East Anglia: Exploring Economic Strengths and Addressing Productivity Challenges

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Abstract

The previous East Anglia Insights Paper (Garling, 2022) presented an overview of the productivity challenge in the region, this version provides a more focused look at a number of particular areas of interest.

Since the publication of the last paper, a number of key reports have been published that describe the economies of East Anglia in some detail. These include the East of England Local Government Association's Opportunity East report, the Cambridgeshire and Peterborough Combined Authority's State of the Region report, and Norfolk County Council's draft Economic Strategy; work is also underway on a refreshed Economic Strategy for the county of Suffolk.

This Insights Paper identifies a range of cross-cutting themes that underpin multiple dimensions of regional economic development and productivity. These themes emphasize the interconnected nature of the region's challenges and opportunities, offering a lens to align strategic efforts across diverse sectors. By addressing these themes, East Anglia can strengthen its position as a driver of inclusive and sustainable growth.

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1 Introduction

The focus for the Productivity Forum based at the Bennett Institute for Public Policy at the University of Cambridge is East Anglia. Situated in the east of England, East Anglia is made up of the three counties of Cambridgeshire, Norfolk and Suffolk and the unitary authority of Peterborough.

Historically, East Anglia was an Anglo-Saxon kingdom and has its own flag and its own patron saint in St Edmund. But despite featuring in Redcliffe-Maud's 1969 report on the reform of local government as a possible province and a failed East Anglian devolution bid in 2016, the region no longer exists as a political project.

It does, however, exist as a statistical region, being one of the 41 ITL2 regions for which national statistics are produced. This puts it alongside other regions such as Greater Manchester, the West Midlands, Surrey, East and West Sussex, and Devon.

And so why did we choose East Anglia as the focus for our work with the Productivity Forum?

One of the main reasons was that the scale of East Anglia felt about right. Focusing on a smaller area, such as a county or an individual city, would have been too narrow a focus for our work. Whilst, for example, focusing on the productivity challenges of a city such as Cambridge would have raised a number of pertinent research questions, the answers may have been too closely connected to the peculiarities of the city to provide us with any insights that could be more broadly applied. Equally, it felt as if there was too much disparity between places if we were to focus on the larger ITL1 region of the East of England, of which East Anglia forms part alongside the counties of Bedfordshire, Hertfordshire and Essex and the unitary authorities of Thurrock and Southend-on-Sea. The issues faced by the southern part of Essex along the Thames Gateway seemed remote from the issues faced by the more rural hinterlands of the cities of East Anglia. Equally, the East of England was a particularly new creation, only being created in 1994, and so was not as firmly entrenched in people's minds.

Equally, focusing on East Anglia gives us the opportunity to consider whether there were issues affecting productivity that are specific to the region, or specific parts of the region, or whether they are common to other regions. With different governance arrangements in place across East Anglia, it also gives us an opportunity to understand whether there are different approaches to managing these issues being deployed at different scales. Finally, it enables us to consider whether East Anglia functions as an economic geography in its own right.

Whereas the previous East Anglia Insights Paper (Garling, 2022) presented an overview of the productivity challenge in the region, this version provides a more focused look at a number of particular areas of interest.

Since the publication of the last paper, a number of key reports have been published that describe the economies of East Anglia in some detail. These include the East of England Local Government Association's Opportunity East report, the Cambridgeshire and Peterborough Combined Authority's State of the Region report, and Norfolk

County Council's draft Economic Strategy; work is also underway on a refreshed Economic Strategy for the county of Suffolk.

Since the publication of the last paper, there has also been a change in how regional economic development is managed across England. April 2024 saw the abolition of the network of Local Enterprise Partnerships (LEPs) that were established by the coalition government in 2011 following their abolition of the Regional Development Agencies. For East Anglia, this has seen little change in Cambridgeshire and Peterborough given that the Combined Authority had already absorbed the function of the LEP, but in the east of the region, the New Anglia LEP has been disbanded with the economic development functions returning to being managed at a county level.

And most recently, the country has seen a change of government. With this comes a change of approach and a degree of uncertainty. However, to date we have seen an Industrial Strategy Green Paper published for consultation in October 2024, and a requirement on Combined Authorities (and upper-tier local authorities where they do not exist) to produce a 10-year Plan for Growth. A White Paper on English devolution has also just been published as we write.

Rather than duplicating what has already been produced, or anticipating what will be written, this Insights Paper identifies a range of cross-cutting themes that underpin multiple dimensions of regional economic development and productivity. These themes emphasise the interconnected nature of the region's challenges and opportunities, offering a lens to align strategic efforts across diverse sectors. By addressing these themes, East Anglia can strengthen its position as a driver of inclusive and sustainable growth.

1.1 Tackling Inequality

Inequality is a persistent issue in East Anglia, reflecting disparities in skills, infrastructure, and economic opportunities across its rural and urban areas. Key challenges include the uneven distribution of high-skilled jobs and education levels, with regions such as Fenland and Great Yarmouth lagging behind areas like Cambridge. Addressing inequality requires targeted interventions to ensure equitable access to education, training, and employment opportunities. Initiatives like Local Skills Improvement Plans (LSIPs) and partnerships between higher education institutions and employers are crucial in addressing these disparities.

Additionally, digital inequality compounds economic and social divides, with rural areas experiencing significantly lower levels of connectivity compared to urban centres. Enhancing digital infrastructure and promoting digital literacy across East Anglia are key to reducing these gaps and enabling inclusive growth.

1.2 Decarbonisation and Sustainability

East Anglia's leadership in renewable energy, particularly offshore wind, positions it as a cornerstone of the UK's net-zero strategy. However, decarbonisation efforts extend beyond energy generation, intersecting with housing, transportation, and agriculture. Projects like the Peterborough Integrated Renewables Infrastructure (PIRI) project

demonstrate how integrated approaches can deliver sustainable energy solutions, while enhancing local resilience and economic opportunity.

The region's low-lying geography and vulnerability to flooding underscore the importance of integrating climate adaptation measures into long-term planning. From innovative land-use practices, like regenerative farming at Wild Ken Hill in Norfolk, to infrastructure investments in flood defences and water management, sustainability is a unifying theme that impacts regional productivity and quality of life.

1.3 Place-Based Strategies

East Anglia's unique geography, characterised by dispersed towns, villages, and small cities, requires tailored, place-based strategies. These strategies prioritize localized interventions that reflect the needs and strengths of specific areas while fostering regional coherence. For example, shared local plans in areas like greater Cambridge and greater Norwich highlight successful collaborative approaches to housing and infrastructure planning.

Connectivity—both physical and digital—plays a pivotal role in ensuring these place-based strategies are effective. Addressing fragmented transport networks and improving digital access are essential for connecting remote areas to economic hubs, ensuring that all parts of the region benefit from growth opportunities.

1.4 Governance and Collaboration

The region's governance landscape is fragmented, spanning three county councils, multiple lower-tier authorities, and a single combined authority in Cambridgeshire and Peterborough. This complexity underscores the need for greater collaboration across administrative boundaries. Enhanced coordination could unlock efficiencies, streamline planning processes, and support shared goals, such as housing development or infrastructure improvements.

Efforts to establish regional partnerships, such as the shared Local Plans in Greater Cambridge and Greater Norwich, or integrated care boards for health services, provide valuable models for fostering collaboration. However, challenges persist, including the absence of unified devolution deals in Norfolk and Suffolk, which could otherwise provide greater strategic and financial autonomy to drive growth initiatives. The government's recently published English Devolution White Paper provides an opportunity to provide some of this collaborative and co-ordinated working across East Anglia.

1.5 Connectivity and Infrastructure

Connectivity, encompassing both physical transport and digital networks, is a vital enabler of regional productivity. Currently, East Anglia faces significant disparities in infrastructure quality, with rural areas suffering from limited transport links and poor digital connectivity. While cities like Peterborough boast high fibre and 4G coverage, areas such as North and West Norfolk lag far behind, constraining access to opportunities and services.

Strategic investments in infrastructure, including rail upgrades like the Ely Junction and expanded EV charging networks, are essential to reducing these disparities. Moreover, fostering intermodal connectivity between key hubs within the region and improving links to international gateways, such as ports, will bolster East Anglia's position as a trade and logistics centre.

1.6 Skills and Workforce Development

Skills shortages and mismatches pose a major barrier to productivity growth in East Anglia. While Cambridge and Norwich excel in high-skilled employment, other areas struggle with low participation in further education and skills training. The region's ageing population and rural geography exacerbate these challenges, limiting the pool of available workers and access to training facilities.

Targeted initiatives to expand apprenticeships, vocational training, and collaboration between educational institutions and employers are critical. Developing pathways for mid-tier skills, particularly in emerging sectors like digital technology, clean energy, and advanced manufacturing, will ensure a workforce aligned with regional economic needs.

These cross-cutting themes are deeply interconnected. Addressing them requires a coordinated, multi-stakeholder approach that builds on East Anglia's existing strengths while tackling its structural challenges. By leveraging these themes, the region can create a more inclusive, resilient, and prosperous economy that benefits all its communities.

2 East Anglia as a region

2.1 The geography of East Anglia

East Anglia is an administrative region in the east of England made up of the three counties of Cambridgeshire, Norfolk and Suffolk and the unitary authority of Peterborough. At the last census it had a population of approximately 2.6 million people.

The population of East Anglia live in a range of different settlements. Using the House of Commons' taxonomy, 51 per cent of the population living in small towns and villages with populations under 20,000 people, and 22 per cent of the population living in large towns with populations between 75,000 and 175,000, of which there are three in East Anglia: Cambridge, Ipswich, and Peterborough. The city of Norwich is defined as an Other City, with a population of more than 175,000 people. None of the UKs Core Cities are in East Anglia.

