

Knowledge Economy *news*

The newsletter of the Knowledge Economy Network

Issue 5 Spring 2006

KEN – a growing success!

Since it was established in February 2005, the Knowledge Economy Network (KEN) has successfully grown into a unique community of 70 policy makers and practitioners who represent every region of Britain and every level of governance and various policy domains.



We plan to grow the network to around 100 members by the end of the year, so we'd be very happy to hear from stakeholders interested in participating. We'd also like to welcome our **new members** – the London Boroughs of Lewisham and Southwark, City of London Corporation, Buckinghamshire County Council, Hertfordshire County Council, KnowledgeEast and the ODPM Tackling Disadvantage Group.

As we head into our second year we are delighted to have an excellent membership renewal rate of 95%. Thank you all members for your support and contributions to our work!

The KEN seminar programme continues to thrive. The programme for 2006/07 takes us into the international arena. For KEN's local policy makers this is an ideal opportunity to learn how cities and regions in other countries are competing and planning for the global knowledge economy. Sponsored by legal firm Trowers & Hamlins, the **KEN seminar on 21 June** will provide an overview of how individual **European cities and regions** are developing their knowledge economies. We are pleased to have speakers from Germany, Spain and the Netherlands talking about their strategies and activities.

Two further KEN seminars are planned for 2006/07; in October we look at the knowledge economy in North America, and in February we'll have the Asian perspective.

KEN members can access our quality research and policy analysis on the KEN section of our website, and members received a complimentary copy of our 'State of the Nation 2006' report.

London KEN

London Connects in partnership with Local Futures has set up a regional Knowledge Economy Network (KEN) for London and its policy makers. This London initiative is linked to Local Futures' national KEN. The first in a series of three seminars, sponsored by Vodafone, took place on the 15th May and reviewed the findings of the first knowledge economy analysis of London and its boroughs and also considered how ICT could contribute to a more inclusive and community-driven future.

London KEN will be of interest to all those involved in the future economic and community development of London, including regional agencies, community and voluntary groups and all of the London Boroughs as well as private companies.

If you would like to attend future seminars, and for any information about KEN, please contact Wendy De La Harpe by email on wendy.delaharpe@localfutures.com or by calling 020 7440 7363.

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A Digital Tale of Two Knowledge Cities

Mark Hepworth



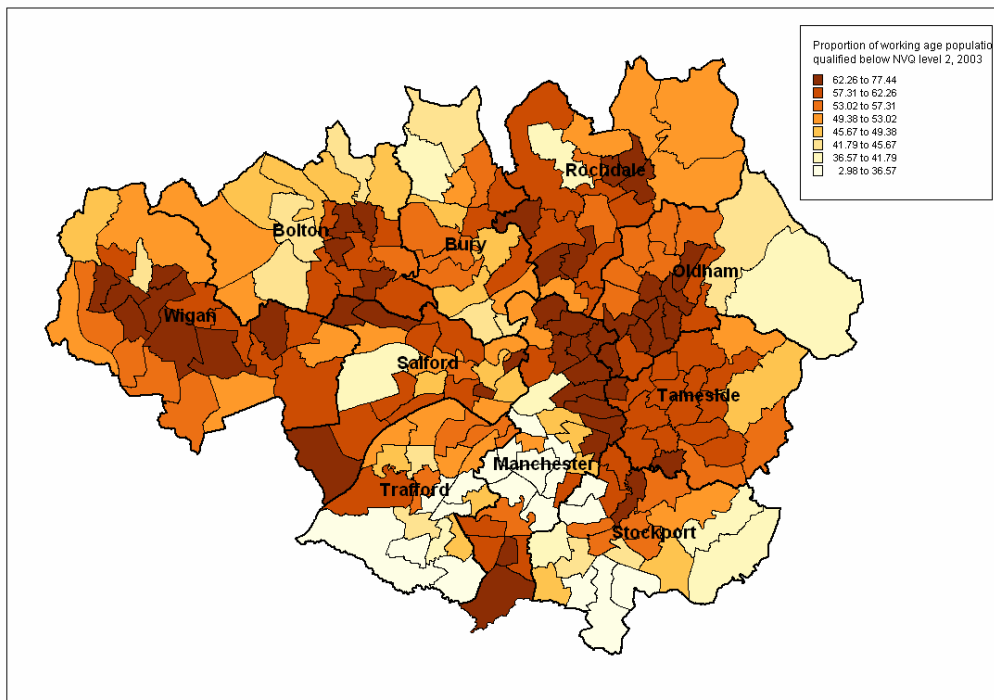
Local Futures is working on the ICT drivers of the knowledge economy with Manchester and London – our partners are Manchester Digital Development Agency and London Connects respectively.

