

Case Study

Business Clusters in the UK – a first assessment

Client: DTI (now BIS)



Outcomes and value



This study provided the UK Government, for the first time, with a detailed profile of both the distribution of key economic clusters and their relative strengths and weaknesses based upon the range of employment in the cluster groups and the direction in which these groups were heading.

The study led to wide ranging engagement with the identified business groups and to more detailed regional investigations that in some cases were translated into regional economic teams with focus on developing the health of business clusters. UK and European funding was made available to Regional Development Agencies to further activities that would help increase the strength of existing clusters and contribute to the emergence of new clusters.

This study made a major contribution to government understanding of business cluster activity and directly led to the establishment of policy groups to further support cluster development across the UK.

The report enabled our client to:

1. Identify the existence and key characteristics of key business clusters across the UK.
2. Apply a common methodology to cluster identification which provided a consistent assessment.
3. Encourage development of cluster initiatives, and the delivery of funding streams to support them, in order to build competitiveness on a regional level.
4. Increase partnership between the public and private sectors.

Lord Sainsbury, client lead, said;

"I welcome this report by TBR. It is the first time a study of this type has been conducted and [it will] help the regional development agencies carry out the important work they are doing on clusters."

"TBR's report helps us make a step forward in terms of providing key source information as well as delivering a better understanding of the nature of clusters."

Our solution

Prior to commissioning this study, the former DTI had no clear understanding of the incidence and relative strengths of the key types of business activity that were driving the UK economy. At Harvard University Michael Porter had identified that clusters of business activity were more dynamic, competitive, productive and self-sustaining than any other groups of business activity.

The government decided that with clear knowledge of the structure of UK clustering it could address the opportunities posed by strong cluster groups and the threats posed by unravelling clusters. The key requirements of this study were therefore to develop a methodology firstly for identifying clusters in the UK and then identifying location, economic contribution and relative strengths and weaknesses.

So the challenge was to deliver the first 21st Century map of the distribution, typology and strengths of UK clusters to assist the development of policy in support of key UK business activities.



Using Trends Central Resource (TCR) alongside IDBR, TBR was able to identify cluster activity amongst businesses across the UK. Every firm record is accompanied by a unique textual description of the business activity. These textual descriptors were used to define firms with common relationships or which exist in relevant relationship chains.

It was important to achieve a typology for cluster activity, which would explain the different stages of business cycle of different clusters. Therefore TBR developed a set of descriptors which allowed the client to understand which clusters were strong and growing; which ones were static and perhaps unravelling; which ones were emergent. TBR delivered a range of maps at UK regional level, which identified the location of clusters and which offered a clear picture for the development of policy to help cluster performance.

tbr knows... **economics, creative, skills, environment**