

Contribution of the Combined Authority to the wider UK economy

This version: 10 July 2018

1. Introduction

This report aims at assessing the contribution that businesses located in the Combined Authority make to the national economy. To this purpose, it examines the distribution of employment, turnover and purchases/supplies of these businesses by geographic region, their expenditure on research and development (R&D) and the extent to which they would relocate their activity to other geographic regions (as well as what these might be). The results presented in this report are based primarily on responses to a qualitative survey administered by PwC Cambridge together with Cambridge Ahead as part of the Cambridge and Peterborough Independent Economic Review (CPIER). The results of this survey are complemented with a new piece of quantitative research on R&D expenditure by businesses that are based in the Combined Authority.

The aim of the PwC survey is to gather the views of companies located in the Cambridgeshire and Peterborough (C&P) area on what drives business growth in the area. Since the PwC survey provided only 25 responses to be used for the analysis, the results of this survey have been combined with those from an earlier survey carried out by the Centre for Business Research (CBR) at the University of Cambridge. The target sample of the CBR survey comprised 90 of the region's largest businesses and allows for 32 more responses to be added to the analysis.¹ Therefore, the analysis draws on responses from 57 businesses that are either based or active in any of the six districts that make up the Combined Authority.

There are several points that are worth highlighting. First, the two surveys do not include exactly the same set of questions. For example, some questions are only available for the PwC survey. Second, although a total of 57 questionnaires can be used for the analysis, responses to some of the questions were not provided. The number of responses to each question is shown at the bottom of the tables presented in the next sections.² Third, the results discussed in this report are based on the survey questions that allow for assessing the contribution of local businesses to the national economy. These questions represent a subset of all of the questions included in the two surveys. Fourth, it is worth noting that the overwhelming majority of respondents are located in Cambridge and South Cambridgeshire. Therefore, the views analysed hereinafter might reflect mainly those of businesses that are located in the aforementioned districts. Fifth, while the PwC survey was carried out between February and May 2018, data for the CBR survey were collected during the period June 2016-May 2017. It follows that the two surveys might capture different perceptions by respondents with respect to Brexit and the outcome of its negotiations.³

2. Employment

Companies in the C&P area were asked about the location of their employees in the last financial year. Their responses are illustrated in Table 1.⁴ The first column reports total employment in the local area

¹ Four responses that were included in the original sample of the CBR survey have been excluded from the present analysis because they came from companies that either have completed the PwC survey or are not located in the Combined Authority.

² A detailed summary of the item response rates for the PwC and CBR surveys combined is included in Table A.1. The same summary for the PwC survey alone is reported in Table A.2.

³ The Brexit referendum took place on 23 June 2016.

⁴ The figures reported in Table 1 exclude MedImmune (AstraZeneca). The distribution of employment by area including MedImmune (AstraZeneca) is reported in Table A.3.

(i.e. within 30 miles), the rest of the United Kingdom and overseas.⁵ The second and third columns present the unweighted and weighted mean percentages of employees in the three areas, with the weights corresponding to total employment in each of the three regions. The unweighted mean percentage of employees in the C&P area was about 62%, while 26.6% were based elsewhere in the United Kingdom and 11.4% in other countries. These results remain qualitatively unchanged if more weight is given to larger businesses. Employees in the local area represent 45.0% of the total number of employees, followed by the rest of the United Kingdom (34.1%) and overseas (21.0%). Importantly, around 80% of employees of businesses in the C&P region appear to be located in the United Kingdom (with this figure increasing to almost 90% if the unweighted mean is considered).

Table 1 Distribution of employment by area, last financial year

	Total employment	Unweighted mean %	Weighted mean %
Local area (i.e. within 30 miles)	16,195	62.0%	45.0%
Rest of the United Kingdom	12,284	26.6%	34.1%
Overseas	7,549	11.4%	21.0%
	36,028	100.0%	100.0%

Number of responses: 50

The survey asked respondents to rate the importance of a number of factors in their decision to locate/remain in the C&P area. The importance of each factor was measured on a scale of 1 (Not important) to 5 (Critically important). The results are presented in Table 2, which reports the mean score and the percentage of respondents indicating that the factor is very, or critically, important. Figure 1 shows the same list of factors in descending order of importance.

Table 2 Importance of various factors in a company's decision to locate/remain in the C&P region