Manchester

The Manchester project is directly related to the city’s Digital Challenge bid and is led by a vision of ‘community-driven knowledge economies’ underpinned by the “Matrix” – a range of e-services tailored to meet the needs of different socially excluded groups. The background context is that Manchester’s growing business knowledge economy is generating quality jobs for a growing army of suburban commuters, while by-passing many thousands of low-to-no skilled city residents.

The Manchester Digital Challenge bid aims to empower these socially excluded groups with knowledge, ICT and skills initiatives. The results of Local Futures’ recent focus group work on informal ICT learning in Wythenshawe public library – which showed that people’s skills and job prospects are enhanced by ICT knowledge – are being used as evidence for the Challenge application. The first expression of interest stage of the Challenge has been successfully completed, and we are now working with MDDA on a Digital Strategy for Manchester’s knowledge economy.

Tackling Knowledge and Skills Poverty : The Focus of ONE Manchester Digital Challenge





Digital Cities (continued)

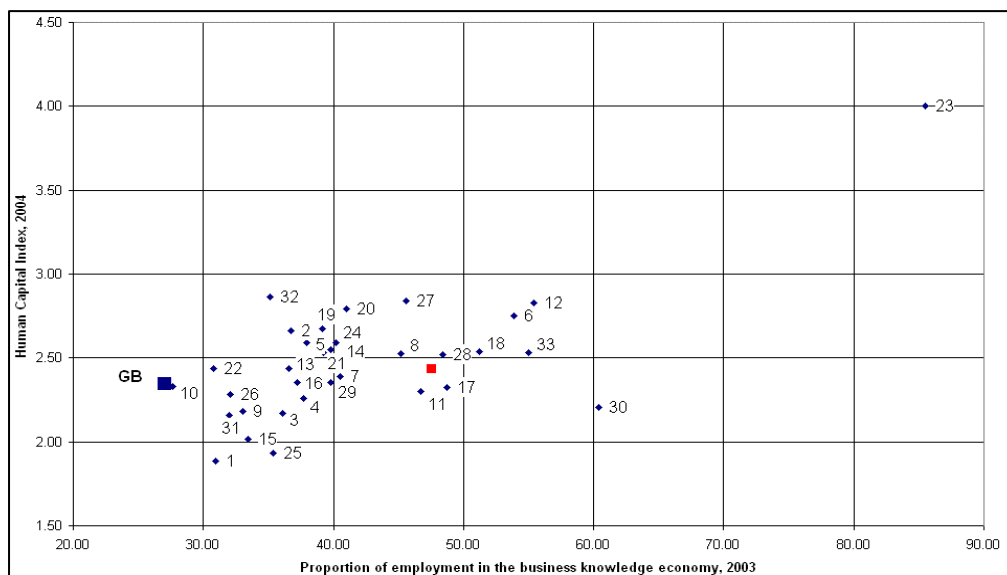
London

The London project aims to embed ICT in the capital's knowledge economy through a special report and a series of three stakeholder workshops, sponsored by London Connects, Vodafone and other businesses. The report 'The London Knowledge Economy', which highlights the role of ICT, is due to be published in late June and will be launched at the London Connects annual conference.

The report's analysis – using Local Futures recognised 'architecture' models and benchmark indicators – shows that the capital is indeed a world-class knowledge that dominates the UK and its regions. However the London knowledge economy is not delivering for hundreds of thousands of 'Londoners' – low-skilled people who live in the capital; the real beneficiaries are armies of highly skilled commuters who enjoy a high quality of life and amenities in the sprawling suburbs.

