CAMBRIDGE AHEAD PULSE SURVEY 2024 – CAPTURING THE VIEWS OF MAJOR CAMBRIDGE EMPLOYERS

FIRST ANALYSIS OF FINDINGS

INTRODUCTION

The 2024 Cambridge Ahead Pulse Survey captures qualitative and quantitative perspectives from the city region's[1] major employers across business, research and academia. The Pulse Survey gauges sentiment on employers' long and short term futures in the Cambridge city region. It provides vital insight into how firms assess the value of, and challenges with, maintaining a Cambridge footprint.

This survey also reflects the changing political context, discourse around Cambridge's (and the UK's) international standing, constraints on the city's inclusive growth, and the action required of local and national Government and other actors to maintain a positive trajectory. It also draws out connections with other innovative clusters across the UK to further evidence the interconnectivity of the Cambridge ecosystem, and its multi-faceted additionality to UK plc.

Major employers across business, research and academia in the Cambridge city region responded to the survey, including Arm, AstraZeneca, Hill Group, the University of Cambridge, Manchester Airport Group, and the Wellcome Sanger Institute. In total the survey data comprises employers of over 26,000 people in the Cambridge area, and 51,000 in the wider UK.

HEADLINE MESSAGES

- Cambridge remains a crucible of research, innovation and talent for the UK – though the competition from other international innovation hubs is growing.
- Respondents stressed that long-term infrastructure investment and delivery should be the number one priority for Government.
- Locally, a clear plan and joined up action across national and local government is seen as vital in providing assurance for employer investment in workforce expansion, R&D, and other business activities (where underlying employer sentiment towards this investment remains strong).
- Employers strongly connect the need for housing provision and infrastructure improvement (primarily transport in this context) with quality of life for their employees. They stress the importance of joined up action in these areas, more policy stability in a complex local environment, and a resourced and responsive planning system that can deliver on agreed plans at pace.
- Access to capital in the UK is cited as the primary reason for internationally mobile firms to consider relocation – with Boston and the wider US as the prime alternative.
- The majority of major employers surveyed have a significant presence in the UK outside of Cambridge, with London, Manchester (and the wider Northwest), and Bristol cited as key connected locations.

[1] Defined as within a radius of 20 miles of the city centre

This Survey adds further weight to Cambridge's well-understood competitive advantages: respondents agree that the city region is truly world leading for research, innovation and talent. Employers take pride in their presence in Cambridge and are invested in its future success.

> *'With access to world-class talent and opportunities for collaboration, being in Cambridge enables us to continue to focus on innovative science'*
>
> *Global pharma firm*

Set against this, however, are a series of stark warnings as to the city's future trajectory, if infrastructure and quality of life issues are not urgently addressed. Internationally mobile firms are being faced with medium-term questions as to their commitment to Cambridge and recognise the attractiveness of overseas alternatives. These more frictionless firms are at risk of being swayed by greater access to capital, a stronger positive narrative from other governments and comparable talent pools.

That said, the commitment to Cambridge in most cases remains strong – employers recognise and value its uniqueness, or have significant incumbency advantages here. Many plan to recruit locally and continue to invest in R&D in the city region.

Employers took the opportunity to make asks of Government – both national and local – and nearly universally asked that long term infrastructure investment – underpinned by a clear and understandable plan – be a priority for Government. Local government was asked to come together to make a united case for investment in the region, make quick planning decisions and fundamentally to engage with employers in the city.

SYNTHESIS OF FINDINGS

Employer relationship with Cambridge – past, present and future; its international competitiveness; and noted competitive advantages

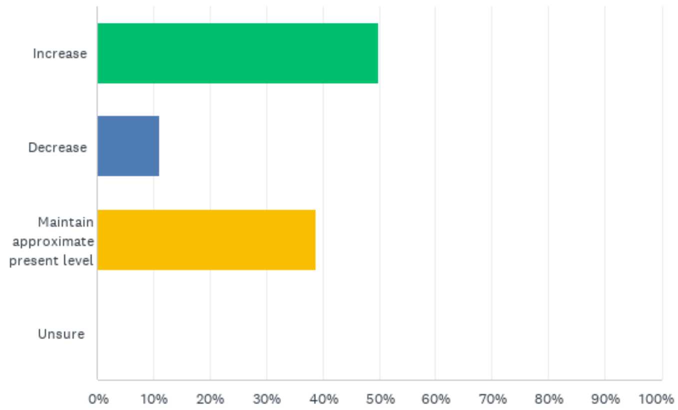
When asked **'why are you in Cambridge'**, respondents cited access to talent, the research and innovation base, like-minded firms in their value chain, proximity to markets and biotech strengths. Historic associations and roots in Cambridge also have a strong role.