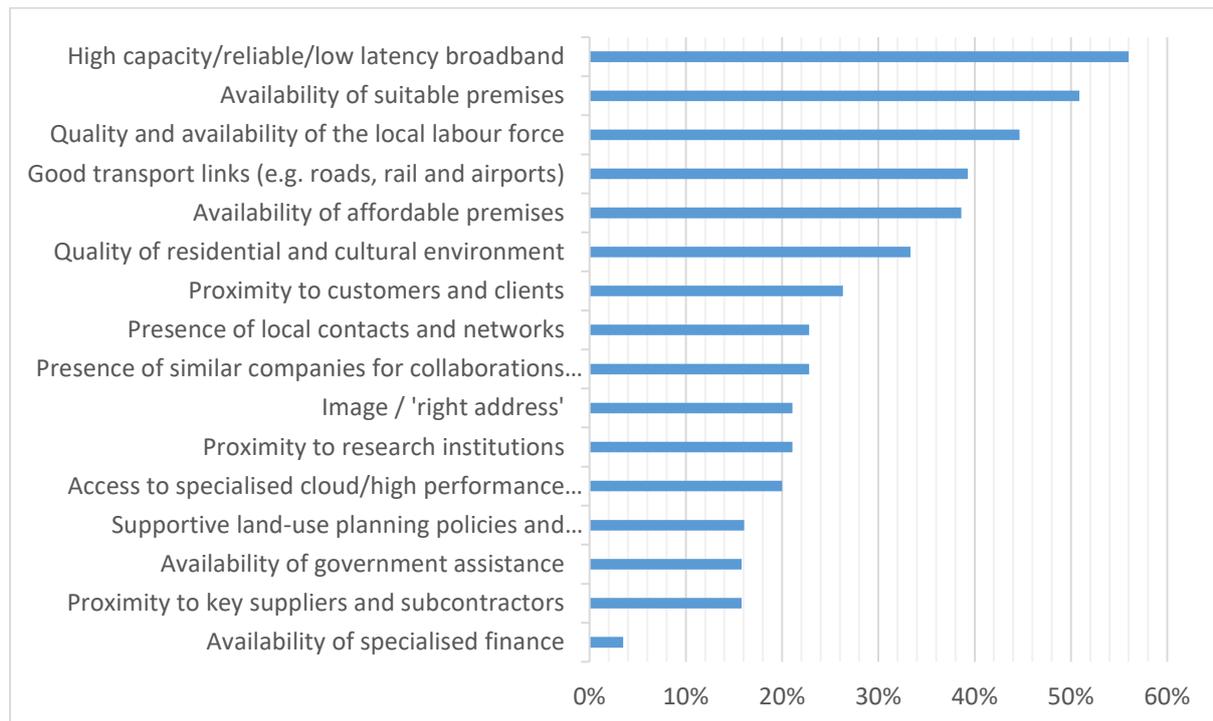
	Mean	% 4 or 5
Proximity to research institutions	2.3	21.1%
Presence of local contacts and networks	2.7	22.8%
Presence of similar companies for collaborations etc.	2.3	22.8%
Image / 'right address'	2.4	21.1%
Quality and availability of the local labour force	3.2	44.6%
Proximity to customers and clients	2.4	26.3%
Proximity to key suppliers and subcontractors	2.1	15.8%
Availability of specialised finance	1.3	3.5%
Availability of government assistance	1.8	15.8%
Supportive land-use planning policies and procedures	1.9	16.1%
Good transport links (e.g. roads, rail and airports)	3.1	39.3%
High capacity/reliable/low latency broadband	3.4	56.0%
Access to specialised cloud/high performance computer	2.6	20.0%
Availability of suitable premises	3.3	50.9%
Availability of affordable premises	3.0	38.6%
Quality of residential and cultural environment	2.8	33.3%

Number of responses: 57

Note: 1 = Not important; 2 = Slightly important; 3 = Important; 4 = Very important; 5 = Critically important.

⁵ In the CBR survey, the local area is defined as a 20-mile radius from the centre of Cambridge.

Figure 1 Importance of various factors in a company's decision to locate/remain in the C&P region: % very or critically important



High capacity/reliable/low latency broadband is regarded by companies as the most important factor behind their decision to locate/remain in the C&P region, with 56.0% rating it as either very, or critically, important. Among the most important factors are also the availability of suitable (50.9%) and affordable (38.6%) premises in the area, along with the quality and availability of the local labour force (44.6%) and good transport links (39.3%). Also important are the quality of the residential and cultural environment (33.3%), image/'right address' (21.1%) and access to specialised cloud/high performance computer (20.0%). These results suggest that, if employment opportunities are not matched with appropriate investment in infrastructure, the attractiveness of the C&P area as a place to do business could be negatively affected.

Another important set of factors concerns the proximity to others in the C&P region. Almost 30% of the survey respondents view proximity to customers and clients as very, or critically, important. Key is also the presence of local contacts and networks as well as of similar companies for collaborations (22.8%). Proximity to research institutions is rated as very, or critically, important by 21.1% of the respondents, while this percentage is somewhat lower with regard to the proximity to key suppliers and subcontractors (15.8%). Taken together, this evidence points to the benefits that companies in the C&P area see of clustering, as epitomised by the decision of AstraZeneca to move its UK-based R&D activities to Cambridge.

Businesses were also asked about the extent to which they feel that the C&P region is an attractive location/proposition for the current and next generation workforce. The analysis of their responses suggests that businesses tend to view the local area as an attractive location/proposition when it comes to employment. The following quote explains some of the key reasons as of why this might be the case:

Lots of diverse and interesting companies. Plenty of growth and opportunities. A number of strong clusters for people to build careers. A pleasant local environment with good facilities.