The historical agricultural nature of the region means that the main cities in the region are surrounded by a network of smaller towns, which themselves are then surrounded by a further network of smaller settlements.
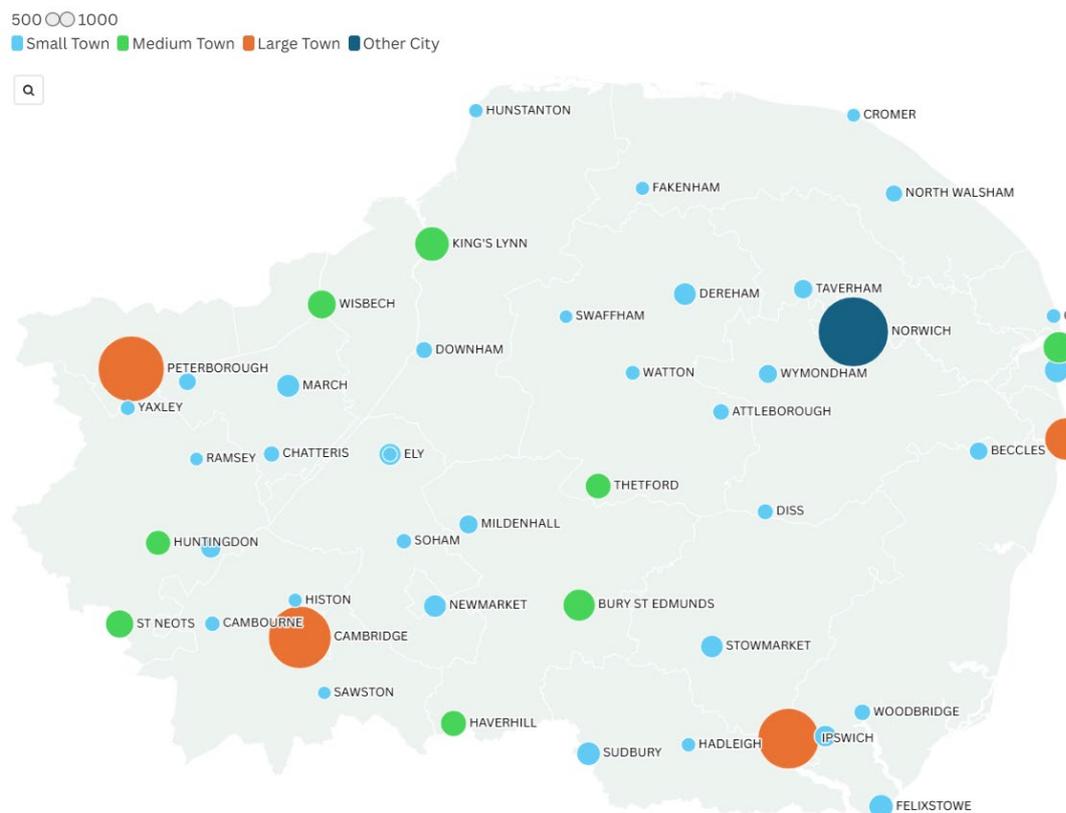
Source: Office for National Statistics (Boundaries), Simple maps (Points)

Figure One: The distribution of cities and towns across East Anglia
Source: Baker (2020)

As the following chart illustrates, this structure is very different from the English and Welsh average, where only 29 per cent of the population live in small towns and villages, 14 per cent of the population live in large towns, and a further nine per cent live in core cities.
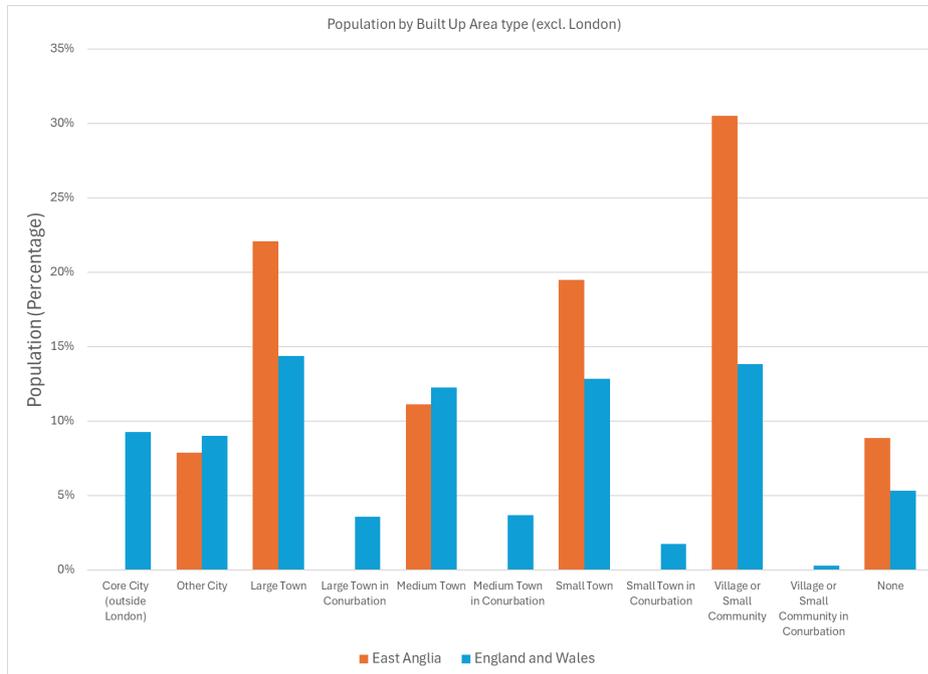

Figure Two: Population by Built Up Area type (excl. London), East Anglia and England and Wales
Source: Baker (202)

The geography of East Anglia poses a number of questions in relation to productivity. First, agglomeration – where people and firms are closely located, often in urban areas, and so can freely move in the labour market and exchange knowledge and ideas – is seen by many as a key driver for economic growth. With no major cities in the region it is not clear whether the economies of East Anglia benefit from agglomeration. This can be seen particularly clearly in the region's innovation ecosystem which, rather than focusing on a key centre in the region, is dispersed throughout the region.

The dispersed nature of settlements across the region also means that it is difficult to connect different parts of the region. As the previous Insights Paper noted, it is quicker to travel by rail from one of the four main cities in the region to London than it is to travel between them. (Garling, 2022) Road travel is also time-consuming, with a number of key infrastructure investments yet to be delivered. Therefore, the ability for people living in more remote parts of the region to access opportunities in some of the thriving centres is difficult, which may continue to exacerbate the inequalities across different parts of East Anglia.

Finally, the dispersed nature of the region has also contributed to complicated and fragmented local governance arrangements. Whilst there has been some local government re-organisation in Suffolk, sitting beneath the three county councils that cover the majority of East Anglia are 16 lower-tier local authorities. At a larger scale,

there is no real regional governance arrangements, with a Combined Authority covering Cambridgeshire and Peterborough, and as will be discussed later, no similar structures in place in Norfolk or Suffolk. Where governance arrangements do cross local authority boundaries, these either echo the east/west split between Cambridgeshire and Peterborough and Norfolk and Suffolk, for example, the two Local Skills Improvement Plans which mirror the east/west alignment, or take a more ad-hoc approach such as the geography of the Integrated Care Boards, which split the region into different areas. One interesting development has been the development of partnerships to deliver Local Plans in the areas surrounding Cambridge and Norwich that cover a larger footprint than just the city itself.

2.2 Productivity in East Anglia

One of the features of the UK economy is the difference in levels of productivity across the different parts of the country. This is tracked by The Productivity Institute by comparing output per hour worked by place of work with the percentage change in productivity over time between 2008 and 2022. By comparing regions to the UK average, the Institute then groups regions into four categories, *Steaming Ahead, Losing Ground, Catching Up* and *Falling Behind,* depending on whether the region is performing better or worse than the national average on either growth or levels of productivity.

2.2.1   East Anglia's performance nationally

East Anglia is classified by the Office for National Statistics (ONS) as one of the 41 International Territorial Level (ITL) 2 regions made up of "counties and groups of counties." (ONS, n.d.) Other ITL2 regions include Greater Manchester, Northumberland and Tyne and Wear, the West Midlands, and Surrey, East and West Sussex. Comparing the productivity performance of East Anglia with the other ITL2 regions shows that at this scale, the economy of East Anglia falls just within the *Catching Up* category.
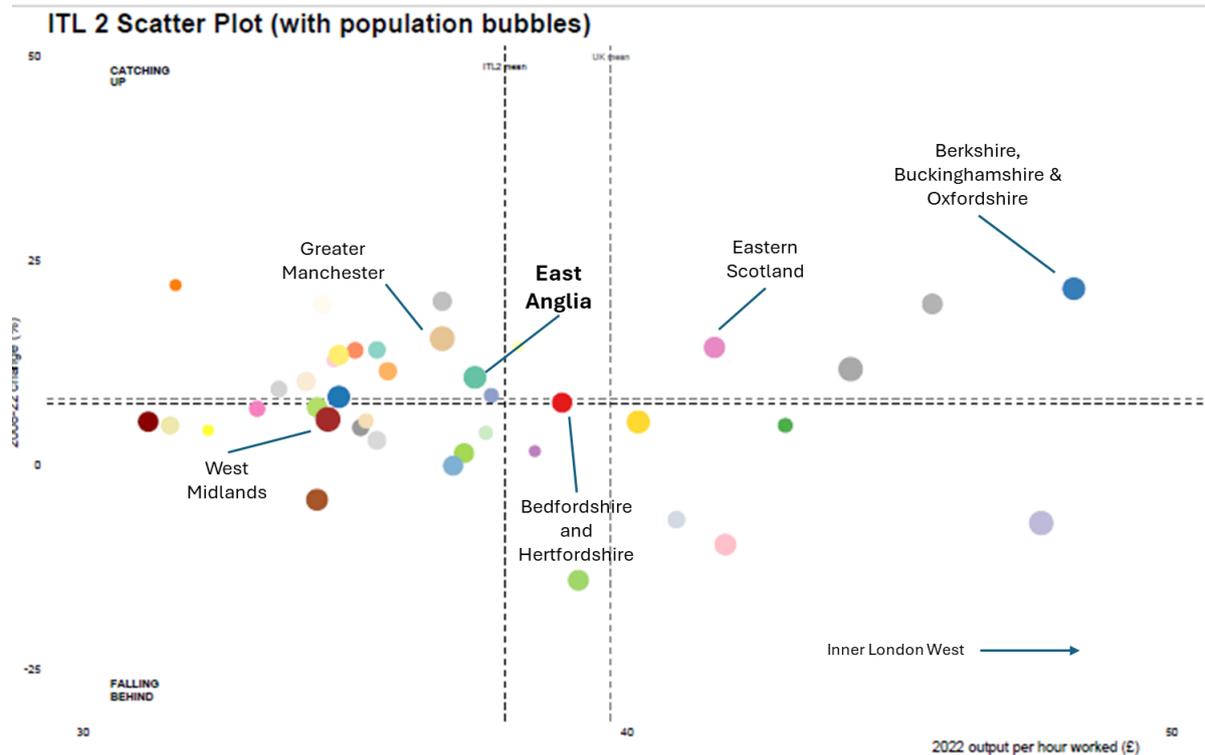
Figure Three: Productivity performance of UK ITL2 regions
Source: The Productivity Institute

Other ITL2 regions that fall within this category include Greater Manchester, West Central Scotland, and Northern Ireland.[1] It is also interesting to note the performance of other ITL2 regions with a similar population, such as the West Midlands, Bedfordshire and Hertfordshire, Eastern Scotland, and Berkshire, Buckinghamshire and Oxfordshire. In particular, it would be Interesting to compare in greater detail why Berkshire, Buckinghamshire and Oxfordshire's productivity performance is stronger than East Anglia's.

2.2.2 Productivity within East Anglia

The ITL2 region of East Anglia is subdivided into a further six ITL3 sub-regions. These are Norwich and East Norfolk, North and West Norfolk, Breckland and South Norfolk, Peterborough, Suffolk CC, and Cambridgeshire CC. It is also possible to look at the productivity performance of each of these six sub-regions.

