CBI

Sensemaker Guide

Can clusters drive growth in every region and nation of the UK?

In partnership with

Virgin media O2 Business

Today's Question is: What is a cluster?

Supporting economic clusters – how do we deliver genuine economic growth in an area through clusters?

Clusters bring together businesses, suppliers, universities, and research organisations so that they gain a competitive advantage over other places. They drive innovative behaviours and help attract world class talent.

The CBI is exploring how we use clusters to drive economic growth in every region of the UK – to really achieve levelling up. We want to develop practical answers and solutions for business leaders that will help take the UK's current and emerging clusters from good to great.

We will bring together businesses and stakeholders to shape the CBI's Clusters Playbook, a digital platform showcasing how the UK can build globally successful clusters, that are led by the private sector, drive economic growth, and build thriving regions and nations.

Questions for attendees to think about:

- Discuss what clusters are, how to support them and how we deliver genuine economic growth in an area through clusters?

- What are the conditions of success for clusters?

- What are the barriers for successful clusters?

Come ready to share insights and learnings

What is a ThinkIn?

A ThinkIn is not a typical panel discussion, but a forum for civilised disagreement and organised listening. It's a creation of Tortoise Media, and is modelled on a newspaper editorial conference designed to reach a better informed opinion based on the experience and expertise of everyone in the room.

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"Reinforcing successful business clusters will be central to kickstarting this regional revival. This means building on distinctive local strengths to forge a clear USP for investment in towns, cities, regions and nations in all corners of the United Kingdom. Cookie-cutter solutions are no solution at all if levelling up is to be a success."

Tony Danker, Director General, CBI

Context: The case for action

What are clusters?

Simply put, clusters are concentrations of companies and institutions that benefit from being located together. Clustering with like-minded organisations can help businesses become more productive, and more competitive.

Clustering is a tried and tested method, with examples of success across the world. Through strong business leadership, university partnership and government support these countries have cultivated world-leading strengths in the technology, digital, manufacturing and creative industries.

Clusters could hold the key to levelling up. The levelling up white papers states 'Clusters of industrial activity correlate with measures of economic value-added, illustrating their potency as drivers of skilled jobs, productivity and GDP in places'. That's why we're calling on government and business to support the CBI's efforts to make the UK a world leader on cluster development.

Key Statistics

How do clusters make a difference?

Clusters have huge benefits to local, national and global growth.

Clusters help to raise productivity and create globally competitive industries. They offer a number of tangible benefits for the UK economy.

£215bn

Closing the productivity gap between the highest and lowest performing parts of the UK could add as much as £215bn to the UK economy **(Fig. 1)**

£66bn

A 10% boost in GVA within areas of existing business specialisation and concentration could add £66bn to the UK

50

We've identified as many as 50 cluster opportunities in the UK, but this could grow as a result of the net zero transition

Fig. 1. Map shows 20 locations in the UK identified as potential priorities for investment and for harnessing existing economic assets for levelling up
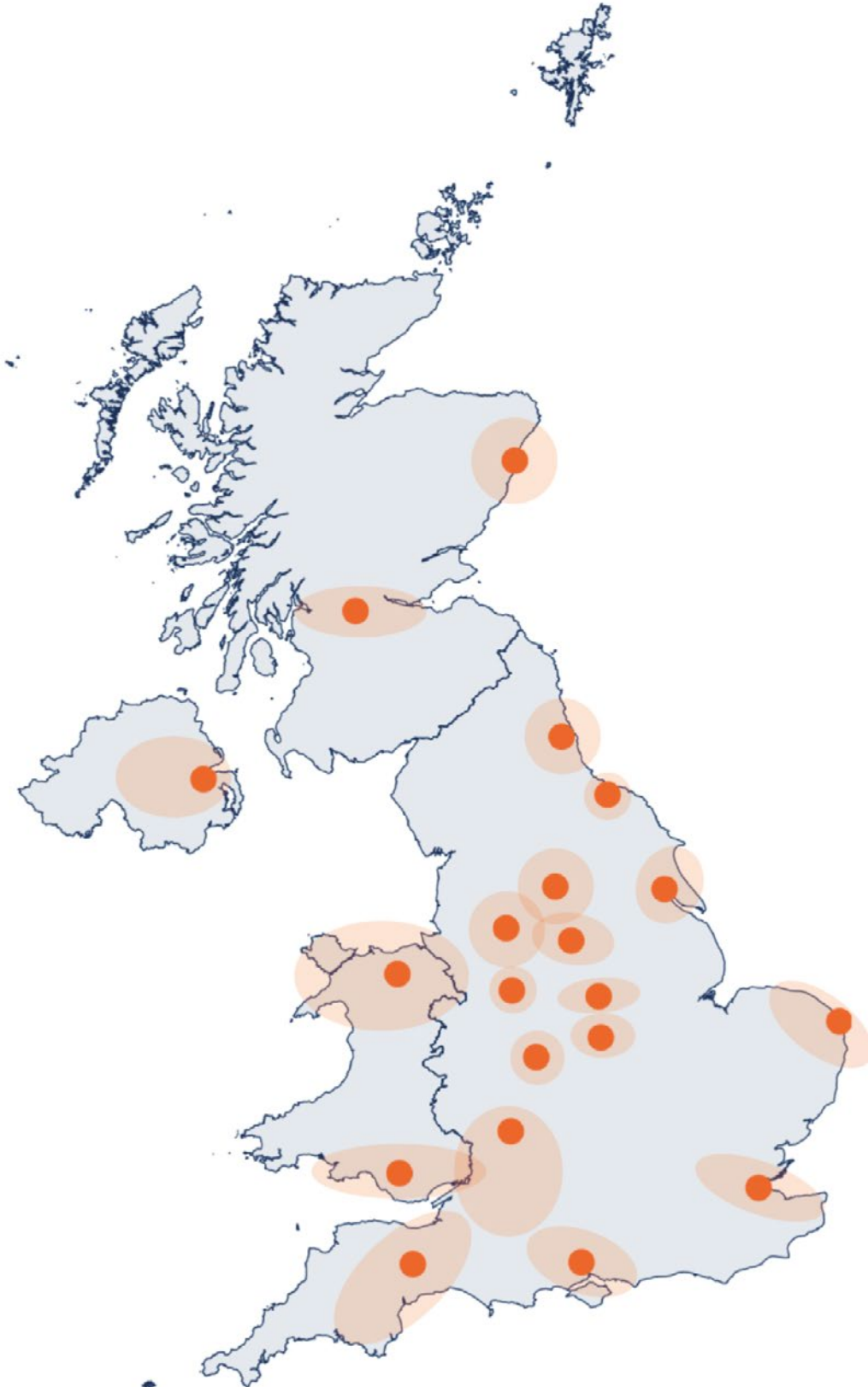
Barriers: Why is it needed?