There is great local variation – in skills and business activity levels – within London's regional knowledge economy. The chart below, taken from the report, shows that local economies such as Barking and Dagenham (1), Greenwich (10) and Lewisham (22) lag well behind knowledge economy 'hot spots' like Camden (6), Hammersmith and Fulham (12) and Westminster (33). Of special interest is the knowledge economy profile of Tower Hamlets (30), where Docklands regeneration has created a strong business profile, whilst leaving the poor skills profile of the community unmoved – the knowledge economy has delivered for commuters but not residents, or regeneration has not worked!

Local divides in London's knowledge economy





A City-Region for South East Wales?

Josh Ryan-Collins



Whilst the English 'core cities' wait with baited breath for the DCLG's White Paper to see what Ruth Kelly thinks about 'city-regions', the Welsh capital Cardiff and its neighbours have been busy with their own city-region plans.

Cardiff Council commissioned Local Futures to conduct an analysis of the city region knowledge economy, incorporating the ten local authority areas that make up South East Wales - a combined population of 1.4million.

The City of Cardiff has one of the fastest growing economies in the UK². It is the driving force behind the city region, providing the bulk of knowledge intensive employment in South East Wales and possessing a strong H.E. and research sector. Any city region strategy must build on the strength of Cardiff, and in particular the cities' potential in the cultural, creative, ICT and bio-science sectors.

However, the Cardiff and S. E. Wales City Region also faces some major challenges – in particular the danger of economic polarisation. Employment in the sub-region is highly concentrated in graduate level public sector jobs and low-skill, low wage private sector occupations, mainly retail and hospitality. This structural divide is manifesting itself spatially, with an emerging split between the core-coastal belt (Cardiff, Newport, Vale of Glamorgan and southern Monmouthshire) and the Heads of the Valleys areas where low skills and worklessness are entrenched.

Many of the more high-skilled knowledge workers who live outside Cardiff commute in, placing strains on transport infrastructure as well as the environment and quality of life. Unless policy makers can start to reverse this polarisation process through radical interventions, the city region will not develop the sustainable knowledge economy it desires.

Cardiff and its neighbouring Local Authorities must take a collaborative but flexible approach to building a city-region knowledge economy. A model of economic development wholly dependent on the capital is unlikely to be sustainable so the quality of the region's other urban hubs must be enhanced. Policy makers should also consider looking further a field. Cardiff and Newport's proximity to South West England and in particular the powerful Bristol economy should be seen as an advantage to build upon – a broader 'Sevenside' city region could be considered.

Counties of South East Wales



Please send your articles and news stories to:

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South East Wales (continued)

Gold at the end of the Rainbow?

Cardiff Bay's striking skyline offers a glimpse of the city's potential to drive forward a greater city-region



A collaborative regional approach to deprivation in the Heads of the Valleys is also vital, which enhances the human and social capital of its residents through a 'bottom up' approach. Particular attention should be given to exploiting the potential of high trust community institutions, such as local schools, voluntary groups and public libraries. This should be complemented by major improvements in transport infrastructure to assist the mobility of labour in the city region.

Finally, the City Region must utilise the strength of its indigenous public sector to stimulate innovation and raise skills amongst its residents. Better and more strategic links between universities, hospitals and the business community will boost knowledge diffusion and stimulate innovation at a city regional level. Public procurement – worth £4 billion in Wales – can also play a key role in enhancing the quality of enterprises by encouraging local businesses to invest in skills and innovation.

The report was launched in April by Cardiff Councillor Mark Stephens, executive member for economic development and finance, in Cardiff City Hall to an audience of university vice chancellors, leading regional businesses, the Welsh Assembly Government, the WLGA, SOLACE and officers in neighbouring local authorities.

An executive summary of **The Knowledge Economy in the Cardiff and South East Wales** is available at www.localfutures.com. For more information on Local Futures' work in Wales or its City Region analysis, please contact:

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A Knowledge Economy Vision for Wakefield

James Binks



Wakefield is looking to make the leap to a knowledge-driven economy by placing the concept at the heart of its new Community Strategy. A vision for a knowledge economy future will be critical for the district's aim to move forward from the loss of mining and heavy industry and the associated economic, social and environmental problems that it brought.