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[1] Northern Ireland is classified as both an ITL1 and an ITL2 region by the OECD
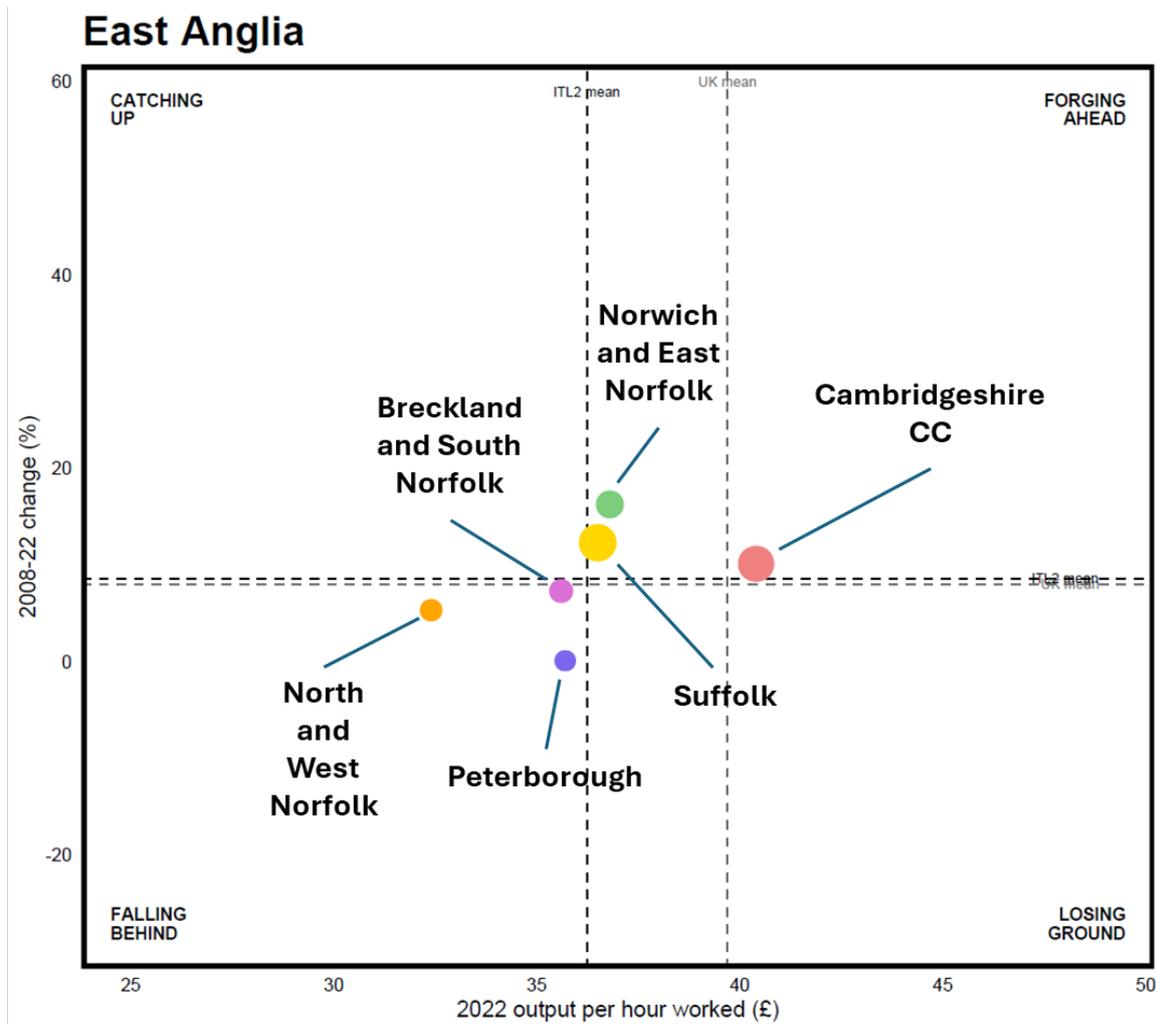
Figure Four: Productivity by ITL3 region, East Anglia
Source: The Productivity Institute

Compared to the UK average, *Cambridgeshire CC* is the only ITL3 sub-region classified as *steaming ahead*, the two ITL3 regions of *Norwich and East Norfolk* and *Suffolk CC* are *catching up,* and the remaining three regions – *Breckland and South Norfolk*, *North and West Norfolk*, *Peterborough* – classified as *falling behind*.

However, one of the issues raised by members of the East Anglia Productivity Forum concerns the scale at which productivity is understood. For example, The Productivity Institute has produced data at ITL2 and ITL3 scales as well as by Combined Authority area. However, it has been suggested that these may not capture the nuance of the productivity challenges in places like East Anglia. For example, at the ITL3 level, only the county of Norfolk is sub-divided into four distinct parts. This means that, for example, considering productivity performance for the ITL3 region of Cambridgeshire as a whole fails to address any likely differences in performance between the greater Cambridge sub-region and the more deprived areas of Fenland and East Cambridgeshire.

Alternative approaches to presenting data have been developed by the Office for National Statistics that may be useful for helping to understand productivity challenges in a region like East Anglia. These include by lower-tier local authority area, or by considering the rural / urban make-up of different parts of the region, or focusing more on functional economic geographies as described by Travel to Work Areas (TTWA).

However, the usefulness of more granular of productivity data is affected by a number of factors, including the difference between place of work and place of residence and the scale of economic activity. Therefore, a balance needs to be found between the scale of the data used, whether that be by functional economic area or TTWA, for example, and its usefulness. Thinking at the scale of East Anglia provides an opportunity for local policymakers to understand these implications in more detail.

3   Key themes

The Productivity Institute's Productivity Lab publishes a dashboard on an annual basis showing how different areas are performing against a range of different drivers of productivity, grouped into the themes of business performance, skills and training, health and wellbeing, and investment, infrastructure and connectivity. The following dashboard shows the performance of the ITL3 areas that make up East Anglia against these measures.

Category	Driver of Productivity	East of England	Cambridgeshire	Norwich and East Norfolk	Breckland and South Norfolk	North and West Norfolk	Suffolk	Peterborough
				Norfolk				
Productivity	Taxonomy relative to the UK	Falling behind	Steaming ahead	Catching up	Falling behind	Falling behind	Catching up	Falling behind
	Taxonomy relative to ITL1		Steaming ahead	Catching up	Catching up	Falling behind	Catching up	Falling behind
	GVA per hour worked	£37.70	£40.40	£36.80	£35.60	£32.40	£36.50	£35.70
Business Performance	Export Intensity	26.1%	56.4%	23.4%	7.0%	13.1%	13.2%	33.9%
	New Businesses	11.0%	9.7%	10.7%	9.4%	8.8%	10.5%	16.4%
Skills & Training	Low Skilled	8.6%	8.1%	6.7%	8.0%	6.4%	8.1%	14.2%
	High Skilled	41.7%	46.1%	48.5%	37.3%	28.7%	33.6%	34.5%
Health & Well-being	Active	84.2%	84.7%	82.5%	79.9%	82.6%	85.0%	85.3%
	Inactive due to Illness	28.7%	25.3%	27.0%	20.1%	23.0%	31.7%	33.1%
	Working Age	56.8%	56.9%	57.4%	55.0%	52.9%	54.5%	55.6%
Investment, Infrastructure & Connectivity	4G connected	77.1%	70.5%	74.7%	57.8%	58.8%	70.0%	89.9%
	Fibre connected	36.8%	38.0%	26.8%	38.5%	26.2%	41.1%	86.6%
	GFCF per job	£12,212	21,457	8,018	9,860	7,995	11,901	9,979
	ICT per job	£371	513	395	277	312	439	429
	Intangibles per job	£4,042	11,847	1,416	1,804	759	2,229	2,236

Key

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

* Reverse colour scale, lower values stimulate productivity
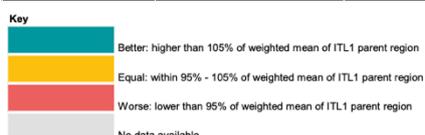
Figure Five: Drivers of Productivity, East Anglia
Source: The Productivity Institute, 2024

*The driver of productivity relative to the mean of ITL1 regions in the UK.

Against these drivers of productivity, there is a large variation in performance across the different ITL3 regions. Cambridgeshire demonstrates the strongest performance in the region, outperforming the ITL1 regional average on eight of the 13 measures, and only falling below the regional performance on two measures: *New Businesses* and *4G Connected.* North and West Norfolk is the weakest performing sub-region, only outperforming the ITL1 regional average on two of the measures, *Low Skilled* and *Inactive due to illness*, and underperforming the regional average in 10 of the remaining measures.

Across the groups of productivity drivers there is again, a wide range of performance.

- In terms of **business performance**, Cambridgeshire and Peterborough significantly outperform the rest of East Anglia in relation to *Export Intensity.* Peterborough also sees the highest percentage of *New Businesses.*

- In relation to **skills and training**, North and West Norfolk has the lowest percentage of low skilled workers, and Peterborough the highest. As may be expected, Cambridgeshire and Norwich and East Norfolk have the highest percentage of skilled workers.

- In relation to **health and wellbeing**, Peterborough and Suffolk also have the most active populations by percentage, but also have the highest percentage of people inactive due to illness. The ageing population of East Anglia can be seen through the fact that none of the constituent areas have a population younger on average than that of the East of England.

- Finally, in relation to **Investment, Infrastructure and Connectivity**, there is a wide range of 4G connectivity, ranging from nearly 90 per cent in the city of Peterborough to a low of 57.8 per cent in Breckland and South Norfolk. Fibre connectivity also shows a substantial variation, with 86.6 per cent connectivity in Peterborough, but only just over 25 per cent connectivity in Norwich and East Norfolk, and North and West Norfolk. The relatively low percentage of fibre connectivity in Cambridgeshire also demonstrates the rural nature of East Anglia. GFCF per job ranges from just under £8,000 per job in North and West Norfolk to over £21,000 per job in Cambridgeshire. ICT investment per job performs slightly stronger, with four areas – Cambridgeshire, Norwich and East Norfolk, Suffolk, and Peterborough – all performing above the regional average. In relation to intangibles per job, Cambridgeshire's total of £11,847 is more than the sum of all of the other sub-regions added together.

In this section of the report, we look at more detail at some of these categories to identify particular themes that are relevant to East Anglia. Whilst we could have considered all of the categories, we have taken as a guide the input of the members of the East Anglia Productivity Forum as well as conversations between all of the Productivity Forum leads to focus on six particular areas. This focus does not negate the importance of the other categories, but rather, is an opportunity for us to look at particular themes in more detail. There may be further opportunities to explore other themes in more depth over the coming year.

The six themes that we consider in this section are as follows:

- **Skills** – East Anglia faces significant challenges in skills development, which is critical for sustaining economic growth and boosting productivity. Regional disparities in educational attainment, skills mismatches, and limited investment in training hinder inclusive economic development, particularly in rural areas and underserved communities like Fenland and Great Yarmouth.

