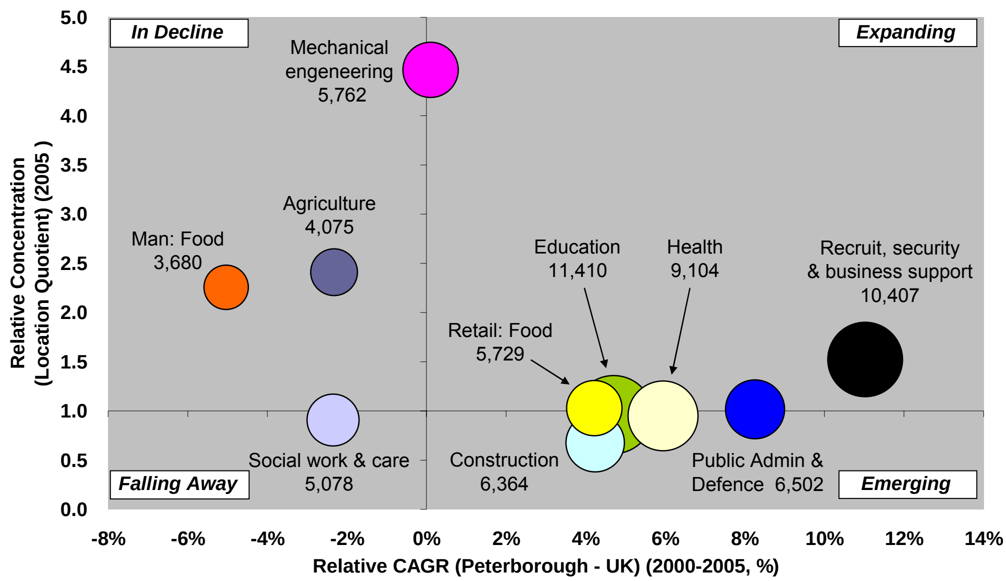
Source: PACEC analysis

Evolution of the Key Sectors

A5.8 The previous sub-section identified a number of different sectors that are important to the Peterborough economy either through size, high concentration of that specialism relative to the UK average, or through high growth rate. This section now turns to a quadrant analysis of how these sectors are evolving. This allows one to determine whether the sectors are "expanding", "emerging", "in decline" or "falling away".

- Expanding: Sector has a higher than average concentration than the UK average, and the average annual growth rate of the sector is higher than that of the sector in the UK as a whole. This suggests that Peterborough possesses some distinct competitive advantage in this sector which is attracting the sector to the sub-region, and it is building on its strengths.
- Emerging: Sectors in this quadrant have a lower than average concentration of employees compared with the sector's average in the UK, but employment in the sector is growing *faster* than the UK sector average. This suggests that Peterborough is developing a distinct competitive advantage in this sector that is attracting people to the sub-region in this sector.
- In decline: Sectors in this quadrant are in decline if something is not done to reverse the trend. The sector possesses a high concentration of employees relative to the UK, but employment in this sector is growing faster elsewhere. This suggests that the competitive advantage that Peterborough once possessed in this sector is being eroded away by other areas in the UK as firms choose to locate elsewhere.
- Falling away: A sector in this quadrant has both a low concentration of employees relative to the UK *and* is growing slower than the UK average. The implication is that Peterborough currently does not possess a competitive advantage in this sector *and*, if nothing else changes, will not have the potential to develop one in the future.

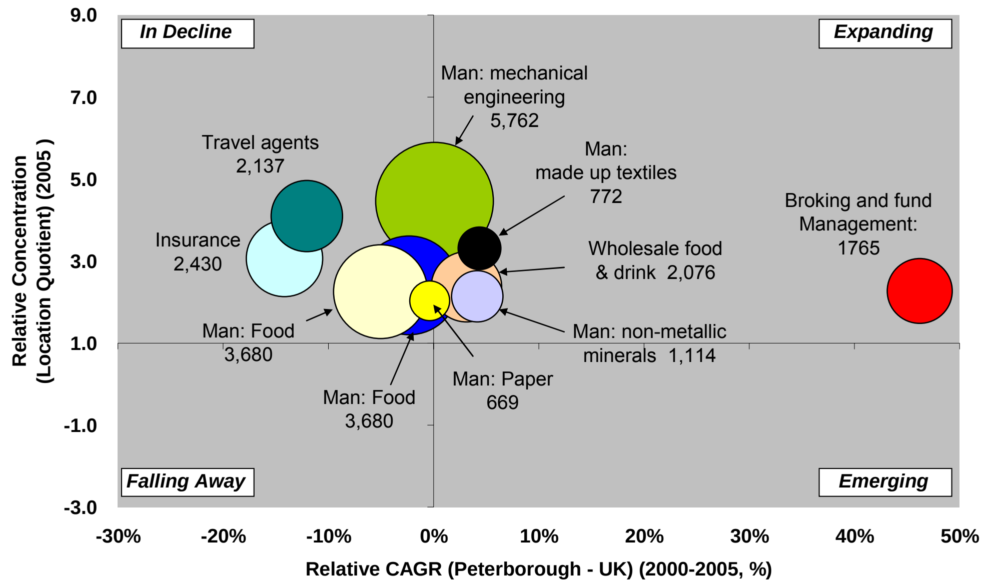
Figure A5.3 Evolution of top 10 sectors by size