> *'Cambridge has been an innovative and nurturing environment for us to grow – including beyond Cambridge'*
>
> *Business support services employer*

The **attractiveness of Cambridge when set against international locations** was attributed to intellectual concentration, attractiveness to global talent, critical mass of engineers, and the city's multicultural makeup. It should be noted that a small number of respondents attributed the attractiveness of the city to legacy arrangements and incumbency, rather than specific comparative strengths unique to Cambridge.

The question of whether respondents planned to **increase or decrease their presence in Cambridge over the next decade** presented a mixed picture. Around half of the employers surveyed expected to increase their presence; a small number expected to reduce their footprint in Cambridge or exit the ecosystem entirely.

Q6 Do you plan to increase or decrease your presence in Cambridge over the next decade?



Those seeking to **increase their presence** attributed this to expectations of business growth; expansion of teaching, research and knowledge exchange activities, increase in growth due to demand for jobs and real estate, and resourcing for expected opportunities.

Those expecting to **maintain current levels** assigned this to a desire to maintain existing market share, and loss of recruits to cheaper UK locations as a result of Cambridge's high cost of living.

One employer looking to **decrease their Cambridge operations** ascribed this to a strategic decision to exit the city in favour of international research locations in the USA, France and Germany.

'The high cost of living means that we grow by recruiting graduates but lose them to cheaper locations later in their careers. The result is no net growth.'

Employer expecting to maintain a static growth position in Cambridge for the next decade

The benefit of a physical location in Cambridge was evident in many responses. Talent, the graduate pool and the calibre of people featured very heavily, alongside being part of Europe's most dynamic innovation ecosystem – reflecting a widely held sentiment that Cambridge's human capital and network is a particular draw. Proximity to London was also seen as a positive, alongside the number and quality of research institutions to collaborate with, access to funding, innovation and collaboration, and firms in the same sector. Beneficial Government policy on export controls and R&D were also praised, alongside connectivity and co-location.

The benefits of **working in person in Cambridge**, rather than virtually and/or internationally were also touched on. Cambridge's cross-cutting research and cultural infrastructure was highlighted, alongside the area's natural beauty and quality of life. Also referenced was how conducive the environment is to start-ups and scale-ups in innovative sectors – particularly when these opportunities are seeded and nurtured by in-person contact. This contact also gives rise to another benefit – permeability between organisations and sectors for employees and leaders. Umbrella organisations, including OneNucleus, Cambridge& and Cambridge Ahead were also a noted asset.

One third of respondents reported that they were very likely to consider international alternatives to Cambridge, with 13% 'likely'. Almost half of respondents reported that they were very unlikely to consider international alternatives to Cambridge over the coming 5 years; the remainder were unsure as to their intentions. Boston and the wider US were seen as the most likely landing spots. Less frequently cited were Canada, Spain, Poland and China, India, France and the Nordic states. Advantages of international alternatives included a more favourable tax regime, ease of operations and – notably and frequently stated – better access to capital. More welcoming rhetoric from government was also cited.

'Free up planning and related functions to ensure timely decision making...'

'Provide planning processes which enable removing... restrictions, so that adequate housing stock can be developed alongside additional laboratories for new investors...'

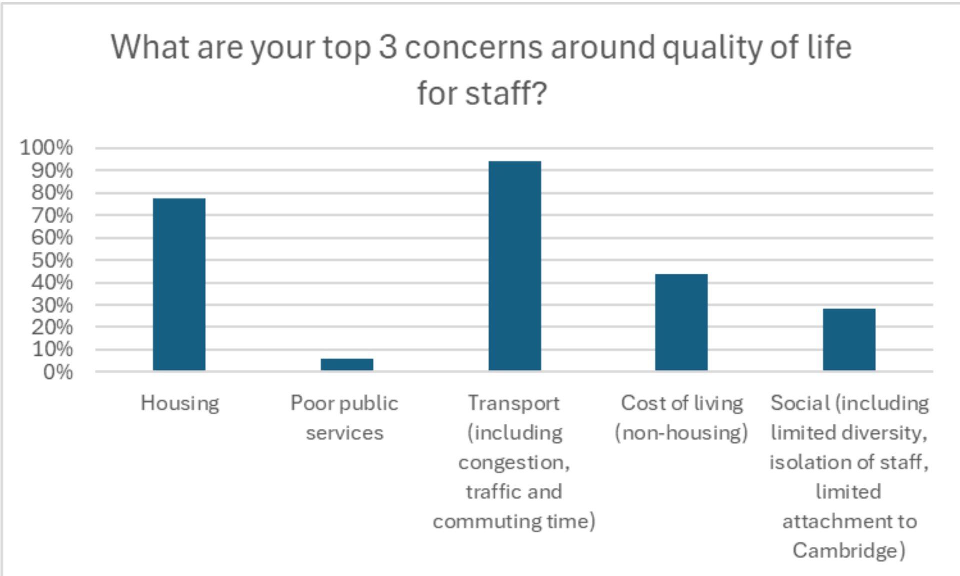
Respondents wanted to see greater pace of development

