



**SOUTH EAST
DIAMONDS**
for investment and growth

Building a Knowledge Economy

Workshop – B

Led by CLES Consulting and Oxford City Council



Centre for Local Economic Strategies





CLEES Consulting

Workshop: Building a Knowledge Economy

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Today's Workshop

- Objectives of the research
- Brief overview of baseline analysis
- Group exercise – debate of key issues around growth of the knowledge economy
- Questions to us and knowledge economy group
- Plenary to wider group



Knowledge Economy Research

Objectives of the research:

- Conduct research into current size and future potential of the knowledge economy in the SE Diamonds
- Particular focus on the emerging industrial sectors
- Provide steer on policy actions to encourage growth within these sectors and the wider knowledge economy
- Important in post-recession era with potential of industrial restructuring



Diamonds – Key Sectors

Based upon 'New Industry New Jobs' and 'Prospectus for Prosperity'

- Advanced Manufacturing
- Bioscience/Medicine & Pharmaceuticals
- ICT
- Environmental Technologies
- Creative/Digital/New Media
- Engineering Construction
- Opportunities in an ageing society



High Performing Knowledge Economies

- High value / highly productive sectors predominate
- High levels of R&D
- Higher level skills, attraction and retention of talent
- Strong entrepreneurial culture
- Concentrations of international HQs
- Strong 'inter-firm' linkages – local & international supply chains
- Strong civic leadership, but public sector share smaller
- Efficient transport infrastructure, innovation hubs, assets



Diamonds data: Knowledge Business Industries

	KBI Employees (2007)	Location Quotient (GB=100)	KBI as a % of total employment (2007)	% change 2000-2007
Brighton and Hove	76,589	118.7	64.0%	15.6%
Oxford / Central Oxfordshire	129,807	111.0	59.8%	9.7%
Reading Diamond	128,360	110.0	59.3%	6.5%
PUSH	248,605	106.1	57.2%	7.4%
North Hampshire	90,700	103.9	56.0%	5.9%
Milton Keynes and Aylesbury Vale	92,568	100.5	54.2%	21.5%
Thames Gateway / Kent	95,525	91.2	49.2%	14.1%
Gatwick Diamond	77,532	85.7	46.2%	4.1%
Diamonds	939,686	103.6	55.8%	9.7%
South East	2,039,534	102.1	55.1%	8.2%



Diamond Sector strengths and opportunities

- **Brighton and Hove:** Creative/Digital/New Media & ICT growth over the last decade; potential around Environmental Technologies, with city going for sustainable growth
- **Gatwick Diamond:** Bioscience/Pharm cluster (GSK); ICT (number of small consultancies); Advanced Manufacturing (aviation related industries – e.g. flight simulation); potential growth viewed in Environmental Technologies; presence of high end Financial and Accounting firms
- **Milton Keynes:** ICT and Creative/Digital/New Media with high employee representation; considerable base of Financial Services – accounting and banking
- **North Hampshire:** Balanced and diverse economy - ICT; Advanced Manufacturing base (e.g. aerospace); strong presence in Bioscience (R&D and production of pharmaceuticals)



Diamond Sector strengths and opportunities

- **Oxfordshire:** Centre for R&D fuelled by HEI; strong Biosciences presence; ICT/Creative; also Manufacturing activity in publishing and automotive ('green tech')
- **Reading Diamond:** Major ICT/Digital hardware cluster and supply chain; Bioscience & Food Technologies linked to R&D facilities; Financial & Accounting (e.g. PWC)
- **Thames Gateway:** Big push on environmental technologies/low carbon economy – links to the relative strength in Manufacturing; concentration in Medicine & Pharmaceuticals at Kent Science Park – looking to grow the cluster;
- **Urban South Hampshire:** Engineering/Advanced Manufacturing clusters (supply chain linked to the military and also other technical testing and analysis); potential around Environmental Technologies



Diamond Sector strengths and opportunities

Diamonds overall:

- Strong base in ICT (especially M4/M3 corridors) and Bioscience to build upon with high concentrations of R&D;
- Evidence of some highly Advanced Manufacturing activity – with the links to new ‘green’ technologies (energy coast?) and other niches
- Beyond these sectors, high value Financial and Accounting still has a clear function
- Skills though a critical issue which poses difficult questions – key skills gaps reported in many sectors nationally and within the South East, and skills imbalances across the Diamonds reflected in earnings and occupational structure (Reading/Oxford compared to PUSH/Thames Gateway for example)



Critical Infrastructure and Housing

- Roads: over-reliance on road transport - capacity not kept up with demand
- Heavy use of cars with low uptake of public transport, with congestion a major issue across several Diamond's
- *Regional Funding Advice for South East England* developing strategy for a number of strategic corridors and other connectivity and spatial priorities
- Housing stock highly stretched due to rapid economic growth – need to deliver affordable housing a key regional priority and key link to attraction and retention of talent
- Digital connectivity – broadband speed critical in global economy, connectivity appears to be reasonable throughout Diamonds



Next steps

- Visioning scenarios outlining broad trajectory and description of future environment
- Each scenario to describe a number of high level policy interventions, together with priority actions
- High level action plan with strategic priorities and issues for interventions to focus on
- Estimated timescales involved in actions
- Mechanisms needed to deliver actions
- **You can help inform the action planning through this workshop**



Today's Workshop

- Interactive discussion around the potential growth of the knowledge economy – your thoughts and expertise
- Aim to develop understanding of the *key* cross cutting, distinct issues
- Feedback from this workshop will feed into our scenarios, action planning, and future research priorities
- Focus on the wider Diamond's geography where possible
- **Solutions – how can we overcome the issues and grow the knowledge sectors?**



Key issues to discuss: Critical Infrastructure

- Road and rail links: is this a barrier to growth? What about future investment? Any particular hotspots within the Diamonds and the connected wider South East?
- Digital infrastructure – key to attracting investors and retaining businesses: is the broadband availability in place across the Diamonds? What about broadband speed - is high speed in place, are there plans for Super Fast Broadband? Can the telecommunications network cope with growth?
- Other infrastructure issues – can the energy supply cope with the rapid growth in business density and population?
- Environmental limits: issues around physical space to build on? The quality of land for business – e.g. flood plains?



Key issues to discuss: Skills

- Are skills a driver or blocker to growth? Or both?
- How close is highly skilled employment to a critical 'take off point' beyond which the creation of skilled jobs and the supply of skilled workers enters a self-reinforcing circle?
- Is there sufficient attraction and retention of talent/graduates?
Are low level resident skills holding back growth?
- How does this link into the housing offer? Is there sufficient affordable housing in desirable locations for skilled workers? Does housing policy effectively link with that of transport?
- Particular skills issues by sector? Bioscience/Medicine, Environmental Tech, Advanced Manufacturing/Engineering, ICT & Creative/Digital/New Media
- What initiatives are in place to deal with skills issues?



Key issues to discuss: Innovation

- How innovative are firms within the Diamonds? i.e. product creation and adaptation, process changes – which sectors?
- What knowledge transfer networks and KTPs are in place between HEI/R&D and businesses? Are these links strong or tenuous?
- Are there strong business-business networks across the Diamonds to spread the flow of innovation? Any particular sectors? Examples?
- Are there particular R&D specialisms? What are the key unique regional science assets which receive large investment (both public and private)
- Are there bespoke business support services which appreciate the needs of high growth/innovative firms (beyond basic Business Link)?
- Is there appropriate access to finance for high growth firms , especially in context of recession (e.g. Venture Capital/Business Angels)?



Key issues to discuss: All

- What do high growth, innovative firms look like in your area? Dependent on local suppliers or do they look further afield? What sectors are they generally in and how have they grown?
- Do these firms in your area have global reach or are there strong linkages with South East/London markets in particular?
- To what extent does the labour market in your area serve London? What evidence is there of spill-over from the capital?
- What is the future for Financial Services? Still a key knowledge sector and of importance in the South East