Unemployment has been brought under control in recent years as an impressive number of jobs have been created. But much of the growth has been in the logistics, retail and transportation sectors rather than the more productive, knowledge intensive sectors that the government sees as critical to future competitiveness in the global economy. Indications are that the district is in a low skill, low wage equilibrium, with high levels of skills poverty and low demand for skills from employers combining to depress economic growth. The lack of a university has encouraged talented young people to move away over a period of time and has wider impacts on the culture and image of the district.

Local Futures is working with Wakefield to develop a vision for the knowledge economy that brings the local strategic partners together to agree ways forward for breaking out of this cycle. Nearby Leeds is booming and Wakefield has strong business, commuter, knowledge and physical links that are now drawing investors and knowledge workers to the district.

Strengths are emerging in professional services in the centre of Wakefield city and the regenerated Waterfront area. Wakefield was recently voted the best small city to do business by leading inward investors. The district is also making progress on skills and is attracting knowledge workers to its own growth sectors as well as those of Leeds. Beacon cultural attractions have drawn people into the district including the Hepworth Waterfront development, Yorkshire Sculpture Park and the National Mining Museum.

Wakefield's Waterfront development





Wakefield (continued)

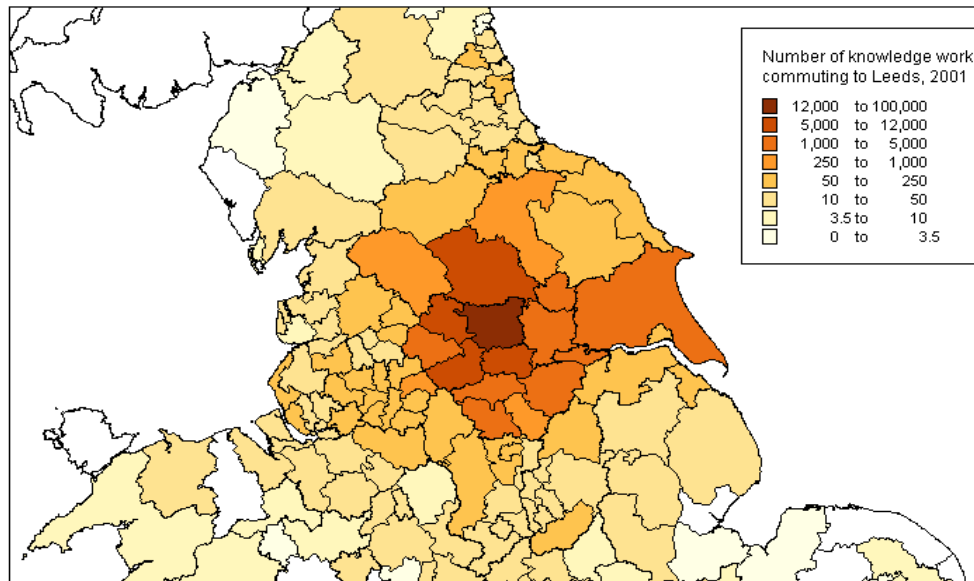
But the district recognises that for the knowledge economy agenda to be successful, it must create inclusive knowledge communities rather than deepen social and spatial divides. To date much of the growth in knowledge-intensive sectors has been in the centre of Wakefield city, isolated from the relatively closed communities in the mining towns of the south-east of the district and the rural communities in the south-west.

Wakefield recognises that it needs to do more to tackle the intense problems of social exclusion, crime, poor health, worklessness and low aspirations that are engrained in the culture of traditional communities in some of its former mining villages. The district also has ambitious plans to regenerate the 'five towns' of Castleford, Normanton, Pontefract, Knottingley and Featherstone, near to the M62 corridor where many of the logistics and retail developments have opened.

Wakefield's vision 'in development' attempts to integrate these priorities – to make Wakefield a knowledge-intensive economy with centres for innovation, enterprise and learning, but also a district that is inclusive, with excellent transport links, tolerant communities and a first class physical and cultural environment. It needs to recognise the diversity of the district and develop a unified identity by including all its very different communities in the vision. The relationship with Leeds and the rest of its 'city-region' will have to support the changes needed and be mutually beneficial to both cities.