However, respondents pointed to a number of factors that could undermine the attractiveness of the region if these are not properly addressed. Broadly speaking, these factors can be grouped into the following categories:

- Housing availability and affordability;
- Availability and quality of public transport;
- Traffic congestion;
- Poor road and rail infrastructure;
- Availability of high-quality education.

Some of the businesses that are located in the C&P area (especially in Cambridge and South Cambridgeshire) believe that the limited availability of affordable housing in the area, together with extended commuting times, negatively affects the quality of life. According to some respondents, not addressing these issues might also result in a loss of talented people, who could decide to move to more attractive areas. The following quote is an important example.

It is definitely an attractive location, but access to affordable housing / extended commuting times need to be addressed or talented people will have to go elsewhere.

Furthermore, a few respondents stressed the high degree of heterogeneity that can be observed across the C&P region. This point is illustrated well by the quote below.

There is a big divide between Cambridge and the Fens. Fens are cheaper to live in, but lack vibrancy and attractiveness to young people. Cambridge is very attractive but very few new staff can afford to live there which makes it potentially unsustainable in the longer term.

3. Turnover

The survey sought information about the geographic distribution of turnover. The results are shown in Table 3. Companies in the sample sell 62.0% (46.5% when weighted means are examined) of their goods and services within the United Kingdom, with the largest proportion found for the rest of the country. Turnover generated in the local area constitutes 22.6% (7.4% for the weighted mean) of total turnover. These results suggest that companies in the C&P region contribute significant shares of turnover at both the regional and national level, while highlighting a considerable degree of interconnectedness between local companies and those operating elsewhere in the United Kingdom or overseas. It follows that the outcome of the Brexit negotiations will have important implications for these businesses.

Table 3 Distribution of turnover by area, last financial year

	Total turnover (£m)	Unweighted mean %	Weighted mean %
Local area (i.e. within 30 miles)	574	22.6%	7.4%
Rest of the United Kingdom	3,018	39.4%	39.1%
Overseas	4,124	38.0%	53.4%
	7,716	100.0%	100.0%

Number of responses: 39

To the extent that they provide services or sell products to other businesses in the C&P region, companies were asked about the nature of those services/products and the importance of the local region to their sales pipeline. While the services/products provided to other businesses in the region range from consultancy services to packing, the results suggest that the importance of the local region to a company's sales pipeline varies according to the size and degree of internationalisation of businesses. On the one hand, larger and more internationally oriented respondents indicated that only a somewhat marginal share of their turnover comes from the local area, with some of them stating that the C&P region is not important for their sales pipeline. On the other hand, smaller and less internationally oriented businesses stated that the local area is key for their sales pipeline, with a few businesses indicating that they only operate locally. Moreover, some respondents argued that their sales to customers in the local area bring about a number of benefits that may go beyond a purely quantitative assessment. For example, one respondent highlighted that sales to the local region may help employees perceive that the company is contributing to the local community.

4. Supply chain

The survey participants were asked to provide an approximate breakdown of the origin of their bought-in goods and services during the last financial year. The distribution of purchases/supplies by geographic region is illustrated in Table 4. Out of total purchases for the survey companies of £3.6bn, a total of £2.6bn came from within the United Kingdom. This figure corresponds to 71.2% (72.2% if weighted means are considered) of total purchases. In a nutshell, this evidence points to some important supply chain interlinkages between companies that are in the C&P region and those that are located elsewhere in the United Kingdom. One can also observe that the share of purchases from local suppliers is lower than that from suppliers based overseas (10.8% and 27.8%, respectively, when weighted means are examined), but nonetheless important.

Table 4 Distribution of purchases/supplies by area, last financial year

	Total purchases/supplies (£m)	Unweighted mean %	Weighted mean %
Local area (i.e. within 30 miles)	390	26.5%	10.8%
Rest of the United Kingdom	2,225	44.7%	61.4%
Overseas	1,008	28.8%	27.8%
	3,623	100.0%	100.0%

Number of responses: 31

To gain deeper insight into the contribution of the Combined Authority to the national economy, businesses were asked why it might be important that they buy in services or products from local businesses in the C&P region. The majority of the 15 companies that responded to this question indicated that sourcing services or products from locally based businesses plays only a marginal role. This might be due to the fact that a number of the survey respondents have a global scope of operation and might then select their suppliers based primarily on reasons such as cost advantages or quality of the services/products being purchased.

Among those businesses who said they do source some services/products locally, one respondent explained that they collaborate with local suppliers on certain specialist aspects of technology and that this is facilitated by the fact that they are located nearby. Similarly, there is evidence that businesses in the C&P region might source overheads locally because of their location (rather than because suppliers in the local area are the best source available). Training providers and specialist

services may also be obtained locally, while support to the local economy is viewed by some respondents as another reason behind their decision to buy in services or products from local businesses.

5. Research and development

5.1 Analysis of survey responses

Twenty-eight out of forty-five (62.2%) survey respondents indicated that they engaged in R&D during the last financial year. Of these, 24 also provided their R&D expenditure for the same year, which amounted to £454m. Among the survey participants, a relatively low share was spent on external R&D (median = 10.0%; mean = 26.5%). These figures imply that by far the largest share of R&D for the businesses that took part in the survey is undertaken internally. Moreover, ten respondents provided an estimate of the proportion of their external R&D that was spent within the C&P region and this had a median value of 30.0% (mean = 35.5%).