- **AI and digitalisation** – East Anglia is well-positioned to leverage digitalisation and Artificial Intelligence (AI) for innovation and productivity growth, with strong R&D capabilities, world-class hubs like Cambridge, and emerging sectors in Norfolk and Suffolk. However, significant challenges persist, including skills shortages, digital infrastructure disparities, and rural connectivity gaps, which limit the region's ability to fully adopt AI and digital tools.

- **Net Zero** – East Anglia plays a pivotal role in the UK's net zero strategy, hosting nearly half of the nation's offshore wind capacity and serving as a hub for clean energy, sustainable agriculture, and climate innovation. Key projects, such as Low Carbon Farming, Wild Ken Hill, and the Peterborough Integrated Renewables Infrastructure (PIRI), highlight the region's leadership in reducing emissions, creating green jobs, and fostering economic growth. However, environmental vulnerabilities, including flooding and water scarcity, along with infrastructure and funding challenges, demand a coordinated, place-based approach to integrate climate resilience with productivity-enhancing measures, positioning East Anglia as a leader in sustainable development.

- **Housing and Infrastructure** - Infrastructure and housing are critical to East Anglia's economic productivity, supporting the movement of people, goods, and services, while fostering growth and social inclusion. However, significant under-investment in areas such as digital connectivity, transport, and housing affordability, alongside fragmented local planning processes, limits the region's potential. With nationally significant infrastructure projects and rapidly growing cities like Cambridge and Peterborough, addressing these gaps through coordinated investments and shared planning strategies is essential for sustainable and inclusive development.

- **International Trade** - International trade is a significant driver of East Anglia's productivity, with the region exporting goods and services worth £23 billion in 2021, led by Cambridgeshire's strong trade surplus. The United States and the European Union are key trading partners, though Brexit and uneven reliance on EU trade highlight regional vulnerabilities. Strengthening infrastructure, such as transport links to ports and international gateways, and addressing disparities between sub-regions could enhance the region's trade potential and support balanced economic growth.

- **Governance** - East Anglia's local governance is characterised by three two-tier authorities (Cambridgeshire, Norfolk, and Suffolk) and the unitary authority of Peterborough. The Cambridgeshire and Peterborough Combined Authority

(CPCA) is the region's only Combined Authority but has faced governance challenges. Devolution proposals for Norfolk and Suffolk have been halted by the government. The recently published White Paper on English Devolution provides an opportunity to tackle some of these governance challenges. (MHCLG, 2024a)

Each of the following sub-sections presents an overview of each theme in relation to East Anglia and highlights a number of key challenges and/or opportunities associated with each of the themes.

3.1 Skills

"We are importers of graduates at the moment. We want to turn that around. It's about how you deal with some of these skills inequalities across the region"

(Ross Renton, Principal of Anglia Ruskin University Peterborough and East Anglia Productivity Forum Member)

Skills are critical to sustaining economic growth and boosting productivity by attracting talent, meeting labour market needs, and ensuring inclusivity (OECD, 2023). In the UK, approximately one-third of the average annual productivity growth from 2001 to 2019 was attributable to an expansion in workforce skills (Skills England, 2024). Despite this, significant regional imbalances in skill levels persist, contributing to long-standing productivity disparities across the UK. These disparities are evident in East Anglia, where differences in educational attainment and skill levels result in uneven economic outcomes. Addressing these disparities is essential to unlocking the region's full economic potential, fostering growth, and creating equitable opportunities for all.

East Anglia faces persistent challenges in skills, which limit its potential for inclusive economic growth. Based on the existing work and stakeholder discussions, four key challenges have been identified:

3.1.1 Skills Mismatches

One of the leading challenges in East Anglia is the mismatch between the skills that employers need and the skills that the workforce has to offer. Many businesses struggle to find employees with the right technical and specialized skills, particularly in growth sectors like digital technology, agri-tech, and clean energy. Around 10 per cent of businesses are having trouble filling at least one position due to a shortage of the right skills, and the skill-shortage vacancy density, that is a vacancy that is hard to fill due to a lack of skills, qualifications or experience among applicants, is 40 per cent for the East of England (ONS, 2024). On the other hand, this skills mismatch is also compounded by the decline in employer investment in workforce training. Evidence shows that UK employer spending on training has decreased significantly over the past decade, limiting opportunities for workers to upskill or reskill to meet changing business needs. This means that, while it's not every business experiencing this issue, the ones that are affected feel it quite intensely, with nearly half of their vacancies proving hard to fill due to skill gaps.

3.1.2 Low Further Educational Attainment in Some Areas

Certain parts of East Anglia, such as Fenland and Great Yarmouth, have lower levels of educational attainment, especially at NVQ Level 4 and above than the rest of the region (ONS, 2023).
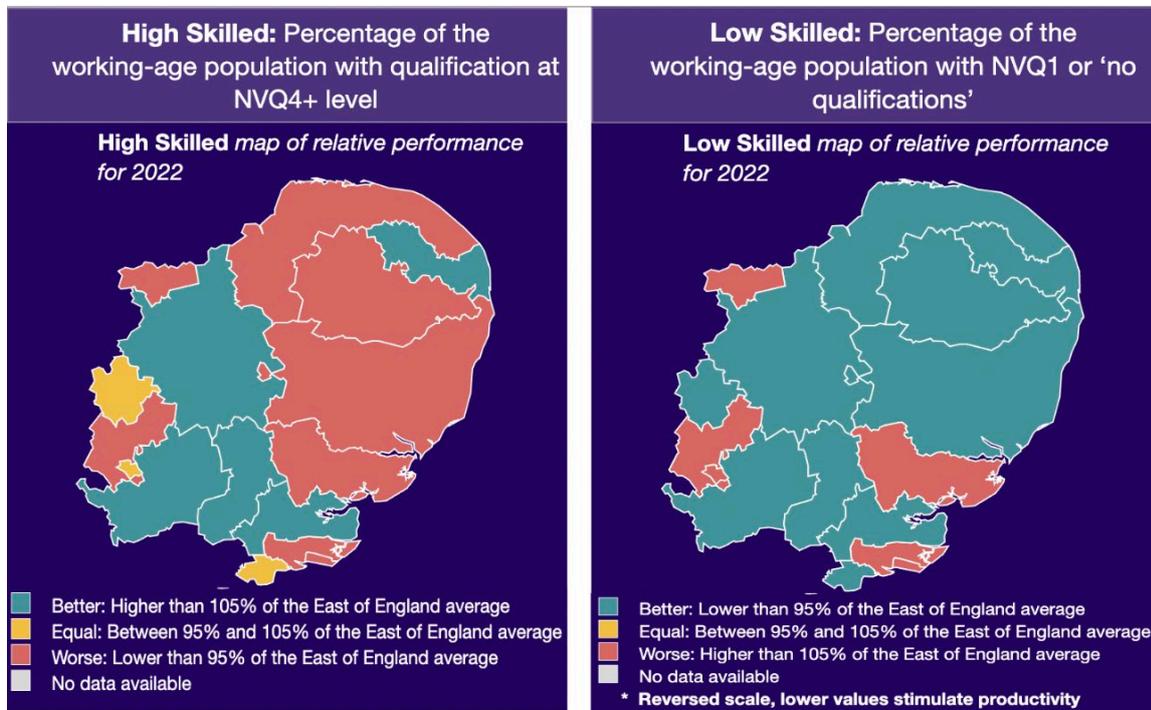

Figure Six: Percentage of high skilled and low skilled working-age population
Source: TPI East of England Productivity Dashboard (Garcia et.al, 2023)

The left-hand map shows the percentage of the working-age population with advanced qualifications. Areas like Cambridgeshire and Norwich & East Norfolk significantly outperform the East of England average (41.7 per cent) in terms of highly skilled workers, with 46.1 per cent and 48.5 per cent, respectively. This is indicative of strong educational and research institutions, as well as a concentration of knowledge-intensive industries. These regions are well-positioned to drive economic growth, benefiting from higher GVA per worker and greater investment in intangible assets like R&D and innovation. In contrast, regions such as North Norfolk and West Norfolk have a significantly higher share of low-skilled workers compared to the East of England average. These areas face challenges in workforce qualifications, which could constrain economic dynamism and limit opportunities for residents. High levels of low-skilled workers often correlate with lower productivity, reduced income levels, and fewer opportunities for upward mobility (Autor, 2014; Acemoglu and Autor, 2011).

3.1.3 Low Investment and Participation in Skills Training

Employer investment in training lags behind many comparator nations with UK employers investing half as much per employee in vocational training as the EU average and fell by 8 per cent between 2017 and 2022 (Skills England, 2024, p.17). This issue was also raised by the East Anglia Forum members highlighting the importance of apprenticeships and technical education and coordination among higher education institutions and employers.

As Figure Seven shows, East Anglia is one of the regions with a low number of participants in further education, skills learning, and apprenticeships in England. This reflects the underutilisation of training resources. This trend is consistent with reports highlighting limited employer-led training and low engagement with further education in rural areas. The data underscores the urgency of implementing targeted interventions to increase participation and align training with regional economic needs.

Figure Seven: Further education and skills participation
Source: ONS, 2024

Although skill-shortage vacancy density has significantly increased over the years, reaching 41 per cent in 2022, only 57 per cent of employees received any training in the past 12 months (ONS, 2024). Additionally, the map highlights lower levels of participation in further education and skills learning in this region compared to others. These insights point to a pressing need for more robust training programs and investment in upskilling to bridge the skills gap and meet the demands of local

employers. This limits the pool of skilled workers available for high-demand jobs, affecting regional productivity and individual economic mobility.

To address these challenges, East Anglia needs a coordinated, multi-stakeholder approach that builds on existing initiatives like Local Skills Improvement Plans (LSIPs). Current strategies for skills development in East Anglia often operate in isolation, lacking the cohesive collaboration and unified vision needed to address the region's persistent challenges. Establishing stronger partnerships between regional stakeholders, including Local Skills Improvement Plans (LSIPs), higher education institutions, and industry representatives, could create more effective and integrated solutions for regional skills development. Such collaboration would enable the pooling of resources and a more strategic alignment of efforts, ensuring that skills initiatives have a lasting impact on the local economy.

A critical area for improvement lies in the engagement of higher education institutions with local skills needs, particularly in high-growth sectors such as digital technology, healthcare, and green industries (Eastern Powerhouse, 2024; East of England All-Party Parliamentary Group, 2023). Universities and colleges must prioritise the alignment of their programs with the evolving demands of these key sectors, helping to equip graduates with the specialized skills required by employers (OECD, 2019; Lehmann and Menter, 2015). This alignment not only enhances graduate employability but also addresses critical skill gaps that currently limit regional economic competitiveness. Research consistently shows that close collaboration between academia and industry results in a stronger workforce and improves the region's ability to adapt to emerging opportunities.

Expanding access to apprenticeships and vocational training is equally essential for building a talent pipeline that meets the specific needs of local employers (OECD, 2023). Programs that are co-designed with industry partners ensure that training remains relevant, up-to-date, and closely aligned with market demands. This approach fosters pathways to sustainable employment, supports lifelong learning, and enhances the economic resilience of the region. Moreover, increasing investment in these programs and incentivizing employer participation will be critical to their success.