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The pull of the Leeds knowledge economy





A knowledge-driven approach to worklessness in Camden



Josh Ryan-Collins

Camden has one of the strongest knowledge economies in the Greater London area. More than two-thirds (67%) of jobs in the borough are in knowledge-intensive sectors of the economy – including more than half of all private sector jobs (Local Futures/LFS, 2003). Yet Camden's resident population, as opposed to people who commute in to the Borough, is polarised from a skills perspective. A third of residents lack the 'level 2' qualification that is the minimum threshold for employability according to government definitions. This translates in to high levels of worklessness and economic activity.

The British Museum, one of Camden's greatest knowledge assets, is next door to some of London's most deprived wards



Camden Council, keen to take a new approach to the challenge of skills poverty and worklessness, commissioned Local Futures to examine these issues using our 'knowledge-driven regeneration' perspective. This focuses on two kinds of intangible assets that job seekers and the low skilled need in a knowledge-driven economy: *human capital*, traditionally understood as skills and education and *social capital*, which derives from the networks of individuals, enterprises and organisations a person is part of and with whom they can share knowledge.

We examined non-traditional areas of skills and employment policy in the Camden context, including the role of social enterprise, libraries and community centres and public sector recruitment and HR. Our findings suggest national policy frameworks around skills and training are not meeting the needs of Camden residents struggling to enter the local labour market. LSC funding in particular is too narrowly focused on boosting skills through the achievement of specific qualifications.

A broader approach to human capital is required which appreciates the importance of interpersonal and transferable skills, competencies, personal confidence and attitude, ICT familiarity, mobility and adaptability. It is these skills, many of which might be described as 'entry-level', much more than an NVQ level 2, that are the building blocks of social and economic inclusion in a knowledge economy.

Please send your articles and news stories to:

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Camden worklessness (continued)

Through the Neighborhood Renewal Strategy and particularly its Adult and Community Learning program, Camden is meeting some of these challenges. However, the withdrawal of pre-NVQ level 2 funding threatens to undermine such basic skills interventions.

Whilst national policy needs re-thinking, Camden should also consider how to stimulate and support 'bottom up' approaches to human capital. Much of this entry-level learning is informal and the knowledge gained is often tacit and unaccredited. For those in work, this kind of learning is done 'on the job'. Interventions for the workless need to replicate this kind of learning in environments that are easily accessible to the key target groups.

Two social enterprises examined in this study, St James's House and Camden Garden Centre, as well as the NHS Jobshop, focus on building transferable and interpersonal skills, personal confidence and IT skills in a working environment so that candidates are 'job ready' and on a more equal footing when competing for work. Camden's Local Area Agreement provides an important opportunity to begin to draw together funding streams to build on these currently isolated examples of good practice.

With regard to social capital, we found social enterprises in Camden have particular strengths in identifying and tapping in to existing or latent social networks or 'knowledge communities'. The social enterprise *Women Like Us* recognised the importance of the school as the centre of unemployed mother's social network and recruited women looking for work literally from the 'school gates'.

Camden's Adult and Community learning team also had great success in engaging Bangladeshi women in adult learning programs by running them from their children's school.

The research also suggested that the physical *location* of services designed to assist the socially excluded in the skills and employment field is vital. The closer the proximity of the service to the individual's own social networks the greater the likelihood such a service will be taken up. Other good examples were the NHS Jobshop, located directly on a bustling high street, and an ICT Learning Centre developed in a disused laundrette on a South Hampstead housing estate. Libraries also present themselves as key *public spaces* in which the socially excluded can easily access learning environments, develop basic skills (in particular around IT) and new social networks. Again, it is the high level of trust associated with the library as a public institution that makes them ideal access points for the disadvantaged.

What does this mean from a policy perspective? There needs to be greater recognition of the importance of the engagement 'stage'. For example, percentages of workless people taking IT course in the informal environment of the library should be recognised as just as important a target to drive funding as an NVQ level 2 or even a job. Such an approach would valorise the role of a number of key organisations, such as libraries, social enterprises and community centres, whose current economic contribution is 'hidden' and thus undervalued.

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