

Mapping local innovation in the UK

Innovation is a vital part of the UK economy, representing up to 70 per cent of long-term economic growth according to some estimates. Successful innovation is not only important for firms' ability to grow and compete, but also for the wider impact in the local community.

The more innovative local companies are, the stronger the growth prospects in the local area.

Researchers from the Enterprise Research Centre (ERC) have analysed data from 14,000 firms participating in the UK Innovation Survey 2013 to map the level of innovative activity in local areas across the country. The ERC analysis provided representative results for each local economic area of firms' innovation activities over a three-year period from 2010 to 2012.

Six areas of business activities were used to benchmark innovation – product/service, market, process, R&D, collaboration, and strategic/marketing activities.

The *Benchmarking Local Innovation* report shows that businesses with the highest levels of innovation are located in an arc stretching from Cambridge and Peterborough, through the South East Midlands to Oxfordshire and west along the M4 corridor.

The benchmarks provide an overview of how innovation is distributed across the UK, but don't explain the causes of this innovation pattern. More detailed analyses

of the drivers of innovation at a local level would be needed to explore the particular geographical distribution. This will be the focus of future ERC research.

Key findings

- Strongly innovative firms are located in an arc that stretches from Greater Cambridge and Greater Peterborough, through the South-East Midlands, to Oxfordshire and west along the M4 corridor towards the West Country and Wales.
- London's innovation rate relative to the total number of firms in the capital was relatively low (25th out of 45 areas covered in the study) - suggesting that London is not the 'powerhouse' of innovation that it is often considered to be.
- Firms in the Oxfordshire Local Enterprise Partnership (LEP) area showed the most innovation activity, followed closely by firms in Greater Cambridge and Greater Peterborough LEP.
- Tees Valley was the best performing of the Northern local economic areas.
- Levels of innovative activity were found to be lower in more northern and peripheral areas of the UK. Eastern Scotland, Northern Ireland and Cumbria had the weakest innovation performance.

Policy relevance and implications

- Innovate UK support could be aimed at areas where innovation levels are currently particularly low, as an aid to rebalance the economy away from South East England.
- There is a clear link between collaboration and innovation between organisations (eg B2B collaboration and partnering between universities and SMEs). The Innovation Benchmarks suggest that some areas have weak collaboration on innovation. Local policymakers in areas with low levels of collaboration could provide policy incentives to develop innovation links.
- Measures such as Innovation Vouchers - which encourage firms to work with universities or other local sources of innovation - may be valuable in some areas.
- Low levels of R&D are particularly marked in some areas, despite existing policy support such as tax credits – perhaps suggesting a lack of awareness. Local agencies in poorly performing areas should promote and raise awareness of R&D tax credits and other public support for innovation.



BRIEF DESCRIPTION OF THE PROJECT

The findings are based on the Enterprise Research Centre report *Benchmarking Local Innovation* by Stephen Roper, Jim Love and Karen Bonner. The report provides a 'geography of innovation' across the UK based on innovation benchmarks for local areas.

Web: [www.enterpriseresearch.ac.uk/wp-content/uploads/2015/05/Benchmarking-Local-Innovation I.pdf](http://www.enterpriseresearch.ac.uk/wp-content/uploads/2015/05/Benchmarking-Local-Innovation-I.pdf)

FOR MORE INFORMATION

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