To the extent that all or part of their R&D was undertaken elsewhere, the survey asked companies to explain whether any variations in the regional support/infrastructure might change their view of locating more or all of their R&D function in the C&P region. The analysis of the ten responses to this question suggests that changes in the regional support/infrastructure per se are unlikely to encourage businesses to relocate their R&D activity to the local area. Greater attention seems to be paid by the survey respondents to working with partners that are best qualified and have the right expertise. This point can be illustrated with the following quote:

Our R&D is centred around Universities specialising in different research topics and also where there is an existing base or talent or the city is intrinsically attractive to recruit into. For us that means Cambridge, Bristol, Oxford, Edinburgh and London each for different reasons.

Furthermore, one respondent added that the relocation of their R&D staff to the C&P area could be made easier if infrastructure and housing supply are improved, as this could make the area more attractive to their employees.

There also appears to be agreement among survey respondents that more support at the regional, national and international level could be given to fund R&D in the area. According to the eleven businesses that responded to this question, some of the general improvements that could be made include simplifying the process for accessing funding, increasing tax allowances, improving the skill set of grant panel members and increasing capacity (i.e. staff) of the bodies involved in the grant funding process.

5.2 Estimates of R&D expenditure

Given the somewhat limited number of survey responses available with regard to R&D, this report presents the results of a new piece of analysis on the R&D expenditure undertaken in 2016/17 by companies that are based in the Combined Authority.

Companies with fifty employees, or more, in 2016/17 which were based in the Combined Authority (531 companies) were examined to identify their R&D expenditure in that year. The FAME database reported R&D figures for 97 of the companies. On examination of the accounts of the rest, it was found that a further 20 companies had reported their R&D spend in their annual report. Of the rest 372 companies were deemed to have not carried out R&D in that year because they had not reported it in their annual report and accounts, had no policy stated for the accounting treatment of R&D and did not identify any R&D staff. R&D expenditure was estimated for the remaining 42 companies using

either next year's or last year's R&D, or the proportion of R&D staff identified in the accounts, or the R&D tax credits shown that year.

Collectively, the companies in the Combined Authority carried out £2.5bn of R&D in 2016/17. However, the distribution across the districts shown in the table below is very uneven.

Table 5 R&D expenditure 2016/17 of large companies by district

District	Number of companies with 50 or more employees	% of Combined Authority	2016/17 R&D expenditure by large companies (£,000)	% of Combined Authority
Cambridge	113	21%	722,990	28%
South Cambridgeshire	145	27%	1,742,268	68%
East Cambridgeshire	42	8%	3,645	0%
Huntingdonshire	103	19%	50,787	2%
Peterborough	91	17%	29,023	1%
Fenland	37	7%	1,184	0%
Combined Authority	531	100%	2,549,897	100%

South Cambs has 27% of the large companies, but has a staggering 68% of the Combined Authority's R&D spending. The next largest is Cambridge with 21% of the large companies and 28% of the total R&D spending. This leaves only about 4% of R&D spending to be found in the other four districts.

The reason for this becomes apparent when the sectoral distribution of R&D spending is examined. The table below shows that KI sectors, which comprise one-third of the large companies based in the Combined Authority, are responsible for 99% of the R&D spending in 2016/17.

Table 6 R&D expenditure 2016/17 of large companies by sector

Sector	Number of companies with 50 or more employees	% of Combined Authority	2016/17 R&D expenditure by large companies (£,000)	% of Combined Authority
Information Technology and Telecoms	67	13%	536,291	21%
Life Science and Healthcare	39	7%	1,551,329	61%
High-tech manufacturing	53	10%	348,675	14%
Knowledge intensive services	18	3%	78,696	3%
Non-KI sectors	354	67%	34,893	1%
ALL SECTORS	531	100%	2,549,884	100%

The two sectors that dominate R&D spending, Information Technology and Telecoms and Life Sciences and Healthcare, together account for 82% of R&D spending and companies in these two sectors are clustered in Cambridge and South Cambs. Life Science and Healthcare has 7% of the large companies, but 61% of the R&D spending. ICT has 13% of the large companies and 21% of R&D spend. These two sectors are important, not only at a regional level, but nationally and beyond.

6. Relocation of activity

The previous sections pointed to a number of factors that could undermine the attractiveness of the C&P region as well as some of the areas where businesses feel that more support is needed. Companies were also asked to rate, on a scale of 1 (Very significantly beneficial) to 5 (Very significant limitation), the extent to which various factors influence their growth in the region. Table 7 reports the mean score for each factor and the percentage of respondents stating that the factor is either a moderately or very significant limitation. The same list of factors is illustrated in Figure 2 in descending order of importance.