Source: PACEC analysis

A5.9 Figure A5.3 shows that the recruitment, security and business support sector is expanding faster than the national average. Peterborough appears to be developing its competitive advantage in the construction, retail food, education, health and public admin and defence sectors, all of which are growing faster than the UK average. This suggests that if nothing else changes, the concentration of employment in these sectors will eventually exceed the national average. Mechanical engineering manufacturing has a high concentration and it is declining in employment *less fast* than the national average, suggesting that Peterborough is maintaining its competitive advantage in this sector. Both the agriculture and manufacture of food sectors are in decline, with the sectors growing more slowly than the UK average. This suggests that companies are choosing to locate elsewhere and Peterborough's competitive advantage is being eroded.

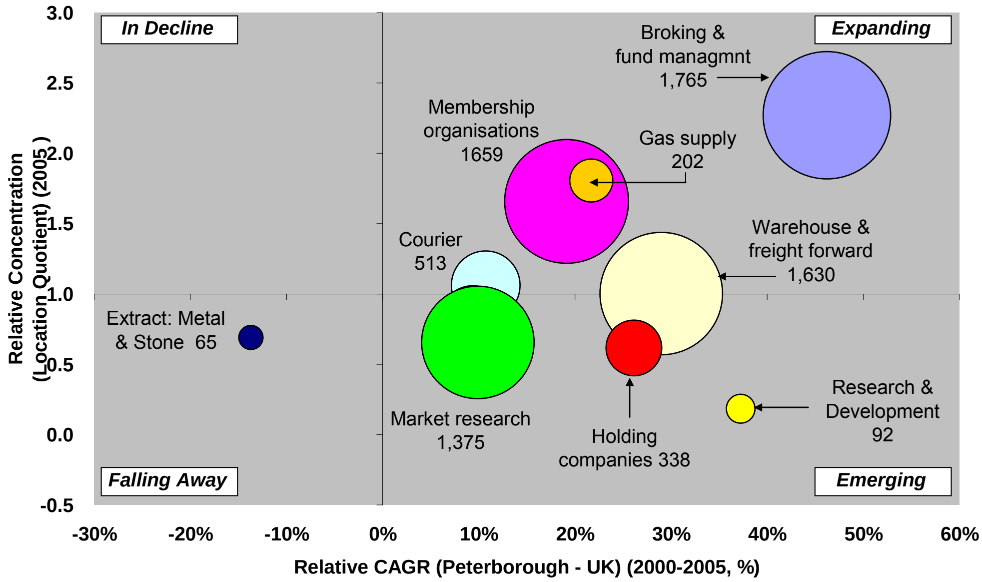
Figure A5.4 Evolution of top 10 sectors by concentration



Source: PACEC analysis

A5.10 It is clear from Figure A5.4 that the broking and fund management sector is growing much faster than the UK average, and that Peterborough has a higher concentration of employees in this sector. This suggests that Peterborough has a distinct competitive advantage in a sector that could have significant potential for the future.

Figure A5.5 Evolution of top 10 sectors by growth rate



Source: PACEC analysis

A5.11 Figure A5.5 shows that other important sectors are membership organisations (business, employer and professional organisations, and trade unions) and warehouse & freight forwarding. Market research and the Courier sector also appear to be emerging in Peterborough.

