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London trumped for innovation by other regions of the UK



Ben Lobel | 29 May 2015 | News | Outlook

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London and Manchester are way behind Oxford, Liverpool and Teesside in a 'league table' of UK areas creating new goods and services, according to research.



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Liverpool has a higher proportion of firms creating new cutting-edge goods and services than London, finds a new study by the Enterprise Research Centre (ERC) of 14,000 firms.

ERC's analysis of six key indicators of innovation has allowed it to produce an 'innovation league table' for 45 Local Enterprise Partnership (LEP) areas in England and equivalent zones in Scotland, Wales and Northern Ireland.

These indicators range from new products being brought to market, to collaboration and research and development (R&D) activity.

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While nationally 45 per cent of firms report being 'innovation active', only 18 per cent are engaged in new product innovation.

Firms in Oxfordshire report the most innovation activity followed closely by Greater Cambridge and Peterborough. South East Midlands (centred on Milton Keynes) and Gloucestershire follow relatively closely.

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ERC academics believe this could be explained by the concentration of high-end manufacturing companies in this belt, as well as a focus on research and development (R&D), particularly in areas with major universities.

Tees Valley is the best performing of the Northern English local economic areas. This new finding runs counter to the current narrative of a 'Northern powerhouse' in the North West centred on Manchester (Greater Manchester is only ranked 20th for innovation).

London's innovation rate relative to the total number of firms there is relatively low – with the capital only making number 25 on the list.

This is said to be due to London's specialisms in service sectors such as law and finance, which tend to be highly regulated and therefore less innovative.

Eastern Scotland, Northern Ireland and Cumbria report the weakest overall innovation performance.

Professor Stephen Roper, who led the ERC research, says firms' ability to innovate plays an important role in sustaining growth and competitiveness, with economic implications for whole regions.

'For the first time, this research gives us a picture of which localities of the UK have the highest proportion of firms introducing new products and services. The findings run counter to the dominant narrative of a country dependent on London, with innovation being much more dispersed across the country than was previously thought,' he adds.

'Policymakers and researchers need to examine the local factors that could be contributing to this so that we can create the conditions for firms to become more innovative – creating jobs and growth – in every corner of the UK.'

The finding that the Tees Valley is a hotbed of innovation didn't come as any surprise to John Auger, operations manager of Stockton-on-Tees-based Carroll & Meynell, which manufactures transformers.

Auger says, 'Teesside has a highly-skilled workforce which helps the area add value to manufactured products.'

'We are not going to be able to compete with the rest of the world on labour costs, so we need to compete in the manufacturing of products that require a certain level of skills to produce. That's important, not just for Teesside, but for the whole UK.'

Further reading on innovation

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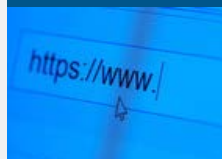
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