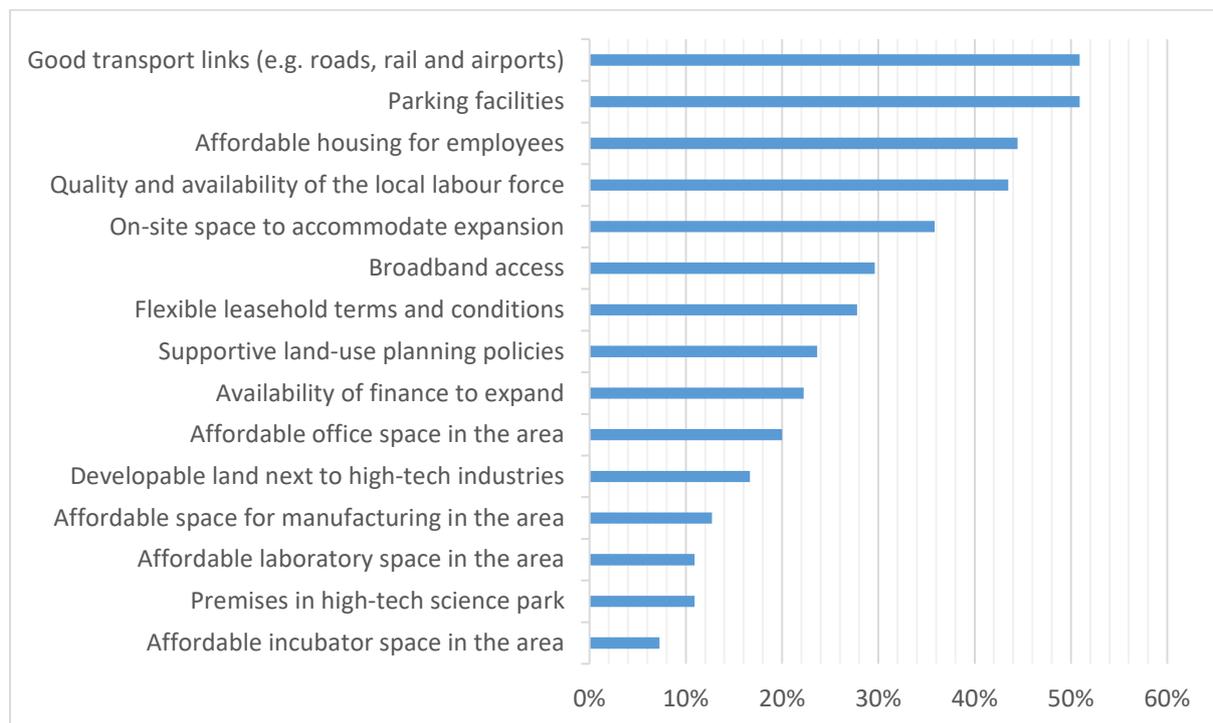
Table 7 Factors influencing a company's growth in the C&P region

	Mean	% 4 or 5
Affordable office space in the area	2.6	20.0%
Affordable incubator space in the area	2.0	7.3%
Affordable laboratory space in the area	2.2	10.9%
Affordable space for manufacturing in the area	2.2	12.7%
Premises in high-tech science park	2.1	10.9%
Flexible leasehold terms and conditions	2.5	27.8%
On-site space to accommodate expansion	2.9	35.8%
Developable land next to high-tech industries	2.4	16.7%
Quality and availability of the local labour force	3.2	43.5%
Good transport links (e.g. roads, rail and airports)	3.3	50.9%
Broadband access	2.8	29.6%
Affordable housing for employees	3.3	44.4%
Parking facilities	3.1	50.9%
Supportive land-use planning policies	2.8	23.6%
Availability of finance to expand	2.5	22.2%

Number of responses: 55

Note: 1 = Very significantly beneficial; 2 = Moderately significantly beneficial; 3 = Neutral; 4 = Moderately significant limitation; 5 = Very significant limitation.

Figure 2 Factors influencing a company’s growth in the C&P region: % moderately or very significant limitation



Good transport links (e.g. roads, rail and airports) and parking facilities are identified by respondents as the most important factors limiting their growth in the C&P area, with 50.9% of the survey respondents rating these factors as moderately, or very, significant limitations. In a nutshell, these results suggest that transport issues are a major concern among local businesses, consistent with what we found in Section 2. A number of other infrastructure-related issues are regarded as important limitations to a company’s growth. These include affordable housing for employees (44.4%), on-site space to accommodate expansion (35.8%), broadband access (29.6%) and affordable office space in the area (20.0%). These factors partly depend on the availability of finance and supportive local planning policies, thus it is not surprising to find that flexible leasehold terms and conditions (27.8%) and supportive land-use planning policies (23.6%) also score highly.

Approximately four out of ten respondents rate the quality and availability of the local labour force as a moderately, or very, significant limitation. These results might be explained by the desire of a number of survey respondents to expand at their existing location, which is also reflected in the relatively high scores given to the availability of finance to expand (22.2%) and the presence of developable land next to high-tech industries (16.7%). Conversely, factors such as affordable laboratory space in the area (10.9%), premises in high-tech science park (10.9%) and affordable incubator space in the area (7.3%) received lower scores. This result is not surprising, in that these factors tend to be commonly cited issues among high-tech start-ups and might only marginally affect businesses of the size of our respondents.

