



East of England

All Party Parliamentary Group

Co-Chairs: Jess Asato MP and Andrew Pakes MP

Vice-Chairs: Blake Stephenson MP & Marie Goldman MP

HOW GOVERNMENT COULD HELP MASSIVE INWARD INVESTMENT INTO THE EAST OF ENGLAND

BACKGROUND BRIEFING PAPER FOR MPs AND PEERS IN ADVANCE OF EAST OF ENGLAND APPG MEETING ON 4TH NOVEMBER FROM 2 TO 3:30 IN COMMITTEE ROOM 16

Context

The East of England All Party Parliamentary Group will meet in November to discuss how MPs, Peers, Partners, Universities, Government Agencies can work together with the private sector to help attract and deliver domestic and foreign direct investment (FDI) and continue to grow the economy in the East of England region.

The East of England has a thriving £163 billion, innovation-rich, economy which has grown above the national average for the past twenty years. Independent projections referenced in '[Opportunity East: How the East of England will help deliver more economic growth through innovation](#)' suggest it could remain one of the fastest growing regions across the country and could by 2035 contribute £220bn to UK plc.

The East of England is a very resilient part of the country, as was proved in the global financial crisis of 2008, when it was the only region of the UK that did not go into recession. Ours is a high employment and high productivity economy - employment at 76.3% is above 75% nationally, and productivity is 1.5% higher than the national average (excluding London).

But maintaining the current economic success story will require investment, specifically around land/site availability. The region faces a number of challenges which require action in order that growth remains strong: on housing, transport, skills, climate change mitigation, energy and digital connectivity.

Historically the East of England receives less Government funding per head compared to other regions: over £1,000 per person less than the UK average annually – an £8bn gap every year. The East of England APPG has consistently argued over a number of years that this deficit should be recognised and then rectified. It will continue to do so although there is a recognition that the public finances are currently severely constrained.

In order to meet the investment challenge, the East of England will need to maximise its potential to attract private inward investment. For example, the UK Innovation Corridor, which stretches between, London and Cambridge, is on course to almost double the size of its economy, growing from £189 billion to £350 billion by 2050. However, with an investment of £30 billion over the next 15 years this target can be achieved by 2040.

Partners in the region have therefore welcomed the new Government's statements in support of place-based economic growth and its plans to attract greater inward investment. It has been supportive of the [International Investment Summit on the 14th of October](#) and hopes that it will be a catalyst for wider action across Government to work with the regions to attract private sector investment.

A new framework and some key questions

As a new framework for private sector investment – based on national and local partnership - emerges, including hopefully new incentives in the Budget of 30th October, there are a number of questions relevant to the East of England's potential for inward investment that require consideration. These include:

- How do we maximise the global brand and potential of Cambridge which is the science superpower of Europe? (See appendix 1) This had been identified by the previous Government as a priority and there is a consensus that we could and should do more with it.
- At the same time how do we ensure support for Cambridge is not to the detriment of other 'investment ready' and indeed complementary parts of the region including Stevenage and Harlow, Norwich Research Park and Freeport East (see Appendix 2).
- How do we respond to the challenge from market facing bodies that the East of England, particularly the "near East" of Essex and Hertfordshire, should better leverage their proximity to London.
- How do we ensure devolution helps maximise the potential for investment across the whole region and does not lead to greater fragmentation and competition between them.
- Is there a need for more coherent strategic planning powers and joint planning working across all geographies, including the East of England? (Please see appendix 3)
- How does the crisis in local government finance - currently affecting many of our local authorities, - impact our capacity to attract private sector investment?
- Who leads region wide or sub-national efforts to realise our investment potential? Is there potential for major private sector investors to support or at least part-fund (regional) inward investment services across a wide spatial area – with the aim of bolstering supply chains and making investment decisions more sustainable in the long term.
- What is the potential for private investment in "public" projects, for example in the Lower Thames Crossing and in wider transport infrastructure?
- What can the Government say to private investors about its support for the sustainable housing growth potential across the East of England?

The East of England's response – so far

Partners across the East of England are already promoting inward investment activity. These include:

- The East already specifically helps deliver growth in certain industries that other parts of the UK may not be as well suited to secure, especially those related to decarbonizing our economy and facilitating the generation and adoption of electrification and alternative fuels. See recent investments by both [Rux \(Australia\)](#) into Harwich and [Assan \(Turkey\)](#) into Ipswich - unique examples related to trade/maritime sectors.
- Building on London Stansted Airport's [£1.1billion investment plan](#), the airport is now exploring the potential to establish an Airport Economic Zone centred on Stansted. This would also involve London Luton and London City Airports as well as Southend and Norwich.