The challenges of operating in Cambridge: a story of cost base, infrastructure pressures and quality of life

Asked to set out their **top three challenges** of operating in Cambridge, affordability – with an emphasis on housing – came through clearly, alongside high cost of living and housing availability.. Infrastructure concerns were also common, including water, transport (particularly traffic congestion), energy, broadband and social infrastructure, and limited or high cost business premises, including lab space. Competition for staff was also a recurring theme.

Planning policy, local government and general governance complexity were the other most frequently mentioned issues. One respondent noted UK policy instability – particularly around visas and immigration, international collaboration and HE funding.

Cost of housing, transport connectivity, congestion, commuting time, and general cost of living were near universally noted as **challenges to staff quality of life**. Poor public services outside of the city, and a need to ensure communities and city remain vibrant with working from home now deeply rooted in office culture, were also surfaced as concerns.



UK Footprint

Around 56% of respondent employers reported **significant presences in UK regions outside Cambridge.** Many have a presence in London. Bristol was the next most common, with the

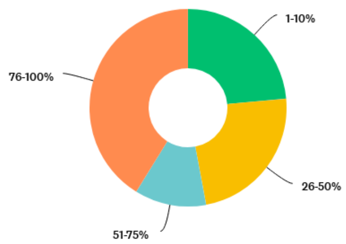
North West of England, Yorkshire and Oxford also notable. Many of these presences were delivering operational, commercial and business support ; some undertook R&D in locations such as Manchester.

Hiring and R&D spend – a local and regional focus

With the differing scales of respondent employers, there was wide variance in hiring plans for the coming year. With a few exceptions, where respondents were expecting to recruit to account for natural turnover, **most employers planned some form of real-terms workforce expansion**. The proportion of recruitment undertaken locally also varied according to business footprint; firms with their principal presence in Cambridge and its environs were understandably more likely to recruit in the city region, while more global operations reported local hiring ranges from 20-40%. Employers expecting to make overseas hires reported less than 50% up to 100% of recruitment to be undertaken globally.

Around 40% of employers responding expected to spend more than £5m on R&D in the coming year; 33%, £1m to £5m; and 27%, less than £1m. Of the total expected to be disbursed on R&D, nearly 50% of respondents expected to spend 76-100% of this in Cambridge.

Q21 What percentage of this budget will be spent in Cambridge?



Cambridge Employers' Asks of Government

The following quotes are a representative cross-section of responses to the question 'if you could make one ask of national Government in relation to Cambridge, what would it be?'

- 'Give a **clear and simple plan and stick with it'**
- **'Recognise the importance of aviation** in enabling the success of key UK economic sectors'
- **'Invest in infrastructure** in the long term' (a point made repeatedly by almost all respondents)
- 'To **work together (across Departments) to help Cambridge** drive growth and activate Cambridge's full potential to contribute to the UK economy. This includes policies to attract global talent and capital; tackling infrastructure challenges; appropriate funding support for HE…'
- 'Nurture its growth in a sustainable way that **addresses rather than exacerbates its wide inequalities'**
- 'To seize the opportunity of **connecting Cambridge to other clusters** in the UK through East West Rail and the related economic activities and infrastructure that support local development'
- 'Implement an immigration policy which allows us to **access the very best staff from outside the UK'**

The following represent a sample of responses to the question, 'if you could make one ask of local and regional government, what would it be?'

- '**Housing (and housebuilding)** policy consistency'
- 'Improved and subsidised **public transport'**
- 'Work together to agree a **longer term vision**...'
- '**Drop congestion charge planning until** you have viable mass transit options'
  'Keep talking, keep engaging, **help us to help you'**

TAXONOMY

This Pulse Survey has recorded the views of Cambridge employers with a total of over 26,000 employees in the city region; 51,000 in the rest of the UK; and over 650,000 globally. Respondents were drawn from the following sectors:

- Deep technology consulting
- Airports
- Real estate development and housebuilding
- Higher education and research
- Business support services
- Pharmaceuticals and biopharmaceuticals
- Biomedical research
- Engineering, management and development
- Semiconductor technology
- Aerospace and defence engineering
- Research and analysis