If read in conjunction with the findings discussed in Section 2, these results suggest that the various factors limiting growth in the C&P region might have a bearing on a company’s decision to remain in the region. Therefore, it becomes important to assess where companies that are currently in the area might move if the issues they have highlighted are not addressed. To this end, companies were asked

to indicate where they might relocate some or all of their activity if they decided to move out of the region. The participants were presented with five alternatives, namely elsewhere within the United Kingdom, Europe, North America, Asia and other countries, and their responses are summarised in Table 8. Since each respondent could give only one answer in each row, the sum for each of the rows equals to 100%.

Table 8 Areas where activity might be relocated

	Definitely not or Unlikely	Possible	Likely or Certain
Elsewhere within the United Kingdom	41.7%	33.3%	25.0%
Outside the United Kingdom - Europe	64.6%	14.6%	20.8%
Outside the United Kingdom - North America	68.1%	19.1%	12.8%
Outside the United Kingdom - Asia	74.5%	14.9%	10.6%
Outside the United Kingdom - Other	86.1%	13.9%	0.0%

Number of responses: 48

The results suggest that the most common destination of a departing business is elsewhere in the United Kingdom, with 33.3% indicating that this is possible and 25.0% indicating that this is likely or certain. Taken together, 58.3% of the survey respondents feel that it is possible, likely or certain that they will relocate to other parts of the United Kingdom should they decide to move out of the C&P area. Conversely, only 13.9% of the participants said that they would relocate their activity to areas other than the United Kingdom, Europe, North America and Asia. Europe is found to have the second-highest percentage (35.4%), followed by North America (31.9%) and Asia (25.5%).

If one focuses on the percentage of businesses that would likely or certainly move to another area, it can be observed that the majority of the survey respondents anticipate relocating their activity outside of the United Kingdom (44.2% compared with 25.0% who said would likely or certainly move elsewhere within the United Kingdom). Therefore, these results seem to suggest that local businesses tend to see the C&P region as a somewhat unique location within the United Kingdom and might have to relocate somewhere overseas to be able to find a similar ecosystem. It is apparent that this would result in a significant loss of jobs in the United Kingdom in favour of other countries.

If they were to relocate outside of the C&P area, two out of the five survey respondents that operate in the Information Technology and Telecoms sector and that provided an answer to the relevant question indicated that it is either likely or certain they would move their activity to Europe. One of them also stated that relocating some or all of its activity elsewhere within the United Kingdom is unlikely, while two companies indicated that they would likely or certainly move to North America.

Similar findings are obtained for survey respondents operating in the Life Science and Healthcare sector. Three out of the four participants that provided an answer to the underlying question said that they would definitely not move elsewhere in the United Kingdom or that this is unlikely. Conversely, these companies indicated that they would likely or certainly relocate to either Europe or North America. All in all, these findings reiterate the benefits that businesses operating in the biotech sector derive from being located in the Cambridge cluster.

To understand further what might lead them to relocate their activity outside of the C&P region, companies were asked to identify the main improvements that would help support business in the area. The most recurring themes among survey participants are listed below:

- Housing affordability;
- Quality of local transport infrastructure (e.g. road network and transport links to the West);
- Affordability and availability of office premises (including R&D facilities);
- Provision of high-quality education and training;
- Availability of fast broadband for business and improved mobile phone coverage;
- Development of more facilities (e.g. hotels, restaurants and shops);
- Availability of grant aid for capital expenditure;
- Government financial support for small businesses;
- Investment to reduce energy costs.

Companies were also asked more directly whether they regard the ecosystem and business network around the C&P area as fundamental to the success of their business or whether they could easily move their business location to another city/region. Although the importance assigned to the local ecosystem varies across respondents, businesses in the local area generally feel that it may be difficult to move their location to another geographic region. Among the main advantages of being located in the C&P area is the availability of highly skilled workforce, which might not be easily found elsewhere, and the opportunity to be an integral part of the technology cluster in the southern area of the region. The following quotes make important cases in point:

Our reliance on a highly skilled work force, which could not easily be found elsewhere, would make relocation from the C&P area very difficult.

We are here because of the whole tech ecosystem including University research in computer science and artificial intelligence.

The supply of technology talent is key and Cambridge is certainly a hub for this.

Our success is dependent on integration in the Cambridge technology cluster, without which we would cease to have a rationale for being here.

7. Summary and conclusions

This report set out to examine the contribution of businesses located in the Combined Authority to the wider UK economy. The results show that companies in the C&P region contribute significant shares of employment and turnover at both the regional and national level, while pointing to some important supply chain interlinkages between businesses in the region and those that are located elsewhere in the United Kingdom. Furthermore, companies in the Combined Authority are found to carry out £2.5bn of R&D in 2016/17, a highly significant figure both regionally and nationally. There is also evidence that proximity to others is perceived as a key factor behind the decision to locate/remain in the region, thereby pointing to the benefits that respondents see of clustering.