- Joining up with the welcome re-emergence of the OxCam Pan-Regional Partnership and the concomitant business response in establishing the very good Supercluster Board.
- Seeking to maximise the potential of Freeport East for example through its ambitious plan for the development of the the Bathside Bay Remediation and Redevelopment project – which will lead to the creation of a dedicated port for the Offshore Wind industry of national significance and benefit.
- Called for the UK Government to support local organisations to boost the country’s investment offer by rolling out the recommendations in the Harrington Review. Speaking at EXPO REAL on 8 October UK Innovation Corridor Chair Jackie Sadek called for the empowerment of regional leaders to help attract investment.
- Learning from the experiences of the UK Innovation Corridor who are currently developing an Investment Prospectus for their geography.

Some practical recommendations

The appointment of Baroness Poppy Gustafsson as the new Minister for Investment has been welcomed across the region as have Government plans to lead a revamped Office for Investment, promoting the UK to global investors and businesses. As a former chief executive of Darktrace plc she has strong credentials. The new office will streamline investment processes across government, enhancing the UK's attractiveness for business. However, as ever, the challenge will be to coordinate across the whole of Whitehall in keeping with the government's number one mission: to grow the economy.

Partners across the region are therefore suggesting that the APPG “asks” the Government for the following:

- The Government’s approach to securing investment is proactive, as opposed to reactive, and works in partnership with local and regional insights to secure transformational investments – this would include utilising the expertise of the Chambers, FSB, IOD and CBI and all other appropriate agencies active in the region including upper tier local authorities.
- The establishment of a “clearing house” or “one stop shop” in central Government for prospective investors and investments, with a designated regional satellite (to be hosted by an appropriate umbrella organisation, such as EELGA) in the East of England area.
- Recognition that the East of England will contribute to growth at an above average level across many sectors (as per the data), and are a net contributor to the Exchequer. This would be demonstrated by a commitment of resources to support and extend existing inward investment expertise and capacity.
- A small fund to be established to help get projects into a position where they can be seen as investment ready. The Local Enterprise Partnerships (LEPs) used to fulfil this function - to varying levels of success - but now they have been disbanded this tends to fall on to the local authorities, who do not have the resource or the skills to undertake this task. The cost of investment promotion is far cheaper than Government funding investment.
- The same devolved powers for East of England Mayoral Combined Authorities as other MCAs including business rate retention which could be invested in projects and initiatives that will generate further regional growth.

- Current costs for establishing the Cambridge Innovation Hub are estimated at £150 million, with the majority of funding coming from philanthropy and private capital, as little as 10% of the capital cost (£15 million) is required from Government. Alternatively, the Combined Authority could fund this if it were granted powers to retain 100% of the region's business rates.
- Government to announce an Investment Super Zone in Peterborough and provide fiscal opportunities and/or the funding afforded to other existing investment zones and freeports – see Appendix 4.
- Support for the Bathside Bay Remediation and Redevelopment project through a financial contribution and/or a guarantee of long-term demand, one of which is essential to secure significant private investment in a strategic infrastructure asset that will support the Government's Clean Power aspirations and drive wider growth opportunities in clean energy supply chains. Ideally such a commitment would be forthcoming in the Spending Review 2025.

There is a strong appetite to demonstrate robustly the value-add that the East of England can offer to the UK economy and in order to substantiate this demand on central resources, partners suggest that the APPG should consider offering to:

- Establish an Inward Investment Working Group (IIWG) to oversee this work, possibly to be chaired by one of the Parliamentary Officers of the APPG and/or one of the two Government appointed regional champions (Jen Craft MP and Jack Abbott MP), to report back in May in 2025
- The IIWG would develop the case for investment in economic growth for the East of England, drawing on a group of officers from amongst the APPG's partners for example Transport East, Freeport East and UK Innovation Corridor and underpinned with robust research from one of more of the APPG's University partners.