The government's new Skills England initiative offers a promising framework for addressing these issues. By fostering partnerships between employers, training providers, and policymakers, Skills England seeks to align education and training with local labour market demands, creating a more cohesive national approach to skills development. This initiative complements regional efforts by providing strategic guidance, resources, and a platform for scaling successful programs.

East Anglia needs to adopt a unified vision for skills development that integrates local and national strategies, fosters cross-sector collaboration, and prioritizes equity and accessibility. This will require coordinated efforts across local authorities, businesses, and education institutions. The English Devolution White Paper (2024) highlights the critical role of combined authorities in driving regional priorities. Steps will need to be taken to ensure these authorities work collaboratively where appropriate to align skills development initiatives with local economic needs and create a coherent strategy for

sustainable growth. Such an approach will not only address the region's skills mismatches and infrastructure gaps, but also position East Anglia as a competitive, innovative, and inclusive economy. By strengthening coordination among existing efforts and ensuring that skills initiatives align with both current and future demands, the region can build a workforce that drives sustainable growth and improves economic opportunities for all.

3.2 Digitalisation and AI adoption

"AI and AI adoption and awareness really, alarmingly low. In contrast to some of our more productive, scaled-up businesses in major urban centres that are ready for AI adoption, a very different picture emerges for more deprived communities and smaller clusters"

(Tim Robinson, Chief Operating Officer in Tech East and East Anglia Forum Member)

Digitalisation and Artificial Intelligence (AI) are key drivers of innovation and productivity growth, with the potential to transform regional economies. East Anglia is uniquely positioned to capitalise on these advances due to its strong research and development (R&D) base and emerging innovation ecosystem (EELGA, 2024a). However, significant challenges persist, particularly in addressing skills shortages and improving digital infrastructure. This section provides an overview of the current state of digitalisation and AI adoption in the region.

East Anglia ranks second nationally in innovation, supported by R&D expenditure of £4.1 billion in 2023 (ukTech, 2023). The region hosts several innovation hubs and digital start-ups, solidifying its reputation as a centre for digital innovation. Cambridge, in particular, stands out as a world-leading hub for knowledge-intensive businesses, boasting a high number of patents and a highly skilled workforce (Selvi & Garling, 2024). Similarly, Peterborough is a notable contributor, ranking 13th in the UK for patents per 100,000 people (CPIER, 2018).

In the east of the region, Norfolk and Suffolk play a critical role in driving growth across emerging sectors such as ICT, agri-food, and clean energy (Garling, 2022). Suffolk's Adastral Park, home to nearly 150 high-tech digital companies, is a prominent digital innovation hub. A key lesson from Adastral Park is its ability to foster collaboration between industry, academia, and local communities. For example, initiatives like Innovation Martlesham and the DigiTech Centre highlight the role of collaborative hubs in not only supporting technological advances but also strengthening local economies and equipping communities with the skills needed in a digital world. Innovation Martlesham is an ecosystem where high-tech ICT/Digital companies collaborate, share knowledge, and develop solutions. The DigiTech Centre, a partnership between BT and the University of Suffolk, helps bridge the gap between industry needs and workforce skills through research and training programs (Adastral Park, 2024).

According to techUK's Local Digital Index (2023), the East of England occupies third place overall and has some significant areas of strength, particularly research and innovation, as well as digital adoption, because of the significant digital employment

share and high level of R&D spending. East Anglia has high research and development spending (securing second spot in that component). The region's universities and research institutions play a pivotal role in driving innovation. They collaborate closely with industry partners, contributing to a dynamic ecosystem where research findings are translated into real-world applications.

However, because investments in innovation are centred mainly around Cambridgeshire, it leaves rural areas with fewer resources for digital development. This creates challenges in digital connectivity. In terms of digital infrastructure, East Anglia ranks 36th out of 41.
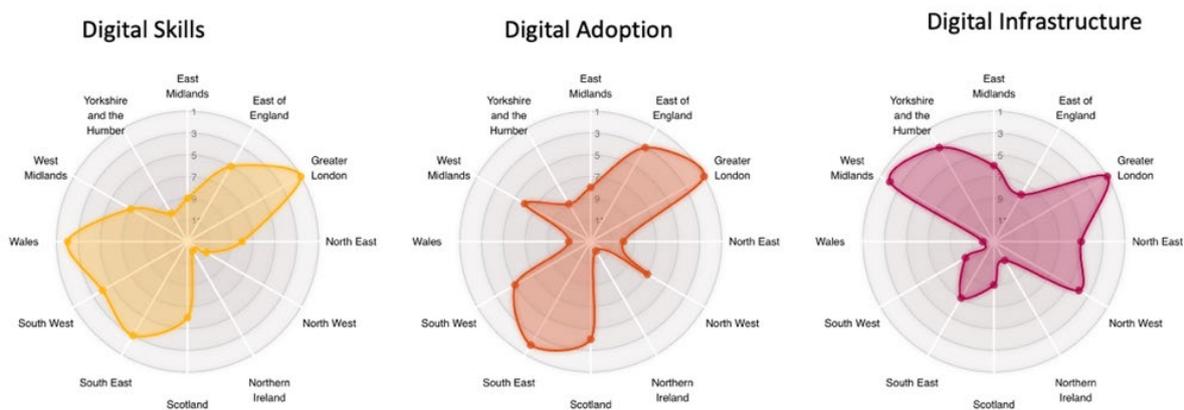

Figure Eight: Digital Index, East of England
Source: techUK, 2023

The Productivity Institute's regional productivity scorecards also illustrate a similar picture. Figure Nine shows that fibre coverage in North and West Norfolk is 26 per cent, while Peterborough has a much higher coverage of 87 per cent. For businesses in low-coverage areas, limited connectivity means slower internet speeds, affecting their ability to engage in critical digital activities, AI adoption, and data-intensive applications. There are similar issues with 4G coverage in the region (see Figure Nine). North and West Norfolk has only 57 per cent coverage, while Peterborough has 90 per cent coverage. Such disparities restrict the region's ability to adopt AI and digital tools, where some areas benefit from high-speed internet while others lag far behind. These are crucial for both productivity and quality of life and highlight an urgent need for equitable access to digital opportunities across East Anglia.
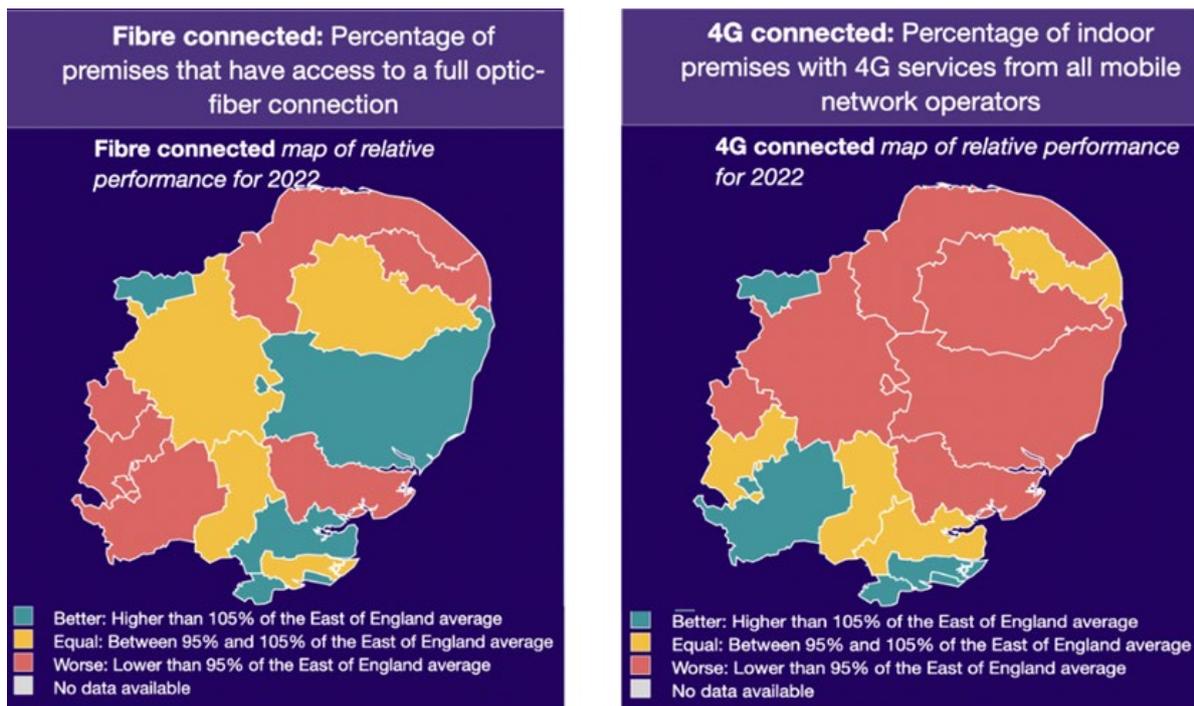
Figure Nine: Fibre and 4G connection across East of England
Source: TPI East of England Productivity Dashboard (Garcia et.al, 2023)

Another barrier to digital transformation in East Anglia is the lack of digital and data skills. Employers report significant challenges in recruiting workers with even basic digital competencies, which limits the adoption of new technologies and AI tools. During discussions with East Anglia Forum members, many participants highlighted this issue, expressing significant difficulty in finding workers equipped with digital and data skills. To address this problem, the Local Skills Improvement Plans (LSIPs) for the region emphasise the urgent need to enhance digital skills across the workforce. Key actions in the plans covering East Anglia include identifying digital skills as a cross-cutting theme critical to various sectors, encouraging collaboration between employers, educational institutions, and training providers to develop targeted digital skills programs, and addressing existing skills gaps through initiatives that promote digital literacy and upskill workers for current and future industry demands.

Despite these challenges, there are signs of progress. Recent data from an Economic Engine survey of 500 mid-sized businesses reveals that about half of East Anglia's businesses plan to invest in automation, AI, and machine learning for data analytics in the coming years (BDO, 2023). Additionally, programs like the Connected Innovation Programme in Norfolk and Suffolk foster collaboration between businesses and innovation hubs to bridge some of these gaps and support digital growth across the region. Similarly, The New Anglia Local Enterprise Partnership's Digital Tech Skills Plan aims to develop local talent with the digital skills needed to support East Anglia's digital transformation.

For East Anglia to fully benefit from these investments and bridge the digital gaps, targeted interventions are essential. The New Anglia Local Enterprise Partnership's

Digital Tech Skills Plan aimed to develop local talent with the digital skills needed to support East Anglia's transformation (New Anglia, 2023). While the LEP was integrated into Norfolk and Suffolk County Councils, the need to scale up these efforts remains critical. Continued collaboration between businesses, local authorities, and educational institutions will be key to maintaining and ensuring that the region's workforce is equipped to meet future digital demands. Increasing ICT investments and expanding infrastructure, especially in rural areas, with support from government initiatives and private investment, could also help the region to create a competitive, innovative, and inclusive digital economy.