Levelling up is set to deliver a number of business benefits, which include increased demand for goods and services and an expanding client base as new markets develop, as well as a widened talent pool for the future workforce as skills attainment levels grow across the UK.

But, if levelling up is to genuinely deliver high standards of living across the country, then new business clusters for green, science and digital industries need to be headquartered across UK regions and nations. This will create high value jobs that generate wealth in all corners of the UK.

For the UK to be a world leader on cluster development we need a new approach that is led by business, fuelled by academia and backed by government.

Conditions for Success

There is some evidence that supports what some of the success factors might be for clusters, we have defined these as:

- Shared economic prize – unifying outcomes and stake in success

- Anchor institutions – strong organisations that others gravitate or coalesce around

- Storytelling – strong place narrative and USP

- Strong leadership / figurehead – a go to 'place' leader

- Great partner collaboration

- Supportive policy

We want to test and build on these success factors through the ThinkIns, gathering insight on what works for the CBI Clusters playbook.

Notes

Speakers

George Freeman MP

Minister for Science, Research and Innovation

George Freeman was appointed Parliamentary Under Secretary of State in the Department for Business, Energy and Industrial Strategy on 17 September 2021.

George was a Minister of State at the Department for Transport from 26 July 2019 to 13 February 2020. He previously served as Parliamentary Under Secretary of State for Life Sciences at the Department for Business, Innovation and Skills and the Department of Health from July 2014 until July 2016.

Tony Danker

Director General, CBI

Tony joined the CBI as Director-General in November 2020. Before the CBI, Tony was the first CEO of Be the Business, a group of FTSE-100 Chairmen and the former Chancellor of the Exchequer, George Osborne. From 2010-2017 Tony was International Director, then Chief Strategy Officer, at Guardian News & Media. For two years before that, he was a Policy Advisor HM Government (2008-10), joining the Cabinet Office and HM Treasury. Tony's early career was at McKinsey & Company (1998- 2008) in London and Washington DC where he worked for 10 years.

Jo Bertram

Managing Director, Business and Wholesale, Virgin Media O2

Jo is responsible for providing services to our large enterprise, public sector, and small business customers, as well as our wholesale and MVNO partners.

Jo was a member of the Executive Team for Telefónica (O2) UK Limited from April 2018 when she joined as Chief Digital & Strategy Officer. She was then appointed Managing Director for O2 Business in August 2019 and held this position until May 2021.

James Harding

Co-founder & Editor, Tortoise Media

James was previously Director of News and Current Affairs at the BBC (2012-2018). Prior to that he was Editor of The Times from 2007-2012, winning the Newspaper of the Year in two of the five years he edited the paper. He was previously The Times' Business Editor, having joined from The Financial Times, where he worked as Washington Bureau Chief, Media Editor and China correspondent opening the paper's bureau in Shanghai in 1996 – the first European newspaper to open an office in the city since the 1949 revolution.