Key Clusters

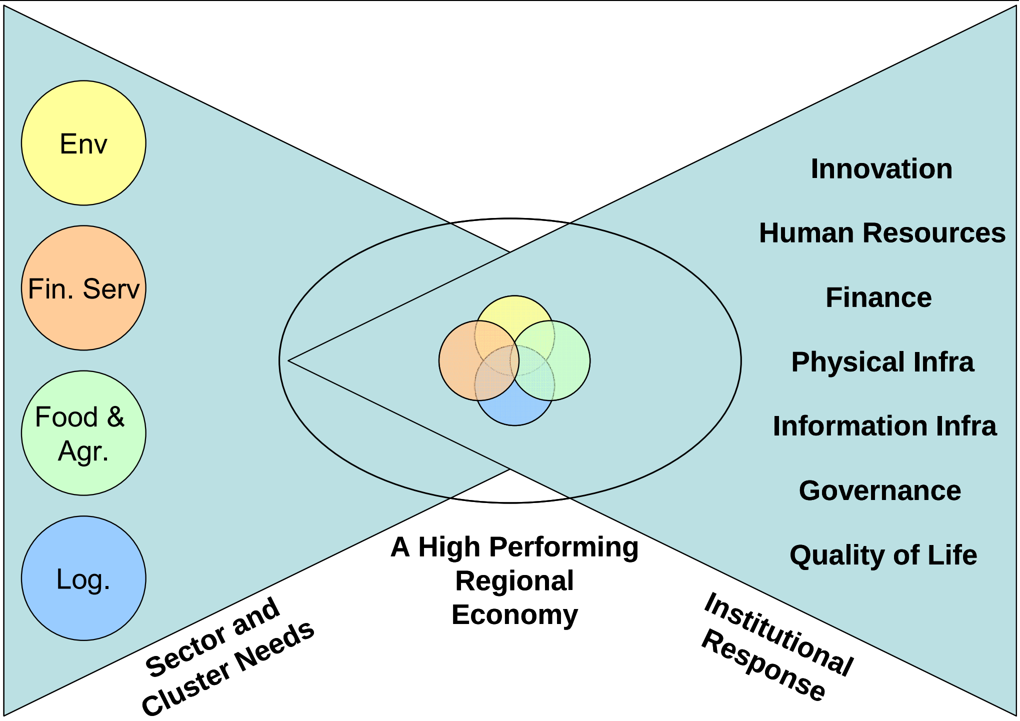
A5.12 Clusters are seen as crucial for enhancing the competitive advantage of firms and hence productivity of a sub-region, through the positive externalities and linkages it creates. Clustering benefits for productivity include:

- Efficient access to specialised inputs, employees, information, institutions, and "public goods" such as training programmes and testing institutions;
- Ease in achieving complementarities across firms;
- Ongoing, visible performance measurement comparisons and strong incentives to improve.

A5.13 Clustering also generates benefits for innovation, allowing firms to better perceive and respond to innovation opportunities and allows for the rapid diffusion of improvements. It also creates greater opportunities for new businesses and lowers the barriers to entry into cluster-related businesses.

A5.14 Clusters should be thought of as a "layer-cake" of relationships that create value for an economy, comprising economic institutions, suppliers and producers. The economic institutions must respond to the needs of the rest of the cluster and help to create input conditions that enable cluster competitiveness and hence raise productivity and prosperity.

Figure A5.6 Convening the marketplace



Source: Gollub (2007), PACEC

A5.15 Key input conditions include:

- Supporting and fostering innovation in the sub-region at all levels from research to development to deployment of the ideas in the marketplace
- Creating an adaptable human resources base with the right skills that can respond as the cluster evolves in its existing markets and enters new markets
- Increasing the availability and accessibility of finance
- Providing adequate physical infrastructure including transport, operations and facilities.
- Providing advanced information infrastructure to support the digital economy (e.g. high bandwidth, high connectivity and other ICT services)
- Providing an acceptable business climate through fiscal policy, regulation and the sub-region's administration
- Providing active marketing with a clear message on the sub-region's competitive advantages
- Providing an achievable quality of life including adequate housing, health care, education and entertainment.

A5.16 The development of clusters in a sub-region can be reflected in the concentration of employees in that sector in the sub-region compared to the national average. A high concentration suggests that the sub-region has developed a distinct competitive advantage in the sector and is able to attract high numbers of employees to the area.

The evidence: the specialised economy in Peterborough – key clusters

A5.17 A number of important clusters have been identified in the Peterborough economy and that cannot easily be derived from data by Standard Industrial Classification (SIC) code. A brief outline of the key clusters is given below.

Food and agriculture

A5.18 Peterborough has traditionally had strengths in food and agriculture sector, with the sector employing a significant number of people. Ensuring growth in this sector is therefore vital to the local employment base. A recent study into the Peterborough economy claims that while it appears that the cluster is losing jobs, this is due to a small number of large companies downsizing. It claims that 35% of food companies have expanded their workforce by 10% or more in the last 5 years. The productivity of food and agriculture companies in Peterborough is encouragingly above the average for Great Britain, albeit slightly lower than in Cambridgeshire.[8]

A5.19 The food and agricultural sector is, however, under threat from abroad[9]. The key threat, the report claims, originates from the new European Union member states producing food more cheaply chiefly due to lower labour costs in this labour intensive industry.