3.3 Net Zero

"The whole net zero agenda—it's bringing it back down to the bottom line in many cases in the area, with resource efficiency and productivity right throughout"
(Tom Hennessy, Chief Executive, Opportunity Peterborough and East Anglia Forum Member)

East Anglia plays a critical role in the UK's journey toward net zero. The region hosts nearly half of the UK's offshore wind capacity making it a cornerstone of clean energy production (Tyndall Centre for Climate Change Research, 2022). As the Tyndall Centre's report (2023) notes, "decarbonization is unachievable without the East's renewable resources connected to the rest of England" (p.2).

Beyond its contribution to clean energy generation, East Anglia is also a hub for climate research and innovation, with many institutions leading in climate studies and developing solutions for carbon reduction. The region has also led sustainable agriculture efforts with projects like Low Carbon Farming, using wastewater-heated greenhouses using waste heat from nearby water recycling centre, significantly reducing carbon emissions (Low Carbon Farming, 2024). This initiative alone is expected to create 8,000 new green jobs in the region. There are also other projects supporting innovative farming practices, which also offer supporting rural communities. For example, Wild Ken Hill in Norfolk combines rewilding and regenerative farming, restoring natural habitats and enhancing biodiversity while capturing carbon in the soil (Rewilding Britain, 2024). This project creates green jobs in areas such as soil health management, conservation, and environmental consulting, serving as a model for sustainable land use.

The PIRI (Peterborough Integrated Renewables Infrastructure) project in Peterborough is another good example that aims to help Peterborough become a carbon-zero city in the future (Peterborough City Council, 2024). The project focuses on designing a unified energy system that integrates electricity, heating, and transportation to deliver energy that is both cost-effective and environmentally sustainable. By utilising renewable energy sources and innovative technologies, it seeks to significantly lower carbon emissions while offering direct benefits to the local community and businesses. Moreover, PIRI is designed to serve as a replicable model, providing a blueprint for other cities across the UK to adopt similar approaches. This makes the project a key driver in advancing the country's transition to net-zero emissions. The Government recently approved a total of £14.5 million of funding to turn the project into a reality (Innovate UK, 2023). Green jobs also present a major opportunity for East Anglia,

offering pathways for economic growth, reducing energy poverty, and supporting rural communities.

Selvi and Garling (2024) show that the net zero related sectors have a strong influence over other sectors in East Anglia. They network analysis to map and examine the interconnections between sectors in the region's emerging economy, using a novel and up-to-date industrial classification method called Real-Time Industrial Classifications (RTICs), developed by The Data City. This method blends machine learning with expert input to create a new classification system. RTICs are designed to use real-time data and are built with machine-learning algorithms that analyse website text from over five million companies.

Net zero is one of the RTICs, including companies within the net zero supply chain. It covers industries targeting to balance and remove the greenhouse gasses (The Data City, 2024). Selvi and Garling (2024) show how different sectors within a geographically defined location connect as a network, enabling knowledge and practices to flow between different sectors (Figure 10).

The network analysis shows that net zero is one of the critical sectors that strongly influences emerging economies in the region. Figure 10 illustrates the connections between emerging economy sectors, underscoring the central role of net zero in linking various industries. Its central position within the network increases its influence and power over the network, allowing it to facilitate the exchange of information and practices across different sectors. As a result, net zero could act as a bridge for cross-sector collaboration for East Anglia.

*Node sizes are proportional to centrality, while the thickness of edges is proportional to the number of connections. Different colours represent different communities where groups of vertices are more connected than the other communities.

Figure 10: Network analysis for emerging economies in East Anglia
Source: Selvi and Garling, 2024

The network analysis also highlights the importance and dominance of net zero in connecting different sectoral community structures across the emerging economy of East Anglia. There are 10 sectors in the same 'family' group as net zero, most of which are focused on sustainability and infrastructure, underscoring a collective emphasis on sustainability, clean energy, and innovative infrastructure solution (Figure 11). These sectors are critical for addressing environmental challenges, promoting sustainable development, and supporting the transition to a green economy. Understanding the relationships and potential collaborations between these three groups could be key for

strategic planning, investment decisions, and policy development to foster a sustainable and digitally advanced economy. Any further investment or improvement in these areas could have a multiplier effect, strengthening links across industries and the region's overall economic impact.

Figure 11: Family group of net zero
Source: Selvi and Garling, 2024

Their work also shows that net zero activities are not evenly distributed across the region. These activities show a strong presence in Greater Cambridge (Cambridge City and South Cambridgeshire), with firms also being located along two axes spreading from Cambridge to Peterborough and from Cambridge to Norwich.

3.3.1 The impact of climate change

East Anglia, with the lowest average rainfall and the highest temperatures in England, faces unique environmental and economic challenges. With 20 per cent of its land below sea level, the region is acutely vulnerable to flooding and water scarcity (Tyndall

Centre for Climate Change Research, 2023). Coastal erosion and rising sea levels particularly endanger Norfolk, where up to 25 per cent of properties in some areas are at risk (Tyndall Centre for Climate Change Research, 2023). The need for climate adaptation measures, such as reinforced flood defences and improved water management systems, is urgent. However, these environmental challenges intersect with broader issues of productivity and economic development, making an integrated response critical.

The region's economy depends heavily on sectors sensitive to climate impacts, including agriculture, energy, and tourism. Agriculture, a cornerstone of East Anglia's economy, faces declining yields due to water stress and changing weather patterns, with crops like sugar beet particularly vulnerable (Okom et al., 2017). Farmers will require tailored support to adopt water-efficient practices, diversify crops, and invest in on-farm water storage. Simultaneously, the productivity of other industries, such as renewable energy, could be improved by removing bottlenecks in infrastructure, particularly grid connectivity(Nationalgrid.com, 2021). These constraints delay the deployment of solar installations, wind farms, EV charging stations, and heat pumps, limiting the region's contribution to the UK's clean energy transition.

Transport, which constitutes 40 per cent of regional emissions, presents another challenge (Tyndall Centre for Climate Change Research, 2023). Investment in projects like the Ely Junction for rail freight and passenger connectivity, as well as integrated EV charging networks, will be critical for enhancing productivity while reducing emissions.

In addition, inconsistent and short-term funding mechanisms undermine long-term climate and productivity efforts (Tyndall Centre for Climate Change Research, 2023). Local authorities often rely on competitive grants, which are insufficient to address the systemic challenges of decarbonization and climate adaptation. A shift toward stable, multi-year funding frameworks will enable more strategic investments in sustainable infrastructure and skills training. This can be achieved by creating dedicated national adaptation funds and consistent local grants to support long-term projects. Regional collaborations can share best practices and reduce duplication, while Climate Commissions prioritise investments based on local needs, building capacity for infrastructure and skills development (Mahony et al.,2023). Clear regional adaptation targets and aligned national policies will further ensure the strategic allocation of resources (Mahony et al.,2023).

The interplay of climate resilience and productivity also demands a place-based policy approach (Tyndall Centre for Climate Change Research, 2023a). East Anglia's unique geographic and economic circumstances require localized strategies that prioritise both mitigation and adaptation. Initiatives such as Local Area Energy Plans and regional climate commissions can align climate actions with productivity goals, fostering collaboration between public, private, and community stakeholders (IPCC, 2022).

Achieving net zero in East Anglia depends not only on addressing environmental vulnerabilities but also on unlocking economic opportunities. By integrating climate resilience with productivity-enhancing measures, the region can lead as an exemplar of sustainable and inclusive growth.

3.4 Infrastructure and housing

Infrastructure and housing are essential pillars of economic productivity, underpinning the efficient movement of people, goods, and services while fostering interactions within the economy. Investments in infrastructure drive long-term growth by enabling economies to adapt to globalisation and technological advancements, ensuring businesses remain competitive and innovative (Timilsina, Stern, and Das, 2023) Meanwhile, housing markets play an important role in labour market dynamics and regional competitiveness. Affordable and accessible housing enhances labour mobility, stabilizes the workforce, and promotes social inclusion, all of which contribute to a resilient and dynamic economy (Maclennan et al., 2015).

The East of England Local Government Association (EELGA) has recently published a report on the economy of the East of England (EELGA, 2024b). The report identifies a significant under-investment in the region's infrastructure, estimating an £8 billion annual investment gap across the wider East of England. Working on a per capita basis, this equates to a £3 billion underspend for East Anglia.

Particular areas identified by EELGA where there has been an under-investment in infrastructure has been in relation to digital connectivity, transport, energy and water infrastructure, and housing affordability. For a dispersed region such as East Anglia, this under-investment can have profound effects on the region's productivity.

3.4.1 Nationally important infrastructure

As well as the importance of infrastructure to the local and regional economy of East Anglia, there are also a number of nationally significant infrastructure projects in the region. The East of England is the English region with the highest percentage of nationally important infrastructure projects, with 22 per cent of all of the nationally important infrastructure projects being located in the region. The following map shows the nationally important infrastructure projects located in East Anglia.
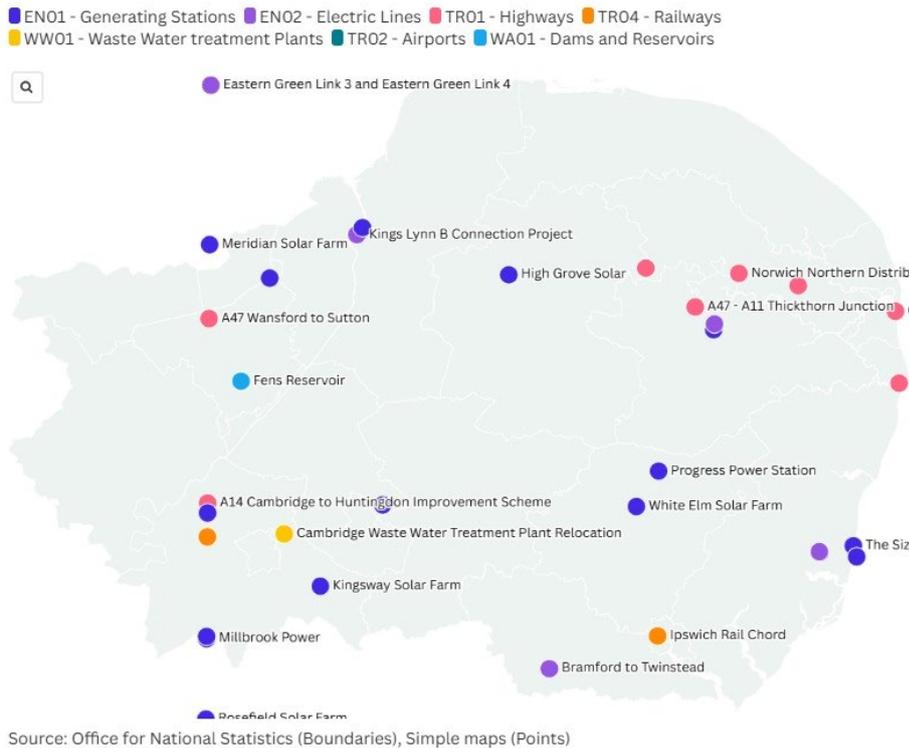
Figure 12: Nationally important infrastructure projects in East Anglia
Source: National Infrastructure and Construction Pipeline (2023)

Some of these projects, including 26 applications relating to the construction of generating stations, including nuclear power stations, solar farms and offshore windfarms and six relating to the construction of electric lines, are connected with the regions strengths in relation to Net Zero. A further 12 highways projects and two rail projects relate to connectivity within the region and between the region and the rest of the country. There are also significant projects associated with housing growth in the region, particularly around Cambridge, including the construction of the first reservoir in the UK for 32 years and the relocation of a strategically important waste-water treatment plant. All of these infrastructure projects will require significant co-ordination and resources to ensure that they are delivered and are able to contribute to tackling some of the national and regional productivity challenges.

