UK competitiveness and public-private collaboration

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The private sector investment story: highly concentrated in London & the South East of England

FDI and Business R&D by UK region/nation, 2019 (£ bn)

Sources: ONS, “Gross domestic expenditure on research and development, by region, UK”; ONS, “Foreign direct investment involving UK companies by UK country and region, (directional): inward”.
Britain’s regional productivity problem

Productivity by ITL1 region and ITL3 sub-region, 2020 (GVA per hour, £)

Source: ONS, “Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions”.
Levelling-up white paper

12 x missions

A new model of governance

"Devo deals"
The private sector story

4 levers of regional growth

- High value sectors
- High value firms
- High value skills
- + higher levels of business investment
The UK has more than 20 > £1bn clusters

1. Highlands Beverages
2. North West England Aerospace
3. Manchester Digital
4. Cheshire Automotive
5. Merseyside Chemicals
6. West Midlands Manufacture of Fabricated Metal Products
7. South Wales Metals Production
8. Bristol Digital Services
9. South West England Aerospace
10. South West Agriculture
11. South East England Electronics
12. London Financial Services
13. London Prof. Services
14. London Digital
15. Outer London - East and North East Land Transport
16. London Creative sector
17. Bedfordshire and Hertfordshire Employment activities
18. Golden Triangle Info & Comms
19. Golden Triangle R&D
20. Rutland Manufacture of food products
21. Midlands Automotive
22. Shropshire and Staffordshire Manufacture of Machinery and Equipment
23. East Yorkshire and Northern Lincolnshire Manufacture of Petroleum, Chemicals and Pharmaceuticals
24. Tees Valley Chemicals
25. North East Mineral Manufacturing
26. Edinburgh Financial Services
27. North Eastern Scotland Architectural and Engineering Activities
Cluster playbook

- Shared economic prize
- Anchor institutions
- Storytelling
- Strong leadership
- Great partner collaboration
- Supportive policy environment
The demonstrator clusters

Why
• Private sector leadership
• Absence of figurehead
• Welcomed us

What?
1. Telling the story
2. Shifting the policy dial
3. Acting as the focal point

Why
• Deliberately different
• Broader geography
• Anchors & SMEs

What?
1. Acting as the focal point
2. Bringing a customer view
3. Shift the policy dial
   a) Skills
   b) Finance
   c) Procurement
Lessons learned…

- Decarbonisation could reverse decades of decline

- Clusters can’t be government led – hard for policy!

- Good cluster policy is bad politics
  - the sector problem e.g. TV
  - the town problem e.g. Wigan

- Companies need a collective engine
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