Although companies tend to view the C&P area as fundamental to their success, the analysis highlights a number of factors that could undermine the attractiveness of the area. These include various infrastructure-related issues, such as good transport links, availability of suitable premises and high capacity broadband. If these issues are not effectively addressed, companies might decide to relocate some or all of their activity out of the region. Importantly, the analysis indicates that businesses might move their activity outside of the United Kingdom, with Europe and North America as their preferred destinations. It is apparent that this relocation of activity, which might also be influenced by the outcome of the Brexit negotiations, would cause a significant loss of jobs in the United Kingdom in favour of other countries.

Appendix A

Table A.1 Item response rate (CBR and PwC surveys combined)

Question	Number of responses	Response rate
How important were/are each of the following factors in influencing your decision to locate/remain in the C&P region?		
Proximity to research institutions	57	100.0%
Presence of local contacts and networks	57	100.0%
Presence of similar companies for collaborations etc.	57	100.0%
Image / 'right address'	57	100.0%
Quality and availability of the local labour force	56	98.2%
Proximity to customers and clients	57	100.0%
Proximity to key suppliers and subcontractors	57	100.0%
Availability of specialised finance	57	100.0%
Availability of government assistance	57	100.0%
Supportive land-use planning policies and procedures	56	98.2%
Good transport links (e.g. roads, rail and airports)	56	98.2%
High capacity/reliable/low latency broadband	25	43.9%
Access to specialised cloud/high performance computer	25	43.9%
Availability of suitable premises	57	100.0%
Availability of affordable premises	57	100.0%
Quality of residential and cultural environment	57	100.0%
Other (please specify)	11	19.3%
Other (please specify) - Text	9	15.8%
In your view, what are 3 main improvements which could be made in the C&P region that would help support your business, if they existed?	23	40.4%
For each of the factors presented below please indicate the extent to which they influence your company's growth in the C&P area?		
Affordable office space in the area	55	96.5%
Affordable incubator space in the area	55	96.5%
Affordable laboratory space in the area	55	96.5%
Affordable space for manufacturing in the area	55	96.5%
Premises in high-tech science park	55	96.5%
Flexible leasehold terms and conditions	54	94.7%
On-site space to accommodate expansion	53	93.0%
Developable land next to high-tech industries	54	94.7%
Quality and availability of the local labour force	23	40.4%
Good transport links (e.g. roads, rail and airports)	55	96.5%
Broadband access	54	94.7%
Affordable housing for employees	54	94.7%
Parking facilities	55	96.5%

Question	Number of responses	Response rate
Supportive land-use planning policies	55	96.5%
Availability of finance to expand	54	94.7%
Other (please specify)	5	8.8%
Other (please specify) - Text	4	7.0%
Do you regard the ecosystem and business network around C&P as fundamental to the success of your business or could you easily move your business location to another city/region? Please explain your answer.	21	36.8%
If your company decided to move some or all of its activity out of the C&P area, where would that activity be re-located?		
Elsewhere within the UK	48	84.2%
Outside the UK - Europe	48	84.2%
Outside the UK - North America	47	82.5%
Outside the UK - Asia	47	82.5%
Outside the UK - other	36	63.2%
Outside the UK - other - Text	4	7.0%
Please estimate the value of your turnover/sales in the last financial year derived from customers in the regions shown below (£'000)?		
- Cambridge & Peterborough area	39	68.4%
- Rest of UK	38	66.7%
- Overseas	37	64.9%
To the extent you provide services or sell products to other business in the C&P region, what is the nature of those services/products and how important is the local region to your sales pipeline?	17	29.8%
Please estimate the cost of your bought in goods and services in the last financial year from suppliers in the regions shown below (£'000)?		
- Cambridge & Peterborough area	31	54.4%
- Rest of UK	31	54.4%
- Overseas	31	54.4%
If it is important to your business that you buy in services or products from local businesses in the C&P region, please explain why?	15	26.3%
Did your company engage in R&D (Research & Development) in the last financial year?	45	78.9%
How many staff were engaged in R&D?		
- for part of their time	17	29.8%
- for all of their time	22	38.6%
Please provide the following details related to your R&D expenditure in the last financial year.		
What was your total R&D expenditure £000?	24	42.1%
Approximately what percentage of your R&D was spent on external R&D?	21	36.8%
What percentage of your external R&D was spent within the C&P region?	10	17.5%

Question	Number of responses	Response rate
If claimed R&D tax credits, approximately how much received back in cash from HMRC?	9	15.8%
If all or part of your R&D was undertaken elsewhere (i.e. outside the C&P region), please provide a brief explanation whether any changes in the regional support/infrastructure might change your view of locating more or all of your R&D function here?	10	17.5%
To what extent do you feel more regional/national/international support could be given to fund R&D in the region and what general improvements do you think could be made to the current process for accessing grant funding?	11	19.3%
How many employees were employed at locations within the areas shown below over the last three years?		
- Cambridge & Peterborough Area - Current Year	51	89.5%
- Rest of UK - Current Year	40	70.2%
- Overseas - Current Year	39	68.4%
Do you feel that the C&P region is an attractive location/proposition for the current and next-gen workforce?	21	36.8%

Table A.2 Item response rate (PwC survey)

Question	Number of responses	Response rate
How important were/are each of the following factors in influencing your decision to locate/remain in the C&P region?		
Proximity to research institutions	25	100.0%
Presence of local contacts and networks	25	100.0%
Presence of similar companies for collaborations etc.	25	100.0%
Image / 'right address'	25	100.0%
Quality and availability of the local labour force	25	100.0%
Proximity to customers and clients	25	100.0%
Proximity to key suppliers and subcontractors	25	100.0%
Availability of specialised finance	25	100.0%
Availability of government assistance	25	100.0%
Supportive land-use planning policies and procedures	25	100.0%
Good transport links (e.g. roads, rail and airports)	25	100.0%
High capacity/reliable/low latency broadband	25	100.0%
Access to specialised cloud/high performance computer	25	100.0%
Availability of suitable premises	25	100.0%
Availability of affordable premises	25	100.0%
Quality of residential and cultural environment	25	100.0%
Other (please specify)	5	20.0%
Other (please specify) - Text	4	16.0%
In your view, what are 3 main improvements which could be made in the C&P region that would help support your business, if they existed?	23	92.0%
For each of the factors presented below please indicate the extent to which they influence your company's growth in the C&P area?		
Affordable office space in the area	23	92.0%
Affordable incubator space in the area	23	92.0%
Affordable laboratory space in the area	23	92.0%
Affordable space for manufacturing in the area	23	92.0%
Premises in high-tech science park	23	92.0%
Flexible leasehold terms and conditions	23	92.0%
On-site space to accommodate expansion	23	92.0%
Developable land next to high-tech industries	23	92.0%
Quality and availability of the local labour force	23	92.0%
Good transport links (e.g. roads, rail and airports)	23	92.0%
Broadband access	23	92.0%
Affordable housing for employees	23	92.0%
Parking facilities	23	92.0%
Supportive land-use planning policies	23	92.0%
Availability of finance to expand	23	92.0%

Question	Number of responses	Response rate
Other (please specify)	3	12.0%
Other (please specify) - Text	2	8.0%
Do you regard the ecosystem and business network around C&P as fundamental to the success of your business or could you easily move your business location to another city/region? Please explain your answer.	21	84.0%
If your company decided to move some or all of its activity out of the C&P area, where would that activity be re-located?		
Elsewhere within the UK	20	80.0%
Outside the UK - Europe	20	80.0%
Outside the UK - North America	18	72.0%
Outside the UK - Asia	18	72.0%
Outside the UK - other	12	48.0%
Outside the UK - other - Text	4	16.0%
Please estimate the value of your turnover/sales in the last financial year derived from customers in the regions shown below (£'000)?		
- Cambridge & Peterborough area	18	72.0%
- Rest of UK	17	68.0%
- Overseas	16	64.0%
To the extent you provide services or sell products to other business in the C&P region, what is the nature of those services/products and how important is the local region to your sales pipeline?	17	68.0%
Please estimate the cost of your bought in goods and services in the last financial year from suppliers in the regions shown below (£'000)?		
- Cambridge & Peterborough area	15	60.0%
- Rest of UK	15	60.0%
- Overseas	15	60.0%
If it is important to your business that you buy in services or products from local businesses in the C&P region, please explain why?	15	60.0%
Did your company engage in R&D (Research & Development) in the last financial year?	22	88.0%
How many staff were engaged in R&D?		
- for part of their time	9	36.0%
- for all of their time	10	40.0%
Please provide the following details related to your R&D expenditure in the last financial year.		
What was your total R&D expenditure £000?	11	44.0%
Approximately what percentage of your R&D was spent on external R&D?	10	40.0%
What percentage of your external R&D was spent within the C&P region?	10	40.0%
If claimed R&D tax credits, approximately how much received back in cash from HMRC?	9	36.0%

Question	Number of responses	Response rate
If all or part of your R&D was undertaken elsewhere (i.e. outside the C&P region), please provide a brief explanation whether any changes in the regional support/infrastructure might change your view of locating more or all of your R&D function here?	10	40.0%
To what extent do you feel more regional/national/international support could be given to fund R&D in the region and what general improvements do you think could be made to the current process for accessing grant funding?	11	44.0%
How many employees were employed at locations within the areas shown below over the last three years?		
- Cambridge & Peterborough Area - Current Year	21	84.0%
- Rest of UK - Current Year	14	56.0%
- Overseas - Current Year	15	60.0%
Do you feel that the C&P region is an attractive location/proposition for the current and next-gen workforce?	21	84.0%

Table A.3 Distribution of employment by area, last financial year – including MedImmune (AstraZeneca)

	Total employment	Unweighted mean %	Weighted mean %
Local area (i.e. within 30 miles)	18,295	60.8%	19.7%
Rest of the United Kingdom	16,884	26.3%	18.2%
Overseas	57,549	12.9%	62.1%
	92,728	100.0%	100.0%

Number of responses: 51

Centre for Business Research

July 2018