



# HOW TO CREATE A KNOWLEDGE CITY – EVIDENCE FROM LONDON'S FLAT WHITE ECONOMY

Douglas McWilliams, Deputy Chairman, The Centre for Economics and Business Research

Webinar

Monday, 07 June 2021, 11:00 BST

# A Word From Today's Chairman



**Professor Michael Mainelli**

Executive Chairman

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# Today's Agenda



- 11:00 – 11:05 Chairman's Introduction
- 11:05 – 11:25 Keynote Presentation – Douglas McWilliams
- 11:25 – 11:45 Question & Answer

# Today's Speaker



**Douglas McWilliams**

Deputy Chairman

The Centre for Economics and Business Research



# Cebr's Knowledge City approach

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# AGENDA

- **Introduction**
- **What is a Knowledge City?**
- **Links with the Flat White Economy**
- **Driving forces**
- **Q&A**

# The Knowledge City

- **Demand for knowledge based products is established**
- **And the technology is easily available**
- **And it is relatively easy in a low returns environment to attract capital**
- **SO the scarce factor when trying to drive knowledge based urban development is skills**



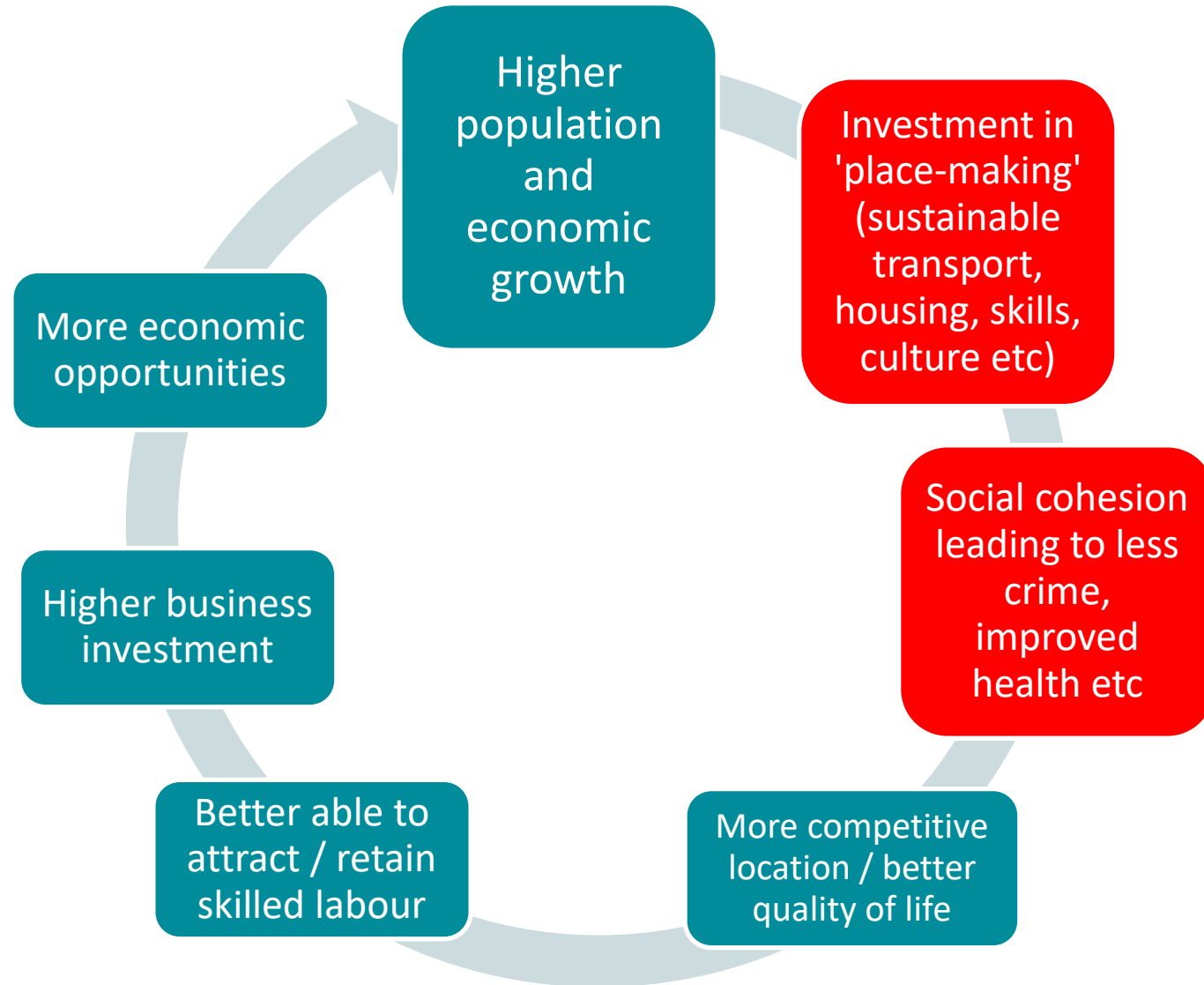
# The Knowledge City

**The critical question is how  
to optimise building,  
retaining and attracting  
Knowledge City skills**

# Poll 1: Which do you think will do most to help the UK create more knowledge cities?

- **Tax reliefs for venture capital**
- **Better cycle lanes and public transport**
- **Music venues and arts centres**
- **World class universities**
- **Streamlined and cheap visas for talented migrants**

