

Cambridgeshire and Peterborough Independent Economic Review

Purpose and Background

The Cambridgeshire and Peterborough Independent Economic Review (CPIER) will be undertaken by an Independent Economic Commission. The purpose of the Review is to help the greater Cambridgeshire and Peterborough area consider the case for greater fiscal devolution and powers to unlock the delivery of major infrastructure, including showing how the area delivers benefits to the rest of UK. It will provide a clear understanding of the priorities which can help local stakeholders to unite behind a common strategy.

There are three serious challenges to making such a case:

1. To evidence whether and to what extent the growth taking place in the region is special and warrants more government support and powers. This first additionality argument is hard to make, because the Treasury's and OBR's starting position is that the underlying growth rate of the UK economy is broadly fixed and that actions to stimulate growth in one area simply rob growth from somewhere else, without creating net additional growth. The Review therefore has to evidence whether growth in this region would or would not take place elsewhere if it did not take place within the region.
2. Even if we can show evidence against (1), we then need to gather evidence as to whether and to what extent the higher growth that results from the proposed interventions would also not have taken place anyway – the second additionality test.
3. Lastly, the detailed analytical basis of the individual interventions also needs to be championed: the arguments for the region are centred around the high rates of return that the investments will make, rather than the scale of the changes, as would be typical of large metropolitan areas, and the dynamic spatial and transport modelling on which we will rely is advanced, albeit known to DfT from its use on Crossrail.

The scope of the Review has been widened from Cambridge and South Cambs to include East Cambs, Fenland, Huntingdon and Peterborough. This will make the GVA impact larger but requires a different set of arguments for the distinct sub-regional economies in the Combined Authority area: simplistically, there are three identifiable economic zones, with the largest zone being the travel to work area around Cambridge, growing at around 5% pa; the second around Peterborough and Huntingdon, growing at around the national average; and the third around Fenland growing at below the average.

The Review will consider these sub-regional economies, their interrelationship, and the different approaches that may be optimal.

The Commission will publish its Review to central government and will also report its findings to the boards of each of its sponsors. The reason for inviting prominent independent Commissioners to oversee the Review is to add weight to these three arguments. If the Review is well received, the research methods, developed at the University of Cambridge and underpinning the analysis, will be regarded as ground-breaking.

The intention is to complete the Review in the June of 2018, with a view to influencing the November 2018 Budget announcement. The first meeting of the Independent Commission will take place in December 2017.

Cambridgeshire and Peterborough Independent Economic Commission: Terms of Reference

The following Terms of Reference are taken from the paper approved by the Combined Authority Board on 26 June 2017:

The Cambridgeshire and Peterborough Independent Economic Commission (CPIEC) will:

- *develop an authoritative evidence base on the economic performance and potential of Cambridgeshire and Peterborough and its component parts that commands attention at the highest levels of Government;*
- *reframe thinking about devolution within the UK policy debate – exploring the potential for devolution to unlock growth and improve social outcomes in multcentred economies as well as in England's core and key cities;*
- *provide impartial advice and guidance, on an ongoing basis, on the performance and growth of the Cambridgeshire and Peterborough economy;*
- *inform choices on policy priorities and strategic investment that are made locally, at the Cambridgeshire and Peterborough level, at national level and at European level; and*
- *foster a common understanding of the future development of Cambridgeshire and Peterborough's economy and the long-term drivers for change across local partners, and Whitehall and Ministers.*

The CPIEC will provide a robust and independent assessment of the Cambridgeshire and Peterborough economy and its potential for growth. This will provide the evidence base on which Cambridgeshire and Peterborough partners, and partners at national level, can continue to build a collaborative approach to growth and devolution. As part of its early work, the panel will carry out and publish a detailed review that will include:

- *a full economic baseline study;*
- *economic forecasting to determine the potential impact of various scenarios over the next ten years and how the Cambridgeshire and Peterborough economy could respond to these;*
- *an assessment of whether the Cambridgeshire and Peterborough economy is fit for purpose and its future economic potential;*
- *analysis of how partners' investment in key drivers of growth (e.g. key towns, key sectors, key infrastructure) across Cambridgeshire and Peterborough could maximise long-term returns for all areas; and*
- *an analysis of the impact that the devolution of key economic powers and levers could have on economic output and productivity.*

The Commissioners will:

- *undertake (and commission as required) high quality research into the performance and opportunities of the Cambridgeshire and Peterborough economy, acquiring and developing data as necessary to build on existing national and local sources;*
- *engage with local public and private sector stakeholders to build a thorough understanding of the local economic environment and to learn from previous work carried out by partners;*

- *be an independent body, which will provide ongoing advice to the Combined Authority and issue specific reports at times to be agreed; and*
- *receive the support of an independent secretariat.*

Cambridgeshire and Peterborough Independent Economic Review Organogram



Operation of the Cambridgeshire and Peterborough Independent Economic Commission

The Cambridgeshire and Peterborough Independent Economic Commission (CPIEC) will be chaired by Dame Kate Barker. In the first instance the CPIEC will be responsible for defining the Terms of Reference for the CPIER, for overseeing and reviewing the work of the Technical and Management Board and for producing the final report.

The CPIEC will draw on the expertise of a Technical Board chaired by Matthew Bullock. The Technical Board will provide the baseline data, models and secondary research for the CPIER and will carry out specific studies requested by the Commission.

The Management Board (chair: Ian Mather) will provide operational support to the CPIEC. It will have oversight of the project plan including funding, budget & spending and be responsible for communications & marketing.

The CPIER operating structure is shown in the diagram above.

Revised Baseline Questions

The Independent Economic Review (CPIER) will answer a set of Baseline Questions (BQs) using secondary material to hand and other such primary research (such as the Strategic Economic Plan evidence base and expert interviews) as are appropriate.

In the original proposal 12 BQs were proposed; following further discussion these have been revised and reordered as follows:

1. How important is Cambridgeshire and Peterborough for the regional and national economy?
2. What are Cambridgeshire and Peterborough's regional, national and international links?
3. How far can economic activity that occurs in Cambridgeshire and Peterborough be shown to be net additional to the UK economy, rather than just displacement?
4. Do other growing cities like Cambridge and Peterborough share common characteristics, problems and infrastructure requirements and what can we learn from them?
5. How does Cambridgeshire and Peterborough achieve continued prosperity and high growth rates?
6. How equitable is growth across the whole of Cambridgeshire and Peterborough and what strategies should be adopted in future to address this issue?
7. What types of infrastructure and other investment would best enable Cambridgeshire to achieve its full growth potential and contribute to regional and national economic growth?
8. How should Cambridgeshire and Peterborough describe its uniqueness or brand to attract further investment from Government and the private sector?
9. Are there any policy and planning recommendations which arise from the answers to these questions?

Outputs

The outputs of the CPIER will be:

1. A report to the Combined Authority Board;
2. Presentations summarising the work and its implications;

3. Workshops and seminars to explain the work and its implications;
4. Conference and media appearances and press interviews;
5. Publication on the Combined Authority and other web sites;
6. The report, and publicising and explaining its context, will form equally important features of the work.