Engineering

A5.20 The engineering sector in Peterborough has been traditionally strong, with a number of large, innovative enterprises such as Perkins Engines located in the sub-region. In addition to these companies, there is a wide variety of very successful and sophisticated companies in sub-sectors such as equipment manufacturing, metallic manufacturing and electrical / optical goods. Shared Intelligence (2005) claims that 10-15% of companies in these sub-sectors expanded their workforce in recent years.

The Environmental Cluster

A5.21 Peterborough has developed a competitive advantage in environmental goods and services, with particular strengths in natural environmental management/science, water management and treatment, energy management and emission control[10]. This builds on its "Environmental City" status, awarded in 1992. Peterborough is also home to the UK Centre for Sustainable Engineering. This could act as a considerable force for Peterborough developing a national excellence status in environmental technology, which would have significantly positive effects in the development of the environmental cluster.

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[8] Shared Intelligence (2005) "Peterborough Pathways to Prosperity: Economic Development Programme"

[9] Cambridge Econometrics (2004) 'European Sectoral Prospects'

[10] Shared Intelligence (2005) "Peterborough Pathways to Prosperity: Economic Development Programme"

A5.22 A mapping study carried out by the UK Centre for Economic and Environmental Development (UKCEED)[11] suggests that there are over 4,000 people employed in the environmental cluster within Peterborough, with a turnover of £310 million. The cluster is dominated by the public sector, with some 2,500-3,000 people being employed by English Nature, the Countryside Agency, and the Rural Development Service in 2005. Many are also employed by Perkins Engines working on environmentally-related product development (e.g. emissions control).

A5.23 Underpinning these larger organisations, Encluster, a network setup to support and promote the environmental cluster in Peterborough, has identified over 300 small firms in the sector.

Distribution: Logistics, wholesaling and retailing

A5.24 Peterborough has recently received several high profile investments in the logistics sector by Ikea, Debenham's and Tesco. Such firms believe that the competitive advantages that Peterborough can offer include[12]:

- Proximity to London;
- Strategic location between key international sea and airports, the Midlands and North;
- Access to A1, A1(M), A47 and A14;
- Access to the rail network;
- Relatively low price of land; and
- Linkages with Cranfield University, where the Cranfield Centre for Logistics and Transport carries out research and organises training in the subject.

A5.25 The warehousing and freight-forwarding SIC code in which much of the logistics sector falls, is one of the high-growth sectors identified in the analysis above, growing much faster than the UK average. This suggests that Peterborough is developing a distinct competitive advantage in this area. The sector is increasingly becoming high-tech. As customers demand greater efficiencies and cost reductions in their supply chain, improving logistics has become an ever-increasing source of competitive advantage. In addition, the skills requirements of logistics companies are increasing with, for example, a forklift truck driver now being required to have Level 3 qualifications (Shared Intelligence, 2005). Given Peterborough's geographical location, it has the potential to become a key logistics hub for the UK.

A5.26 A strong retail sector is important for regeneration as an outlet of demand, for recycling local expenditure and as a stimulus for firm creation. It is also very important for the quality of life of the residents and for attracting people and firms to the area. Peterborough is home to a major retailing centre serving a large catchment area of over half a million people (Shared Intelligence, 2005). The city now offers a

[11] Summarised in Shared Intelligence (2005) "Peterborough Pathways to Prosperity: Economic Development Programme", p. 21.

[12] Competitive advantages obtained from Shared Intelligence (2005) "Peterborough Pathways to Prosperity: Economic Development Programme", p. 23.

wide range of goods and service. However, a recent study has shown that while the city performs well in offering non-specialist retail, compared with both Cambridge and London, its offer of smaller, specialist retail is limited. There are few restaurants which present a key 'retail outlet' for the local food sector. This could present an opportunity for growth. There are also few retail outlets serving the construction industry, which is increasingly dominated by out of town 'sheds'[13]. In a separate study by DTZ for Peterborough City Council in February 2004, evidence was provided showing that the city centre's market share of shoppers and spend has declined since 1999, likely as a result of the significant investments in competing regional centres such as Milton Keynes, Cambridge, Leicester and Nottingham.

Financial and business services sector

A5.27 Peterborough has some foundation upon which to build a stronger, more competitive financial and business services sector. At present, the majority of Peterborough's financial and business services sector is in insurance, although Figure A5.4 shows that broking and fund management also employs a large number of people and has a relatively high concentration compared to the national average (as does insurance). This figure also shows that while insurance is growing faster elsewhere in the UK than in Peterborough, suggesting that the competitive advantage of this sub-sector is being eroded, broking and funding management is building on its strengths.