Sources

Please see the following documents:

- The report by Metrodynamics '[Opportunity East: How the East of England will help deliver more economic growth through innovation](#)'
- The British Property Federation Report on Unlocking Growth through Partnership - [here](#)
- The Harrington Review, [Harrington Review](#) launched at Bloomberg in November 2023.
- The UK Innovation Corridor Growth Plan [UKIC-Growth-Plan-2024-2030.pdf \(innovationcorridor.uk\)](#) launched at MIPIM in March 2024
- [The EG Guide to Working in Partnership](#) - launched at UKREiF in May 2024

Authors

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edited by Steve Barwick, East of England APPG Secretariat

APPENDIX 1 – CAMBRIDGE INNOVATION HUB

Cambridge is the science superpower of Europe, with over 5,500 knowledge intensive businesses generating revenues in excess of £20bn per annum. Cambridge has the world's highest concentration of academic entrepreneurs and 24 'Unicorns' – companies with an exited value of \$1bn. The University of Cambridge alone makes a total net economic impact on the UK economy of nearly £30 billion annually. Cambridge is also the fastest growing city in the UK. Across the Cambridge city region knowledge intensive sectors grew employment by 5.7% over the latest year of data (2021-22 to 2022-23), led by an 11.1% increase in life sciences. Growth in Cambridge is connected to growth in other regions and is also key to the growth of the economy as a whole.

A globally significant, multi-sector Innovation Hub is a critical enabler to unlock and accelerate this growth. We expect the Hub to double the rate of unicorns produced, the amount of venture investment, and the number of new companies formed in addition to attracting many global research and innovation intensive businesses to Cambridge and the UK. Innovation Hubs have played this role in other leading innovation cities, for example, Boston, San Francisco, Paris. Without the development of an Innovation Hub, we risk losing foreign investment that is currently attracted by international exemplars such as Station F in Paris and Lab Central in Boston. We will not have the convening place that will enable growth in venture funding, attraction of talent and to enable national level programming. Station F demonstrates what can be achieved, with over 100,000 visitors, 140+ deals and 1 billion euros raised by companies each year. We aim to replicate this level of impact by implementing proven and tested models of innovation growth in other countries.

Could potentially unlock:

- Efficiencies of scale and critical mass (100,000 sq ft minimum)
- An annual flow of 100+ high growth companies
- Doubling of venture investment and increased access to private capital
- Supportive network and community through a mix of corporates, start-ups, academics, founders, entrepreneurs, venture capital and venture builders
- Specific technology and innovation programmes e.g. Generative and open AI, cleantech, medtech
- Increased attractiveness of the UK as a base for international companies

APPENDIX 2 - EMBEDDING FREEPORTS INTO A NEW LANDSCAPE FOR LOCAL GROWTH AND DEVOLUTION

All freeports have strong backing and oversight from local authorities, many of them on a cross-party basis. Local authorities recognise that freeports bring additional and complementary skills and capabilities to driving a local growth agenda.

Freeports are taking a lead in showcasing our regions on a global stage; they are driving more joined up planning and investor insight in the energy and transport sectors; they are spearheading inward investment marketing and providing the kind of "concierge" service for investors that the Harrington review has recently advocated for; and freeports are working together collaboratively to create new opportunities – on innovation partnerships, green corridors and coordinated international marketing of the UK in high-growth sectors such as hydrogen and robotics. All this creates additional and specialist capacity to complement core local authority roles.

APPENDIX 3 - STRATEGIC SPATIAL PLANNING

Cambridgeshire and Peterborough Combined Authority is very supportive of this. It is already working cross-border with colleagues in Bedfordshire to support the successful delivery of a Universal Studios theme park.

Given the impact such an attraction will have in the region, the Combined Authority are working to ensure there is a joined up approach to planning and delivery, which can maximise tourism, job and economic growth as well as ensure there is the infrastructure in place to manage increased demand.

APPENDIX 4 – INVESTMENT SUPER ZONE: ARU PETERBOROUGH

Situated in the UK’s second fastest growing city, which hosts a burgeoning cluster of green engineering and manufacturing firms with vital supply chain links to broader automotive and engineering sectors. ARU Peterborough is a key driver of a plan to transform Peterborough into one of Europe’s best connected and fastest growing green city-regions, enhancing its international profile and nationally significant assets.

Creation of be an 'investment super zone' (investment zone 2.0) which will centre around Phase 4 of the University of Peterborough and draw in other key strategic sites across the city, and will unlock innovation, green engineering and advanced manufacturing across the region. CPCA remains one of only two without such a zone, and the Combined Authority stands ready to work with partners to leverage an investment super zone into a Global Innovation Centre that will establish a high-growth energy cluster to develop the new technologies needed for the safe transmission, distribution and use of hydrogen and CO2, across the worlds gas networks and into space, aerospace, marine propulsion and energy generation systems.

The East of England APPG is kindly supported by:



The academic partners of the East of England APPG are:



The East of England APPG's business partners are:

