WORKING PAPER 10

Case Study Report

PETERBOROUGH

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1 Introduction

The economic development of Peterborough reflects a number of different influences. It traces a history as a settlement from the Bronze Age with the creation in Anglo-Saxon times of the monastery that is now Peterborough Cathedral. It prospered as a market town for many years but its economic fortunes transformed by the opening of the railway station in 1850 that was part of the Great Northern Railway line from London to York. More recently, it became a New Town and this has had a considerable impact on the growth of its economy.

Figure 1 shows how employment and output grew since 1971 relative to other British cities. The evidence suggests that over the period 1971 to 2015 the City expanded both its output and its employment by over 40% more than would have been expected based on national growth trends. Its relative growth performance has been very similar to that of Telford, but substantial less than that of Milton Keynes, both other Round Three New Towns\(^1\).

\(^1\) The first wave of New Towns were designated under the New Towns Act 1946 and had a focus on planned decentralisation of population from especially London, to assist with housing shortages and congestion. The New Towns were Stevenage (1946), Crawley (1947), Hemel Hempstead (1947), Harlow (1947), Newton Aycliffe (1947), Peterlee (1948), Welwyn Garden City and Hatfield (1948), Basildon (1949), Bracknell (1949) and Corby (1950). The second wave was designated in the period 1961-64 with a focus on planned decentralisation from large urban areas. The programme was accompanied by an extensive overspill policy. The New Towns in this period were Skelmersdale (1961), Telford (1963), Redditch (1964), Runcorn (1964) and Washington (1964). The third wave were designated over the period 1967-70 with a dispersal from urban cores but with a further northern emphasis and they comprised Milton Keynes (1967), Peterborough (1967), Northampton (1968), Warrington (1968). Telford (1968) and Central Lancashire (1970)
Whilst Peterborough’s economic growth has been very favourable compared to many other British cities, the pace of development has varied quite considerably over the study period. Figure 2 shows that after being designated as a New Town in the late 1960s, until the beginning of the late 1980s its employment and output growth was very rapid indeed. However, over the subsequent period up to the Financial Crisis in 2007, growth attenuated somewhat and since the Crisis it has been growing relatively more slowly than the national average, particularly in terms of GVA.
This case study seeks to understand how the Peterborough city economy has changed, reoriented and adapted in recent years, and the nature of the structural adaptation that has occurred; placing particular attention on how institutional and policy related factors have affected change. The focus is thus on structural change and adaptive growth. The report makes use of a comprehensive new dataset on the economic performance of all TTWAs in Britain with a population above 200,000. The statistical analysis adopts the 2011 TTWA boundary for Peterborough as shown in Figure 3. This is thus a functional economic area and does not correspond to formal administrative boundaries (shown in Figure 4).
Figure 3: Peterborough 2011 TTWA.

Source: Office for National Statistics (ONS) - Travel to Work Areas (December 2011) Map in the United Kingdom
Figure 4: Peterborough unitary authority administrative boundaries.
2 Context and brief economic history

It is hard to overstate the impact of the opening of the railway station in Peterborough in 1850 on its economy. The presence of very large reserves of local clay deposits had led to the area producing ceramics as far back as Roman times. However, in the 1890s it was discovered that clay from the Fletton works in Peterborough could be used to manufacture quality bricks. Made in large quantities by the London Brick Company the railway allowed nation-wide distribution\(^2\).

Throughout the late nineteenth and early twentieth century, Peterborough benefited from the activities of some quite extraordinary entrepreneurs, some of whom began their working lives in the production of agriculture machinery but who very quickly learned how they could apply their expertise to the production of other industrial products. These people were not afraid to push the boundaries in seeking commercial application for their ideas. Some of the businesses established an international market presence. The area also benefitted at the turn of the twentieth century from the movement of industrial businesses out of London as businesses sought to overcome the constraints on expansion that existed in the Capital. The excellent railway communications, and the availability of quality and relatively inexpensive land and labour, made Peterborough a very attractive location. Examples included Baker Perkins and Peter Brotherhood, both of whom relocated from London in 1903 and 1906 respectively. They produced industrial machinery and created very substantial job opportunities in Peterborough. Perkins Engines opened in the City in 1932 and its highly innovative founder, Frank Perkins, built the company into an international player in the production of diesel engines. As Baker (2004) observed, by the 1960s the Perkins Engines employed a tenth of the Peterborough working population.

\(^2\) The London Brick Company was started by John Cathles Hill, a developer-architect who built houses in London and Peterborough. In 1889, he bought the T.W. Hardy & Sons brickyard at Fletton near Peterborough, and the business was incorporated as the London Brick Company in 1900 (Hillier, 1981).
During the nineteenth century, Peterborough also gained something of a presence in financial services with the Norwich and Peterborough Building Society established in 1860. Another significant event was the formation of Anglia Regional in 1876, one of the largest co-operative societies of its time (Brookes, 2014).

Peterborough became a New Town in 1967. It has been argued that this was partly due to the willingness of the, then, Labour administration to want to see expansion (Grant, 2017). The Peterborough Development Corporation was a partnership with the City and County Councils. The original intention was to create four townships of Bretton, Orton, Werrington and Castor. Becoming a New Town had a considerable influence on the economic development of the Peterborough economy. As a third-wave New Town it could accommodate population and businesses being encouraged to move out of London. It was thus a favoured location for both the dispersal of industrial and commercial office investment. Companies like Pearl Assurance and Thomas Cook came to the City attracted by the good rail links and the relatively low cost of land. An expanding labour force was a further attraction and these well-known businesses helped to encourage other businesses that were seeking relatively lower cost, competitive locations outside the congestion of the London conurbation.

The availability of serviced sites, coupled with a ready supply of labour accommodated in housing built by the Development Corporation, attracted manufacturing (particularly engineering) and increasingly distribution businesses. Moreover, whilst the Development Corporation could not match the regional policy financial incentives available at the time in more Northern locations it was very successful in attracting a steady flow of inward investment that provided new job opportunities for its expanding population.

The attractiveness of the Peterborough economy increased with the development of a major shopping centre, Queens’s Gate, opened in 1982. This has proved to be very popular over the years and has established itself as a major sub-regional shopping centre. It has recently received major new investment.
Throughout the post war period Peterborough also established a leading presence in environmental and water management consultancy and technology, as well as being the headquarter location for a number of well-known national food and agricultural producers and distributors. It has a leading presence in the agri-tech sector, building on its historical presence in this industry.

The New Town Corporation closed in September 1988 and its assets and liabilities were transferred to the Commission for New Towns. For a number of years following the closure, the City had mixed success in establishing a successor body responsible for the development of an economic strategy, particularly in attracting inward investment. Momentum recovered with the creation of an Urban Regeneration Company in 2005. This body was tasked by the then Office of the Deputy Prime Minister to oversee the economic development of the City. Since that time, a considerable amount of new investment has been devoted to the redevelopment of the city centre, including the aforementioned enhanced and upgrade of the Queens Gate shopping centre and the building of new office opportunities that benefit from a location on the extensive waterfront opportunities fronting onto the river Nene. The Urban Regeneration Company has evolved into Opportunity Peterborough that is now the body taking forward Peterborough’s economic development.
Population has grown rapidly in Peterborough since 1971. Some 110,000 more people now live there than in 1971, partly as a result of inward migration, but also natural increase. Figure 5 shows that the population has increased by nearly a quarter over this period compared with the GB average. The comparison with cities like Glasgow and Middlebrough & Stockton is stark. Figures 6 and 7 show that output (GVA) and employment in Peterborough also grew much more rapidly that the national average, (by 34% and 45% respectively). Peterborough was one of the fastest growing British cities over this period. Its relative faster growth stood in sharp contrast to the employment and GVA growth performance of cities like Birmingham, Glasgow and Middlesborough & Stockton which were experiencing rapid deindustrialisation and grew less than the national average. The London economy was also growing relatively more slowly till around the mid 1990s when its relative performance turned around. By the end of the period its overall growth rate was much in line with that of the nation as a whole. In part, some of Peterborough’s relative favourable employment performance was influenced by how quickly London grew. Peterborough did well after it was designated a New Town in 1967.
Figure 5: Population growth in Peterborough compared to the GB average.

Figure 6: GVA growth in Peterborough compared to the GB average.
The growth of productivity in Peterborough has tended to be somewhat below that of the GB average, and interestingly that of the larger core cities, particularly London (Figure 8). The impact of this on the relative growth of GVA per capita is clear (Figure 9) with Peterborough being somewhat behind the overall average and considerably behind London, as well as Bristol and Glasgow (two of our other case cities). Relatively slower growth of productivity has tended to be a feature of some postwar New Towns, partly reflective of a concentration of investment in branch plants.
Figure 8: Productivity growth in Peterborough compared to the GB average and selected other cities.

Figure 9: GVA per Capita growth in Peterborough compared to the GB average and selected other cities.
4 Structural economic change in Peterborough

This section examines how the City’s economy has changed since 1971, and compares it with the national position.

Figure 10: The employment structure of the Peterborough economy compared to GB.

Figure 10 shows that, as in the nation as a whole, employment in manufacturing related activities has declined significantly from around 34% of the total in 1971 to around 14% by 2015. There has been corresponding growth in retail and personal services and knowledge intensive business services, as well as in public services.

Figure 11 indicates quite clearly just how significant the contraction in employment has been in some key manufacturing sectors in the Peterborough economy since 1971. The development of the employment shares of several large and more stable sectors, is shown in Figure 12.
Figure 11: Employment shares of selected manufacturing industries in the Peterborough economy.

Figure 12: Employment shares of large, stable sectors.
Some idea of the sectors that the Peterborough economy has specialized in, can be gained by considering location quotients (LQ). The location quotient is derived by dividing the share that a particular sector has in the Peterborough economy, by the equivalent share nationally. If the LQ is greater than one then Peterborough has relative specialization in that sector compared to the nation as a whole and vice versa. Figure 13 shows the results for selected manufacturing industries in Peterborough. Historically the Peterborough economy was relatively specialized in the manufacture of machinery and equipment, particularly the manufacture of electrical machinery until a recent significant closure. Figure 14 reveals that the local economy has some relative specialization in logistics, which appears to be increasing again after a period of relative decline. The area is relatively underspecialised in health and residential care.

**Figure 13: Relative industrial specialization in Peterborough in selected manufacturing sectors.**
Figure 14: Relative industrial specialization in Peterborough in large, stable sectors.

Figure 15 considers major private service sectors; and shows that the local economy has significant specialization in employment services, insurance and pensions, and publishing activities, but that the relative degree of specialization has been in sharp decline in recent years.
Figure 15: Relative industrial specialization in Peterborough in private services.

Figure 16: Relative specialization: development of the Krugman Specialisation index
Figure 16 shows how specialization in the Peterborough economy, taken as a whole, has changed using the Krugman specialisation index. The evidence suggests that the degree of relative specialisation has been falling over the last fifty years and this is in line with the experience of most other British cities (Martin et al., 2016).

Table 1 provides some insight into the dynamics of the establishment base in Peterborough relative to the nation as a whole. The evidence is for businesses less than ten and more than ten employees since 1997. In the first decade 1997-2007, the loss of businesses that were there in 1997 through closure, was generally less than the nation as a whole. Births tended to be above average for both groups, but less tended to survive to the end of the period compared to the national average. The relative position changed somewhat for Peterborough in the next period, 2007-2015. Closure of the stock of businesses in Peterborough in 2007 throughout the period was above the national average, births were much in line, and closure of those births a little below the nation as a whole. Overall, therefore business formation and closure in Peterborough over the whole period 1997 to 2015 does not appear to have been much out of line with the nation. Recent evidence points to a relatively healthy rate of new business formation.

Table 1: Firm mutations per million inhabitant in Peterborough (compared to GB) 1997-2007 and 2007-2015.

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<tbody>
<tr>
<td>Less than 10</td>
<td>11,743 (12,096)</td>
<td>39,065 (37,590)</td>
<td>19,317 (18,748)</td>
<td>15,478 (14,790)</td>
<td>32,712 (32,881)</td>
<td>12,890 (13,503)</td>
</tr>
<tr>
<td>Greater than 10</td>
<td>1,558 (1,703)</td>
<td>1,807 (1,710)</td>
<td>797 (807)</td>
<td>1,117 (1,014)</td>
<td>1,440 (1,357)</td>
<td>495 (507)</td>
</tr>
<tr>
<td>Total</td>
<td>13,301 (13,799)</td>
<td>40,872 (39,300)</td>
<td>20,114 (19,555)</td>
<td>16,595 (15,804)</td>
<td>34,152 (34,238)</td>
<td>13,385 (14,010)</td>
</tr>
</tbody>
</table>

Table 2 shows patenting activity in Peterborough, compared with a small number of other New Towns and the nation as a whole. Patents have their limitations as a measure of innovation activity. Overall, the position has changed considerably over the period. In general, Peterborough has had lower patent activity compared to the national average,
and particularly other southern new towns. The exception was in 2012 when Peterborough registered above the national average and many of the other New Towns considered.

Table 2: Patents per million employees in selected New Towns and GB.

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<tbody>
<tr>
<td>Crawley</td>
<td>195</td>
<td>168</td>
<td>226</td>
<td>251</td>
</tr>
<tr>
<td>Ipswich</td>
<td>91</td>
<td>171</td>
<td>510</td>
<td>89</td>
</tr>
<tr>
<td>Milton Keynes</td>
<td>336</td>
<td>128</td>
<td>164</td>
<td>111</td>
</tr>
<tr>
<td>Peterborough</td>
<td>57</td>
<td>94</td>
<td>78</td>
<td>174</td>
</tr>
<tr>
<td>Preston</td>
<td>177</td>
<td>96</td>
<td>105</td>
<td>57</td>
</tr>
<tr>
<td>Stevenage</td>
<td>371</td>
<td>297</td>
<td>383</td>
<td>184</td>
</tr>
<tr>
<td>Telford</td>
<td>52</td>
<td>121</td>
<td>39</td>
<td>37</td>
</tr>
<tr>
<td>Warrington &amp; Wigan</td>
<td>49</td>
<td>97</td>
<td>52</td>
<td>60</td>
</tr>
<tr>
<td>Total GB</td>
<td>94</td>
<td>125</td>
<td>193</td>
<td>134</td>
</tr>
</tbody>
</table>

Table 3: Share of high-skilled employment in selected New Towns and GB.

<table>
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<tbody>
<tr>
<td>Crawley</td>
<td>26.4</td>
<td>19.9</td>
<td>23.0</td>
<td>26.3</td>
<td>30.3</td>
</tr>
<tr>
<td>Ipswich</td>
<td>24.6</td>
<td>20.1</td>
<td>21.7</td>
<td>25.3</td>
<td>25.9</td>
</tr>
<tr>
<td>Milton Keynes</td>
<td>29.3</td>
<td>23.2</td>
<td>24.9</td>
<td>29.2</td>
<td>29.3</td>
</tr>
<tr>
<td>Northampton</td>
<td>26.0</td>
<td>20.1</td>
<td>21.9</td>
<td>26.0</td>
<td>27.8</td>
</tr>
<tr>
<td>Peterborough</td>
<td>21.1</td>
<td>15.0</td>
<td>18.5</td>
<td>21.3</td>
<td>25.5</td>
</tr>
<tr>
<td>Preston</td>
<td>24.5</td>
<td>17.0</td>
<td>19.8</td>
<td>23.8</td>
<td>23.2</td>
</tr>
<tr>
<td>Stevenage</td>
<td>24.3</td>
<td>20.3</td>
<td>22.9</td>
<td>25.1</td>
<td>28.1</td>
</tr>
<tr>
<td>Telford</td>
<td>22.4</td>
<td>16.2</td>
<td>19.9</td>
<td>23.5</td>
<td>22.6</td>
</tr>
<tr>
<td>Warrington &amp; Wigan</td>
<td>21.6</td>
<td>16.3</td>
<td>19.1</td>
<td>21.9</td>
<td>23.8</td>
</tr>
<tr>
<td>Total GB</td>
<td>24.1</td>
<td>18.5</td>
<td>21.6</td>
<td>25.3</td>
<td>26.8</td>
</tr>
</tbody>
</table>

Table 3 shows that Peterborough has tended to have a relatively lower share of high skilled labour relative to the nation, although the gap had closed considerably by 2015. Peterborough is not much out of line with many other New Towns with the exception of Crawley and Milton Keynes. Figure 17 adds a further dimension to the analysis by considering the occupational structure in more detail. This data confirms the apparent
increasing share of professional occupations in Peterborough compared to the national economy. The same has happened with respect to those employed in caring, leisure and other services. There has also been some relative reduction in the proportion of those employed in administration and secretarial occupations to become more like the national position. However, perhaps more worryingly, there has been a distinctive narrowing of the proportion of the workforce in skilled trade occupations such that the area has become more like the national position. This must be reflective, at least in part, of the reduction in manufacturing activity in the local economy.

Figure 17: Changes in occupational structure in the Peterborough economy.

The evidence on the occupational balance of the Peterborough economy thus presents some rather mixed messages. Whilst the local economy has many strengths, there are also some weaknesses. Thus, evidence presented in Section 3 already pointed to the relatively slower growth in productivity in the local economy compared to that of the nation as a whole, and that GVA per capita in Peterborough is approximately 90% of the national average.
In recent years some of the older original New Town extensions have become somewhat run-down (Orton Malborne, Orton Goldthay) and in the inner city, Lincoln Road and other parts of Northern and Central Wards there is some relatively poor quality Victorian housing with high deprivation scores, which need some regeneration. The quality of schooling in some areas is also a factor that requires attention.

Summary
The Peterborough economy has experienced considerable change over the last fifty years. Its designation as a New Town enhanced its ability to provide accessible, relatively inexpensive sites, with a good supply of labour accommodated in a ready supply of relatively local housing. Significant investment in infrastructure has enhanced the locational attractiveness of the area. In the early years of its life as a New Town, it attracted manufacturing investment that had been encouraged to leave the large conurbations. Hence, at the beginning of the 1970s, Peterborough had a somewhat greater concentration of its economic base in manufacturing relative to the nation. Throughout the years that followed, it has lost many of its jobs in the manufacturing sector, although it still maintains something of a relative concentration in some manufacturing sectors. Like all British cities, it has overall become less specialized. It has expanded its service employment base, and received some relatively large service sector investments in the early phase of its life as a New Town. A notable example of this was Thomas Cook that located from Berkeley Square in London to Peterborough creating 1,200 jobs. Other well-known service companies also established and expanded in Peterborough. However, it is of interest to note that Peterborough has not expanded its presence in KIBS to the extent that many other cities have across Britain. The city has also invested heavily in its retail capability, and has a well-established shopping centre that attracts shoppers from the wider sub-region. Investment in R&D – at least as measured by patent activity – has tended to be relatively modest.
5 The development of institutional arrangements

The development of institutional arrangements

The current district of Peterborough was created as part of the 1974 Review of Local Government when the Municipal Borough of Peterborough was merged with Peterborough Rural District, Barnack Rural District, Thorney Rural District, Old Fletton Urban District, and part of the Norman Cross Rural District. It is part of Cambridgeshire County Council, but has been an autonomous Unitary Authority since 1998.

The Peterborough Development Corporation was established in 1968 as a partnership overseen by the Minister of Housing and Local Government, but working in close collaboration with Peterborough City Council and the Huntingdon and Peterborough (from 1974, Cambridgeshire) County Council. The original plan was to create the four townships of Bretton, Orton, Werrington and Castor. Peterborough’s status as a third-wave New Town has clearly been an important influence on its pace of economic development over the last fifty years. During this period, its population has increased by 110,000 people.

Peterborough Development Corporation’s core objective was to provide homes, work and the full range of facilities and services for an additional 70,000 people, drawn mainly from the Greater London area. The Hancock Plan informed its development. The Plan focused on creating residential 'townships' at low densities with road connections. Employment sites were located near to the townships. A large park was to run through the area, next to the river Nene. The Plan became the Greater Peterborough Master Plan after extensive public debate in 1971. This plan identified Bretton, Orton and Werrington as the major townships.

The Development Corporation model allowed Peterborough to pursue an approach to local economic development that was outside the standard Town and Country Planning regime. As a New Town, it had powers to acquire, own, manage and dispose of land and

4 http://www.inchsbooks.co.uk/city-planning/city-plans/greater-peterborough-master-plan/
property, undertake building operation, provide public utilities, and generally do anything necessary to develop the New Town. The New Town Corporations enjoyed exceptionally favourable arrangements for land purchase at existing (or close to existing) use values and were effectively able to acquire the land needed to build the New Town. They became powerful marketing organisations, the most successful promoting a clear brand image for the New Town (DCLG, 2006).

As a New Town Peterborough’s ability to attract inward investment from the South of England was second only to British Development Areas in its designation status for Industrial Development Certificates. It was thus able to attract businesses wishing to relocate from London. According to monitoring information held by the Greater Peterborough Partnership in a peak year some 35% of industrial enquiries came from London and the South East area. Off peak, this fell to about 25% of all enquiries. Enquiries from the local area, but from outside Peterborough, amounted to between 13-16% of enquiries. Enquiries from the rest of the UK tended to average around 20%.

Peterborough also benefitted from the impact of Office Development Permits and activities of the Location of Office Bureau. During the 1960s and 1970s office development in London was strictly controlled by Office Development Permits. In the Control of Offices and Industrial Development Act 1965,\(^5\) the British Government required permits for development for all proposed office developments in the South East and Midlands where the floorspace was above 3,000 square feet, and there was a complete ban in Central London. The limits were raised in 1967 to 10,000 square feet outside the London Metropolitan area, and 10,000 square feet within the South East (excluding London); and 10,000 square feet in London in 1970 (Balchin and Kieve, 1977).

The United Kingdom Government established the Location of Offices Bureau in April 1963 with the explicit objective of helping to disperse office jobs out of London. Over the period 1963-1969, around 24,000 jobs moved out of London through its activities (Hall, 1972). The Location of Office Bureau advised businesses in the London service sector on

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relocation and expansion possibilities in areas like Peterborough. Over the period 1963-1975, some 1,500 offices left central and inner London with 110,000 jobs moving relatively short distances out of London to locations like Peterborough.

The Development Corporation ceased its formal business in 1988. At that time, its assets and liabilities transferred to the Commission for New Towns. Following the closure, the Peterborough Development Agency was set up as a private sector led local designed to promote the economic development of the area. However, this successor body, nor a further attempt after it (the Greater Peterborough Partnership), was able to replicate the success of the New Town Development Corporation in promoting local economic development and over the next decade, the area tended to lose economic momentum. Things improved somewhat with the creation of Opportunity Peterborough. This was an Urban Regeneration Company founded in 2005. The local MP Brian McWhinney was able to convince the Secretary of State for the Environment of the need for this. Urban Regeneration Companies had emerged from the Rogers 1999 Urban Task Force report as a “dedicated arms-length bodies to co-ordinate the delivery of urban regeneration projects” (Urban Task Force, 1999). They were essentially property-orientated in their approach but compared to earlier Urban Development Corporations, urban regeneration companies lacked dedicated funding and depended upon the planning and regeneration capabilities of partner agencies (Henderson, 2014). The City adopted a new statutory development plan in July 2005 that contained plans to accommodate an additional 22,000 homes, 18,000 jobs and over 40,000 people living in Peterborough by 2020.

In 2010, the remit of Opportunity Peterborough expanded to include being the lead for the City’s economic development. The company is a private not-for-profit entity, wholly owned by Peterborough City Council. It markets Peterborough to attract inward investment, works with local companies to support growth and development, and leads the City’s skills agenda. It is also involved in a number of local projects that include environmental initiatives.

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7 Peterborough Local Plan (First Replacement), Peterborough City Council, July 2005.
6 The development of policies and assessment of their impact

The previous section provided a brief outline of the institutional framework within which economic development has occurred over the last fifty years in Peterborough. This section considers the policy initiatives that were available, and how these contributed to the pace and character of local economic development.

Over the period since 1971 to 2018, the approach to local economic development has been characterised by four distinct episodes, summarised in Table 4.

<table>
<thead>
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<th>Table 4: Key episodes of economic development policy in Peterborough over the period 1971-2018.</th>
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<tr>
<td><strong>Business Support</strong></td>
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<td><strong>Science, Technology and Innovation</strong></td>
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<td><strong>Employment Support</strong></td>
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<td><strong>Skills and Training</strong></td>
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<tr>
<td><strong>Regeneration Funding</strong></td>
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<tr>
<td><strong>EU Structural Funds Support</strong></td>
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Source: Consultants

The first episode, extending from the designation of the area as a New Town in 1968, lasted until around 1988 when the New Town was wound up. During this period, the
Development Corporation had extensive powers to attract inward investment and population, largely from London. As Figure 18 shows, the City’s employment base expanded much more quickly than would be expected from national growth. Over the period 1971 to 1988 employment in Peterborough grew by 35,000 more jobs than might have been expected, equivalent to some 35,000 extra jobs over the period (2,000 extra jobs per annum). It is likely that a very substantial proportion was due to the New Town effect.

**Figure 18. The growth of employment in Peterborough relative to the national average over the period 1971-2015.**

During the period 1968 through to 1988, the Peterborough Development Corporation had access to extensive powers of land use and inward investment (discussed extensively in the previous section). The local district authority and the county council also had access to central government policy initiatives that designed to assist with industrial and local labour market development, particularly R&D and skills. During the 1980s central government also began to expand its urban initiatives and, in particular, measures to improve the quality of housing and address neighbourhood based social exclusion. Around the time of the closure of the Development Corporation the resources available from these programmes increased, as Figure 19 shows.
After the formal New Town designation, it appears that economic momentum was lost somewhat. Figure 18 showed this clearly. A private sector led Partnership called the Peterborough Development Agency was established but found it difficult to gain traction, partly reflecting a lack of unity amongst local players. A more private sector facing organisation called Greater Peterborough Partnership replaced it, but again it proved difficult to restore the economic momentum achieved in previous years. This second episode was one of weak private sector led localism. The strong promotion of the area that had been a hallmark of the New Town’s activities was lost.

Around this time, also some other programmes were in place to support local economic development. Various measures by the Department of Trade and Industry, as well as the EU, encouraged technology transfer. Grants to small and medium firms included SMART and SPUR, and collaborative R&D funding was available from programmes like LINK and Eureka. There were technology transfer programmes to assist Higher Education Institutions to meet the needs of companies, with an example being the DTI Teaching Company Scheme. Regional Selective Assistance was also available and some parts of the...
Rural Development Area of Fenland qualified for project funding from the Rural Development Commission. By the early 1990s central government was providing funding to address a number of regeneration issues to local partnerships based bodies that contained representatives from local and central government, Training and Enterprise Companies and a number of agencies like Business Link.

A third episode of economic development appears to have begun following the establishment of the Urban Regeneration Company: Opportunity Peterborough. The original remit of this organisation was to regenerate parts of the city centre, but five years later this was widened to include economic development more broadly, with responsibilities including the attraction of inward investment, assistance to local business and leading the City’s skills agenda (although activity in this area was inevitably constrained by the limited delegation from central government). The organisation has given particular attention to building the reputation of the City with strong environmental credentials and expertise. Figure 17 would suggest that there was a small relative improvement in the City’s rate of employment growth after 2005. Precise analysis is difficult due to the impact of the 2007 Banking Crisis.

From 2000 to 2010, the East of England also had its own Regional Development Agency (RDA). The activities of the Opportunity Peterborough were encouraged and supported by the RDA. However, in 2010 the newly appointed Coalition Government abolished the RDAs. A new localism approach to economic development begun to emerge. In 2011, Local Enterprise Partnerships (LEPs) were established to play a central role in determining local economic priorities, and undertaking activities to drive economic growth and creation of local jobs (CLG, 2010). They are partnerships between local businesses and Local Authorities. This period thus represents something of a fourth episode of development. Unlike the RDAs, the LEPs do not have formal statutory powers and have taken a considerable amount of time to establish ways of working in promoting local development (Pike, et al, 2015). The local authority is the accountable body. Central Government has gradually made more resources available to them. The position in Peterborough has changed again recently with the local LEP (the Greater Cambridgeshire and Greater Peterborough Partnership) being wound-up and subsumed into the offices of
the newly established Greater Cambridge and Greater Peterborough Combined Authority. The new Combined Authority is currently developing its policy stance but has provided an early indication that it is prepared to provide funds to enable the City to develop its University.

By considering evidence from evaluations conducted during the period, it is possible to gain some assessment of the impact of these policy initiatives on the Peterborough economy. The evidence covers EU Structural Funds, Regional Selective Assistance, Business Start-Ups Schemes, advice to SMES and some labour market measures. The annual expenditure on these policies during the 1990s and the broad *additional* impact they had is summarised in Table 5. The evidence is that in very broad terms they were adding an additional 1,200 jobs to the Peterborough economy throughout this period. This was about half of the extra jobs added during the period when the City was a New Town. Economic development in this period was thus much attenuated, and the policy stance relatively weak. If Peterborough had maintained the economic momentum that it had during its New Town years it would have had around 27,000 extra jobs by 2015, or an employment base of 203,000 compared to 175,600.
Table 5: Use of evaluation evidence to Estimate the Contribution of the Policy from 2005 onwards

<table>
<thead>
<tr>
<th>Policy Instrument</th>
<th>Annual Expenditure in Peterborough £million</th>
<th>No of annual gross beneficiaries (job/training places)</th>
<th>Annual net additional jobs created/safeguarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU structural Funds (5b Fenland only)</td>
<td>1.8</td>
<td>510</td>
<td>205</td>
</tr>
<tr>
<td>RSA Fenland only</td>
<td>0.5</td>
<td>100</td>
<td>30</td>
</tr>
<tr>
<td>Technology Instruments</td>
<td>0.1</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>Youth training</td>
<td>4.0</td>
<td>1,350</td>
<td>140</td>
</tr>
<tr>
<td>Training for unemployed</td>
<td>4.0</td>
<td>890</td>
<td>30</td>
</tr>
<tr>
<td>Other TEC measures</td>
<td>3.0</td>
<td>1,000</td>
<td>100</td>
</tr>
<tr>
<td>Business Start-ups</td>
<td>0.3</td>
<td>500</td>
<td>200</td>
</tr>
<tr>
<td>Advice to SMEs</td>
<td>0.2</td>
<td>850</td>
<td>70</td>
</tr>
<tr>
<td>SRB</td>
<td>1.0</td>
<td>1,000</td>
<td>45</td>
</tr>
<tr>
<td>Lottery</td>
<td>1.0</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Inward Investment promotion and premises)</td>
<td>0.1</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Total</td>
<td>16.0</td>
<td>6,600</td>
<td>1,200</td>
</tr>
</tbody>
</table>

Source: Rhodes et al. (1995). The estimates were based on evaluation evidence available from major programme evaluations in 1995. The net jobs reflect an estimate for possible displacement effects.
7 Conclusions

The last fifty years have seen considerable change in the economy of Peterborough. It has grown rapidly because it has excellent rail, and in part also road, infrastructure, combined with an expanding and increasingly youthful workforce with access to a good supply of housing. Its designation as a New Town enhanced its attraction as a desirable location for inward investment, particularly for businesses that have sought relatively inexpensive space served by good infrastructure. Investment in its retail offer has also paid off, with Queens Gate an established regional Centre of excellence. The development of the central riverside area is also beginning to take shape as a prime location for commercial and residential development. The City has very low unemployment and the availability of jobs and housing has attracted substantial inward migration, with notable numbers of people coming from Eastern Europe.

The City can point to many core strengths. However, during the course of the research it has also become clear that there are challenges, some of which reflect long-standing issues that the City has not found it easy to address. Thus, there are concentrations of social deprivation that stand in stark contrast to the buoyant growth of the local economy, suggestive of supply side issues. Moreover, an expanding population (around 2,500 per annum) is beginning to put pressure on school places and there is a need to build up to three new secondary schools, a new primary school and extend an existing school. Inward migration from Eastern Europe means that some children need special language assistance, and meeting the costs of this is putting pressure on city financial resources.

The City’s economic development strategy over the last fifty years has been to play to the areas strength as a ‘shovel ready’ location for inward investment that is attracted by relatively inexpensive space and workers in a highly accessible place; a strategy reflective of being ‘on the periphery of everywhere and the centre of nowhere’. As a New Town, investment came from industrial and service sector companies. More recently, there has been much interest from logistics companies. Whilst this approach has certainly served the city well, there has been a recognition since the 1990s that a different strategy was required.
It remains unclear as to why the City’s local economic development strategy has not been able over the years to build more on the areas strong engineering heritage, including its strengths in advanced manufacturing, but also in agri-tech, water management and environmental services; presenting it with an image of ‘modern industry in a modern place’. The City has not developed a strong University presence around any of these core sectors, unlike nearby Lincoln that has built on a successful partnership with Siemens. The environmental theme could be more prominent in establishing a university presence. Peterborough was recognized in 1992 as one of the UK’s four Environmental Cities in a national competition and the Peterborough Environment City Trust established to help realise this aim⁸. The City has a strong cluster of businesses involved in many aspects of environmental services provision, and significant opportunities exist to build on this as part of a higher education offer.

New initiatives are emerging, supported by the new Combined Authority, to encourage the growth of higher value-added activity that would enhance the growth of productivity and generate higher real wages. Interestingly, this sort of approach was suggested over twenty years ago to the then Greater Peterborough Partnership, but the opportunity was not realised at that time, partly because of the difficulty of obtaining strong corporate involvement and securing the institutional leadership required.

Peterborough’s recent inclusion in the Greater Cambridgeshire and Greater Peterborough Combined Authority, offers new opportunities to develop its local industrial strategy, but also some limitations reflecting a lack of delegated resources from central government. Its economic links with Cambridge are relatively weak. Indeed, Peterborough’s strengths in logistics and distribution, give it stronger linkage with the Fens, from South Holland round to North East Cambridgeshire/Littleport and the district of Fenland. Future investment in the A47 would strengthen this. The strong growth in Market Towns to its west also provide Peterborough with significant growth potential in that direction.

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⁸ https://www.pect.org.uk/contact/
The area’s status as a New Town has given it a good stock of road infrastructure that serves it well. However, at the present time Peterborough is facing disproportional infrastructure replacement costs given that so much of its infrastructure was created at the same time and is now coming up for replacement; something for which Peterborough did not receive a financial legacy by central government. The re-build programme will cost £500 million over the next twenty years. However, parts of the network, and particularly core roundabouts, are currently experiencing pressure at peak times. Given the City markets its good connectivity as a locational asset, this is a major issue.

This case study has examined how the Peterborough city economy has changed, reoriented and adapted in recent years. Peterborough is one of our case studies partly because we wished to assess how its structural transformation over the last fifty years economic development reflected its New Town status. Some interesting findings emerge.

Firstly, there is much evidence to suggest that the New Town model, based as it was on a strategic approach to local economic development facilitated by extensive land assembly and enhanced infrastructure provision, particularly in transport and housing, generates substantial local economic growth. All of the round-three New Towns in our research on city economic evolutions in Great Britain, have grown relatively rapidly over the last fifty years. The model works well when the ‘push’ to move people and jobs out of large urban areas, is enhanced by attractive housing and sites in the New Town location. Post-war British spatial policy from the 1960s through to the early 1980s followed this approach (Moore, et al, 1982). Interestingly, as much research shows, market forces irrespective of British spatial policy, were also leading to a pronounced urban to rural shift of economic activity (Fothergill, et al, 1987). Peterborough was one of a number of locations that offered the opportunity for businesses to overcome the space constraints of the large cities, and for people to benefit from better quality housing and environmental amenity.

Secondly, the New Town approach, as shown in the case of Peterborough, proved to be quite successful in attracting industrial investment. Research by Fothergill et al (1983) shows this most clearly. It was less successful in attracting producer service activity from the large British conurbations of London, Birmingham and Manchester, unless the New
Town was located relatively close to them (around fifty miles). Peterborough was able to attract some significant producer sector activity because it was relatively near to London and served by excellent rail links to the City.

Thirdly, it has perhaps been stating the obvious that the New Town approach works well to attract inward investment, particularly when there is relatively strong national growth and there are sectors that seek the coordinated and managed approach to land assembly and infrastructure provided. The evidence from the case study is that the model may work a lot less effectively in stimulating indigenous economic growth and indeed, may even mean that it proves quite difficult for local stakeholders to engage in new institutional formats to build on indigenous strengths.

Fourthly, Peterborough is one of five case study areas that we have focused on during our study of the economic evolution of British cities over the last fifty years. We have been keen to compare and contrast the case study areas to assess their ability to both grow as well as to recover from economic shocks. Figure 20 shows that Peterborough was adversely affected by the impact of the Financial Recession, reflective of its reliance on a strong national growth environment to attract the inward investment that has been such a prominent feature of its economic success. However, it was able to recover its economic momentum much in line with the national average and somewhat better than the old industrial British cities. The reasons for this relatively favourable response should be the subject of further study.
Finally, the case study also illustrates that the British New Town model works at its best when applied to a place with good accessibility, market potential and amenity. Extensive investment in infrastructure is a core ingredient in success. However, the significant ‘front-end’ loading of the infrastructure commitment can pose problems if central government does not recognise the problems for local government in renewal of the original stock. Interestingly, by the time it came to de-designating other major urban policy initiatives like Urban Development Corporations, government had learned this lesson to some degree by providing Successor Arrangements. The approach adopted in the case of the Docklands Development Corporation is a case in point.
Timeline of events

(The authors are grateful to Kemal Mehmed (Peterborough Civic Society) for compiling parts of this time line; which were also reported in ‘Peterborough Development Corporation 50 years ago’ (July, 2017), published by Nene Living).

- 1971. Bretton Township, work on site begins.
  - City Centre Plan approved.
- 1974. Orton Township, start on site.
  - Orton Parkway opens.
  - Population target reduced by 20,000.
  - Nene Valley Railway opens.
- 1978. Ferry Meadows opens.
- 1981. 50 minute service to King’s Cross.
- 1982. Queensgate opens to customers.
  - Homebuyer Centre opens.
- 1983. Queensgate awarded European Shopping Centre of the Year.
- 1984. 20,000th house completed.
- 1986. Svenskaby houses constructed and sold.
  - 10,000th private house completed.
  - Showcase Cinema opens.
  - Ferry Meadows judged in top ten country parks in UK.
  - Rivergate shopping centre under construction.
- 1992. Peterborough was recognized as one of the UK’s four Environmental Cities.
• 2010. Remit of Opportunity Peterborough extended to include promotion of inward investment and local economic development and skills.
• 2011. Greater Cambridgeshire and Greater Peterborough Partnership established.
• 2017. Greater Cambridgeshire and Greater Peterborough Combined Authority established and a Major.
• 2018. Greater Cambridgeshire and Greater Peterborough Local Enterprise Partnership subsumed into the Combined Authority.
Interviews and contributors to Workshop held in Peterborough

- Steve Bowyer, Opportunity Peterborough, Chief Executive.
- Matthew Bullock, University of Cambridge, Master of St Edmund’s College
- Ashley Dunseath, LDA Design, Board Director
- Alex Francis Greater Cambridge and Greater Peterborough Enterprise Partnership, Growth Deal Programme Manager.
- Tom Hennessy, Opportunity Peterborough, Senior Economic Development Manager
- Cllr John Holdich, Peterborough City Council, Leader of the Council
- Simon Machen, Peterborough City Council, Corporate Director of Growth and Regeneration
- Kemal Mehmed, Peterborough Civic Society, Committee Member
- Peter Richardson, Opportunity Peterborough, Inward Investment Manager
- Ben Rogaly, University of Sussex, Professor of Human Geography
- Stephen Rosevear, Regeneris Consulting
- David Shaw, David Shaw Planning, Chartered Town Planner
- Paul Swinney, Centre for Cities, Head of Policy and Research
- Andy Tatt, Peterborough City Council, Head of Peterborough Highways Services
- David Wait, Serpentine Green, Centre Manager
References