A6 An Open Economy

A6.1 Globalisation and technological change are rapidly changing how firms compete in the marketplace. Firms are increasingly exposed to pressures both from other areas and internationally. There is very strong evidence that the openness of a sub-region's economy and the level of international trade and foreign direct investment are major drivers of prosperity.

A6.2 As mentioned previously, innovation in today's world is a global affair. It is therefore very important that firms are able to attract and absorb external knowledge, information and ideas. Collaboration, alliances and ventures with partners both inter-regionally and internationally are key drivers of innovation and competitiveness in today's economy.

A6.3 Attracting foreign direct investment and international talent is also important for raising prosperity. This crucially brings to the sub-region a new stock of innovative processes, skills and management practices that can help stimulate local economies and supply chains. It can also provide the access to crucial overseas markets.

[13] Shared Intelligence (2005) "Peterborough Pathways to Prosperity: Economic Development Programme"

The evidence: the open economy in Peterborough

A6.4 Some evidence on the openness of the Peterborough economy can be gleaned from analysing the extent to which Peterborough's sectors export and import goods and services – i.e. its openness to overseas trade.[14] The indicators used are the ratio of imports (or exports) in total final demand, weighted by employment in each sector in Peterborough. Table A6.1 suggests that the openness of the Peterborough economy to overseas trade is similar to its comparators.

Table A6.1 Openness to overseas trade in Peterborough and its comparators (2004)

	Peterborough	Cambridgeshire	East of England	Great Britain
Imports as a share of total final demand (%), weighted by area's employment	10.8	11.7	10.9	10.6
Exports as a share of total final demand (%), weighted by area's employment	11.4	11.3	10.4	10.3

Source: UK Input-Output tables 2006, PACEC analysis

A6.5 Evidence suggests that the sub-region is attracting inward investment. For example, it has attracted significant investment from Prologis, a leading global distribution facilities company for warehouse development west of Peterborough. In addition, it has received high profile investments from Ikea, Debenham's and Tesco.

[14] While import and export data does not exist at the local level, an indication of the level of exports and imports in total final demand can be gained by looking at the ratio of imports or exports in total final demand for each sector at the UK level from the Input-Output tables and weighting this by employment in Peterborough.

A7 Strengths and Weaknesses of the Peterborough Economy

A7.1 In addition to the analysis of official data and other reports on the Peterborough economy, the stakeholder interviews also identified a number of strengths and weaknesses. It is encouraging that these validate to a significant extent the data analysis presented above.

Figure A7.1 Key strengths and weaknesses of the Peterborough economy

Strengths

Ideas economy
- Innovation centre established to help foster innovative activity
- High numbers of start-ups

Adaptive economy
- High levels of in-commuting brings in skills from outside the region
- Large sub-regional catchment area
- Good transport (road and rail) infrastructure
- Low cost region
- Sufficient supply of land for development
- Rural villages and towns can provide high quality housing and services
- Rural areas have potential to diversify away from traditional industries and build on Peterborough's environmental image

Specialised economy
- Nascent environmental technologies cluster established
- Geographical location relative to London, SE, ports and airport gateways provides distinct competitive advantage for logistics cluster

Open economy
- Inward investment in a number of sectors (e.g. logistics)
- Networking and collaboration improving

Weaknesses

Ideas economy
- Lack of sufficient innovative activity
- Lack of support for innovative activity
- Low survival rates of start-ups
- Fragmented and lack of coordination for support for businesses

Adaptive economy
- Low-skilled, low paid workforce
- Low activity rates in deprived areas
- Lack of management skills
- Lack of training places in local colleges
- Lack of a higher education institution
- High-levels of out-commuting (especially to London) leads to leakage of skills and knowledge from the region
- Lack of executive / high quality housing
- Land development not targeted to needs of businesses
- Quality of premises below standard to attract businesses. Many are remnants of 1960s New Town development and need modernising
- Lack of dynamic city centre
- Lack of cultural amenities
- Rural businesses not sufficiently enterprising
- Limited ability of rural areas to retain talent
- Limited investment in rural areas
- Business support is fragmented and unclear

Specialised economy
- Lack of a high tech / knowledge based sectors to drive innovative activity
- ***Open economy***
- Inward investment infrastructure fragmented and lacks focus
- Marketing is fragmented and lacks focus
- Lack of tourism/leisure branding

Source: PACEC consultations with key stakeholders

A8 Bibliography and documents consulted

A8.1 The following documents and strategies were consulted in the preparation of this strategy.

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