3.4.2 Housing and planning

The availability of appropriate housing remains a challenge across the region. High prices in areas such as greater Cambridge contribute to labour shortages, and the need for the workforce to commute from further afield, leads to greater congestion on the regions transport networks. Equally, the pull of the regio's four cities may also lead to the surrounding areas being seen as dormitory, commuter settlements, which may also contribute to their poor productivity performance.

Between 2011 and 2021 the population of East Anglia has grown by 7.6 per cent from 2.29 million to 2.47 million. Within the region, there has been a variation in population growth. The cities of Cambridge and Peterborough have both seen their populations increase by more than 17 per cent in the decade and have been identified as the two fastest growing cities by the Centre for Cities. (Centre for Cities, n.d.) At the other extreme, North Norfolk, Great Yarmouth and East Suffolk all saw a population growth of less than three per cent in the decade between 2011 and 2021.

Between 2009-10 and 2023-24, East Anglia saw over 123,000 houses completed. Of the three counties that make up East Anglia, Cambridgeshire saw the most houses completed, with 40,830 completions (33.2 per cent), Norfolk saw 36,690 completions (32.2 per cent), Suffolk saw 30,640 (24.9 per cent). The unitary authority of Peterborough saw 11,920 housing completions (9.7 per cent) in the time period.

The local planning process across East Anglia is also particularly fragmented given the responsibility of the region's lower-tier authorities in developing and agreeing Local Plans for their areas. This also means that at any one time, plans across East Anglia are at different stages of development, potentially hindering the ability for planners to work across administrative borders.

It is interesting to note that two of the cities in the region, Cambridge and Norwich, have seen the development of shared Local Plans, with the Greater Cambridge Local Plan covering the administrative areas of Cambridge City and South Cambridgeshire, and the Greater Norwich plan covering the administrative areas of Norwich, Broadland and South Norfolk. Whether a similar approach could be taken to develop shared Local Plans covering Greater Ipswich and Greater Peterborough may be an area for further exploration.

The previous government also identified the city of Cambridge as particular focus of housing growth, with suggestions that a further 150,000 houses could be constructed in the Cambridge region. Following the change of government, the new Minister of State for Housing and Planning, Matthew Pennycook, re-iterated the importance of Cambridge to the UK economy and agreed to work with local leaders to "overcome the Issues that have held up planned development for essential housing and laboratory space." (MHCLG, 2024)

3.5 International Trade

International trade is a key driver of regional productivity, offering firms access to larger markets, advanced technologies, and opportunities for innovation. Empirical studies have consistently demonstrated that firms engaged in international trade, particularly exporting firms, exhibit higher productivity levels compared to their non-exporting counterparts (Hong and Luparello, 2024; Atkin, Khandelwal, and Osman, 2017; Powell and Wagner, 2014). This productivity advantage is attributed to the *self-selection effect*, wherein more productive firms are more likely to enter export markets due to the associated fixed costs, and the *learning-by-exporting* effect, whereby firms improve productivity through exposure to international markets, advanced technologies, and best practices (Zhang and Malikov, 2023; Bernard et al., 2018). Similarly, the OECD

(2024) argues that countries implementing trade-friendly policies and infrastructure improvements often see significant productivity gains, as such measures facilitate smoother integration into global value chains and promote innovation.

The question of international trade in East Anglia was raised at the Productivity Forum members' roundtable as a particular area of interest that had not been explored by the forum so far.

Data produced by the Office for National Statistics shows that in 2021, East Anglia's net trade balance was £4,129 million, with total imports of £18,939 million and total exports of £23,068 million.[2] East Anglia ranks 10th for the import of goods, 11th for the export of goods, sixth for the import of services, and fifth for the import of services compared to the other ITL2 regions.

Within East Anglia, Cambridgeshire is responsible for 52 per cent of the imports and 60 per cent of the exports. Of the other areas making up East Anglia, Norfolk is responsible for 15 per cent of imports and 16 per cent of exports, Suffolk is responsible for 21 per cent of imports and 13 per cent of exports, and Peterborough is responsible for 12 per cent of imports and 11 per cent of exports. At a county level, Cambridgeshire has a trade surplus of £3,998 million, Norfolk has a surplus of £910 million, and Peterborough has a surplus of £303 million. Only Suffolk sees more imports than exports, with a deficit of £1,081 million.
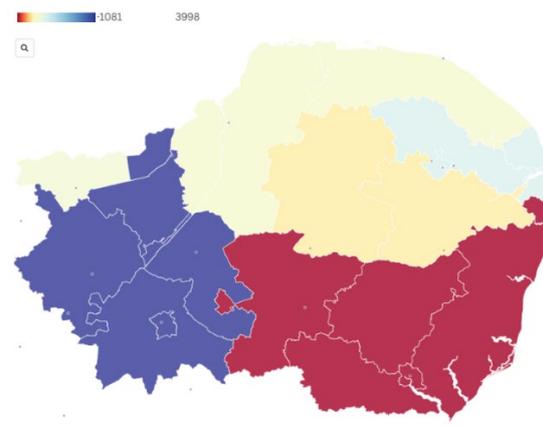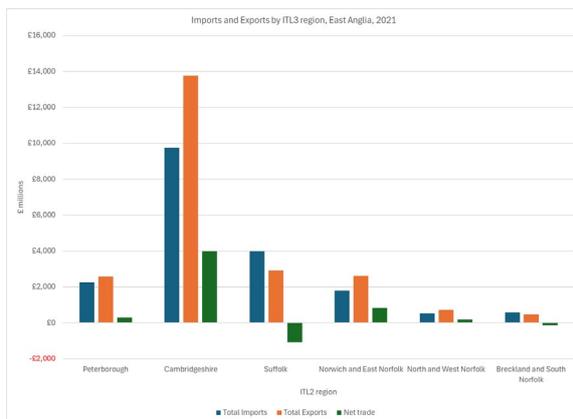
Source: Office for National Statistics (Boundaries), Simple maps (Points)

Area	Total Imports (£m)	Total Exports (£m)	Net trade (£m)
Peterborough	£2,270	£2,573	£303
Cambridgeshire	£9,759	£13,757	£3,998
Suffolk	£4,000	£2,919	-£1,081
Norwich and East Norfolk	£1,789	£2,622	£833
North and West Norfolk	£531	£732	£201
Breckland and South Norfolk	£589	£465	-£124
East Anglia	£18,939	£23,068	£4,129

Figure 13: Imports and Exports in East Anglia
Source: Office for National Statistics

3.5.1 Goods and Services

Within East Anglia, *Financial and insurance activities, Real estate, professional, scientific and technical activities* is the most important service sector for both imports and exports, with imports valued at £4,434 million and exports valued at £7,151 million – a net trade surplus of £2,816 million. In relation to goods, *Wholesale and motor trades* represents the largest import sector accounting for £6,366 million in imports. *Manufacturing* is the largest export sector for goods in the region, with total exports equalling £7,250 million, a sum similar to the *Financial and insurance activities, Real estate, professional, scientific and technical activities, manufacturing* often associated with the region.

3.5.2 Trading Partners

ONS data also provides information on which countries companies within East Anglia are trading with. The following table shows the top five trading partners for imports and exports of both goods and services.

Goods				Services			
Imports (£m)		Exports (£m)		Imports (£m)		Exports (£m)	
Germany	1,260	United States	1,616	United States	2,317	United States	3,962
United States	1,085	Netherlands	844	Netherlands	286	Japan	1,194
China	1,020	Germany	728	France	269	Switzerland	1,077
Italy	984	China	719	Ireland	218	China	576
Netherlands	879	Belgium	671	Singapore	214	Singapore	478
EU	7,300		4,561		2,736		2,718
Non-EU	4,924		5,630		3,978		10,159
% EU	60%		45%		41%		21%

Figure 14: East Anglia's key trading partners
Source: Office for National Statistics

From this can be seen the importance of both European and international trading partners, with the United States being a particularly important partner for both the export and import of goods and services. Exports to the United States from East Anglia are twice that of the next country, the Netherlands, and for services imports and exports to and from the United States dwarf the other countries in the top five.

It is also interesting to note that 60 per cent of goods are imported from EU countries whilst only 45 per cent of goods are exported to EU countries. There is a similar picture for the import of services, with 41 per cent of services being imported from the EU. However, the position in relation to the export of services shows a completely different picture, with only 21 per cent of services being exported to the EU.

	Goods Percentage to/from EU		Services Percentage to/from EU	
Area	Imports	Exports	Imports	Exports
Peterborough	60%	29%	38%	27%
Cambridgeshire	56%	43%	41%	18%
Suffolk	64%	49%	45%	32%
Norwich and East Norfolk	59%	62%	36%	25%
North and West Norfolk	60%	67%	62%	33%
Breckland and South Norfolk	73%	55%	48%	34%
East Anglia				

Figure 15: East Anglia's imports and exports with the EU
Source: Office for National Statistics

Breckland and South Norfolk are most reliant on the import of goods from the EU, Cambridgeshire and Norwich and East Norfolk the least. Peterborough has the lowest percentage of goods exported to the EU, North and West Norfolk has the highest. North and West Norfolk has the highest percentage of services imported from the EU, Norwich and East Norfolk and Peterborough have the least. Cambridgeshire has the lowest percentage of services exported to the EU, Breckland and South Norfolk the highest.

A number of key points emerge from this short overview of international trade in East Anglia. First, the data indicates that alongside other issues, the Cambridge sub-region is particularly important for international trade in the region. This raises the question of whether it is best to support international trade across East Anglia so that other places can develop a similar trade balance to Cambridgeshire, or whether it would be better to focus support more on boosting trade in Cambridgeshire.

Whilst we may have focused on questions of connectivity within the region and between the region and the rest of the UK, East Anglia is also well-connected internationally, despite there being no major airport in the region. The only direct flights to the USA from the closest transcontinental airport, London Stansted, are to Florida.

As well as inter-continental connectivity, East Anglia is well connected to Europe through its seaports. This highlights the importance of improving road and rail connections in the region to ensure that freight, in particular, can be smoothly transported through the region to other parts of the country. The range of reliance of different parts of the region on trade with the EU is also interesting, particularly given that some of the weaker performing areas of the region appear to be more reliant on trade with EU countries; the impact of Brexit is still being felt.

Finally, the re-election of Donald Trump as President of the USA heralds a possible period of heightened geopolitics and a raising of trade barriers between countries and continents. It is too early yet to see how this could play out for those areas of East Anglia that are more reliant on trade with North America.

3.6 Governance

Local governance arrangements matter for productivity. As the previous sections of this paper have identified, there are a number of issues facing the region that would benefit from co-ordination across a larger geographical scale.

Local government in East Anglia currently takes the form of three two-tier local authority areas – Cambridgeshire, Norfolk and Suffolk – and the city of Peterborough, which became a Unitary Authority in 1994. Sitting 'beneath' the three upper-tier authorities are a total of 16 lower-tier authorities.
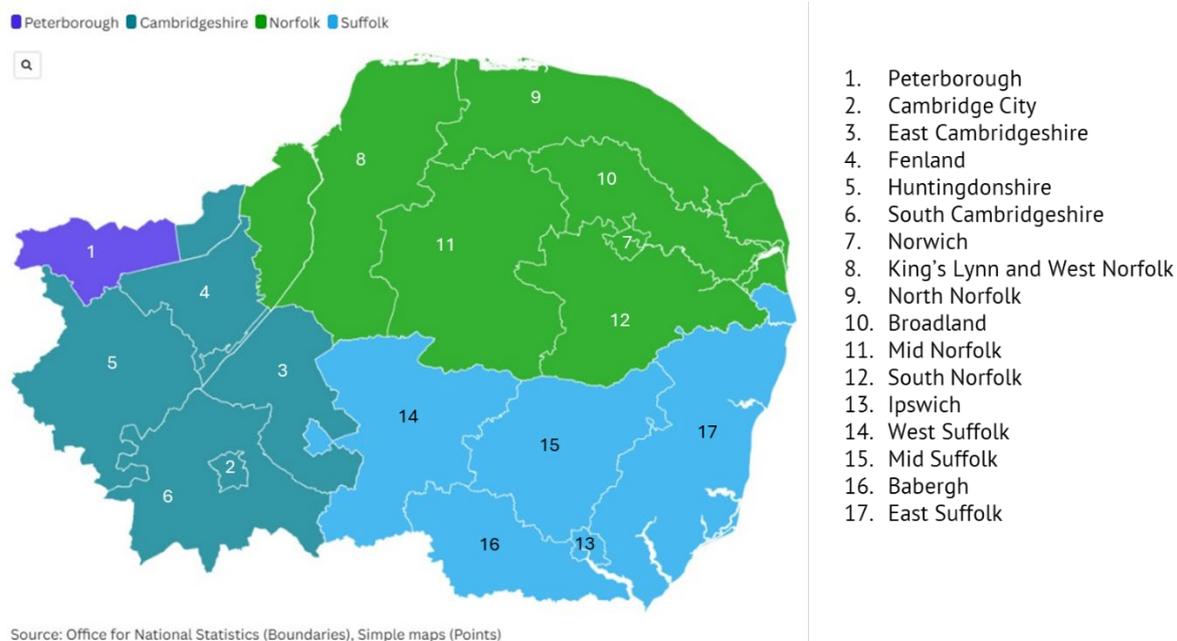
Figure 16: Local Authority arrangements in East Anglia
Source: Office for National Statistics

In 2019, Suffolk saw a partial re-organisation of local government arrangements in the county with the creation of five lower-tier authorities from seven. These districts are not unitary authorities and the two-tier structure remains.

In East Anglia, the Cambridgeshire and Peterborough Devolution Deal remains the only devolution deal to have been agreed with central government. However, the Cambridgeshire and Peterborough Combined Authority (CPCA) has faced a number of issues. For the period from January 2023 to September 2024, CPCA was the subject of a Best Value Notice issued by the sponsoring department. The notice drew attention to a number of issues at the authority including "significant weaknesses in the Authority's governance arrangements" and "concerns around partnership working." (MHCLG, 2023)

Two separate devolution bids for Norfolk and Suffolk were submitted in 2022. Both bids were for what were then called Level 3 deals – that is a mayoral Single Local Authority model of devolution. However, in September 2024 the new Labour government announced that discussions on the devolution deals for Norfolk and Suffolk would not be proceeding. Leaders of both Norfolk and Suffolk County Councils subsequently issued statements setting out their disappointment at the deals being taken off the table by government. (Norfolk County Council, 2024; Suffolk County Council, 2024)

In their Productivity Institute report on the accountability challenge in English devolution, Newman et al (2024) note that England's model of devolution has been primarily built on the 'Manchester model' which is "rooted in a very distinctive historical experience of cross-borough collaboration." The report also draws attention to how CPCA differs from other MCAs in the way in which its constituent members are a mixture of lower-tier and upper-tier local authorities, compared to other MCAs whose members tend to be all unitary authorities.

MCA Constituent Councils
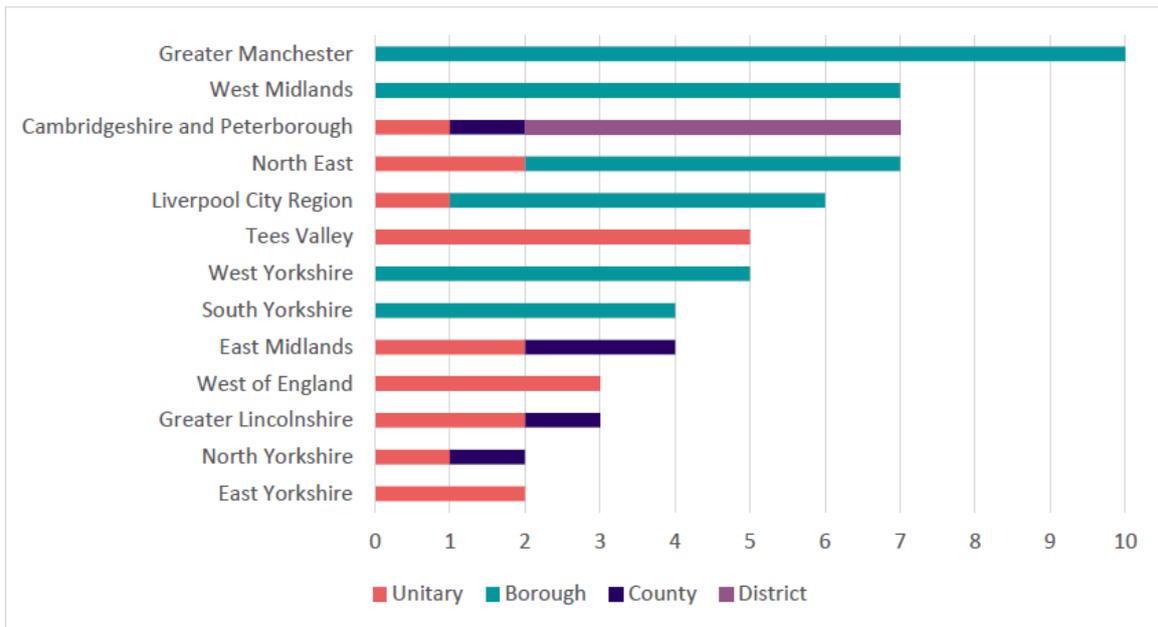
Figure 17: Make up of England's Combined Authorities
Source: Newman et al (2024)

The recently published White Paper on English Devolution sets out the government's plans for the next phase of devolution to "complete the map" through the creation of Strategic Authorities with a combined population of 1.5 million or more, covering "sensible" economic geographies, and with "the ability for local residents to engage with and hold their devolved institutions to account." The White Paper also sets out the government's approach to local government reform with the expectation that all two-tier areas and smaller or failing unitaries will develop proposals for reorganisation into unitary authorities with a population of 500,000 residents or more. (MHCLG, 2024a)

It is not yet clear how this will be approached by the local authorities in East Anglia. Assuming that the Cambridgeshire and Peterborough Combined Authority remains in place, the main focus in the west of the region will be on local government re-organisation. How the map will be redrawn is still not clear but given the government's expectations in relation to unitarisation, this could see perhaps two unitary authorities been designed around the two cities of Cambridge and Peterborough.

In the east of the region plans will need to be developed at a county level and for a new Strategic Authority or Authorities. Given Norfolk and Suffolk's combined population of approximately 1.7 million people, this could see one Strategic Authority covering the two counties. However, this may not meet the stated principle of residents being able to identify with the authority. At a county level, it is assumed that this could see both Norfolk and Suffolk being reorganised as two unitaries, bringing the total number of local authorities In East Anglia to six.

Finally, of particular interest to those issues identified in this paper that cut across the geography of East Anglia, the White Paper also calls for collaboration at a pan-regional level and states that "the government will support mayoral-led partnerships . . . to convene regional public and private sector partners . . . recognising the opportunity to scale up across wider areas." For a region such as East Anglia, where so many of the same issues are being faced by different parts of the region, this represents a real opportunity to co-ordinate approaches and develop ways of working that will support the productivity of the whole region.

4 Conclusion

East Anglia is a region of contrasts, with immense opportunities stemming from its strengths in areas like renewable energy, advanced research, and international trade, but also significant challenges, including regional inequalities, fragmented governance, and limited connectivity. The insights presented in this paper underscore the importance of adopting a coordinated, cross-cutting approach to address these complexities and unlock the region's full potential.

Key themes such as tackling inequality, decarbonisation, and place-based strategies illustrate the need for a holistic perspective that connects diverse policy areas. Addressing skills mismatches and digital disparities is critical for enabling inclusive economic growth, while targeted investments in physical and digital infrastructure are essential for ensuring that even the most rural parts of the region benefit from broader economic development.

Governance and collaboration remain central to East Anglia's future success. With its patchwork of administrative structures, the region requires stronger partnerships across local authorities and stakeholders to streamline decision-making, pool resources, and align efforts toward shared objectives. Examples such as joint local planning frameworks in Cambridge and Norwich demonstrate the value of cooperative approaches, which can serve as models for other parts of the region. The recently published English Devolution White Paper presents a number of opportunities to develop these collaborative approaches at a number of different geographical scales from the local to the regional to the national.

Additionally, East Anglia's leadership in sustainability presents a unique opportunity to position itself as a national and international leader in the transition to net zero. Leveraging its renewable energy capacity, pioneering sustainable agriculture initiatives, and developing green jobs will not only enhance productivity, but also ensure that the region remains resilient in the face of climate change.

Looking ahead, East Anglia must embrace a forward-thinking vision that integrates its strengths and addresses its weaknesses. By fostering a culture of innovation, inclusivity, and sustainability, the region can build a thriving economy that meets the needs of its diverse communities.

Ultimately, unlocking East Anglia's potential will depend on bold leadership, strategic investment, and a commitment to collaboration. Through a collective effort, the region can achieve balanced growth that uplifts all its residents and ensures long-term prosperity for generations to come.

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