# The knowledge city approach to urban regeneration and renewal



## **The sectors of the Flat White Economy (14.4% of UK GDP in 2020!)**

But my colleagues at Cebr have defined the sectors in the FWE as the “MIC”: media, information and communications. These in turn comprise:

- Software publishing
- Computer programming and consultancy
- Data processing and websites
- “Other information services”
- Advertising
- Market research
- Television and film post-production

**Knowledge city sectors are these plus a lot of scientific research and spin offs...**

# The econometrics of coffee shops.....

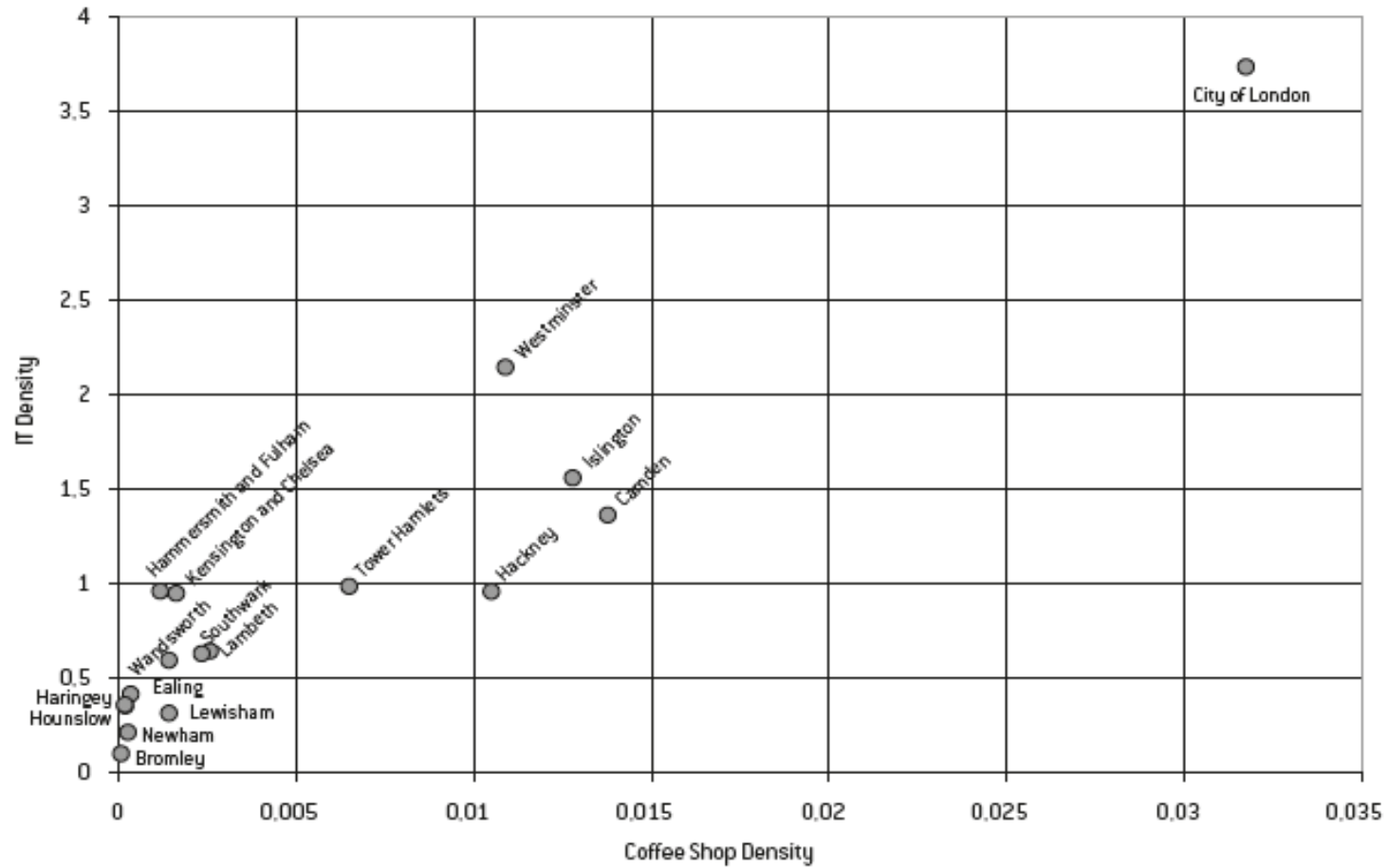
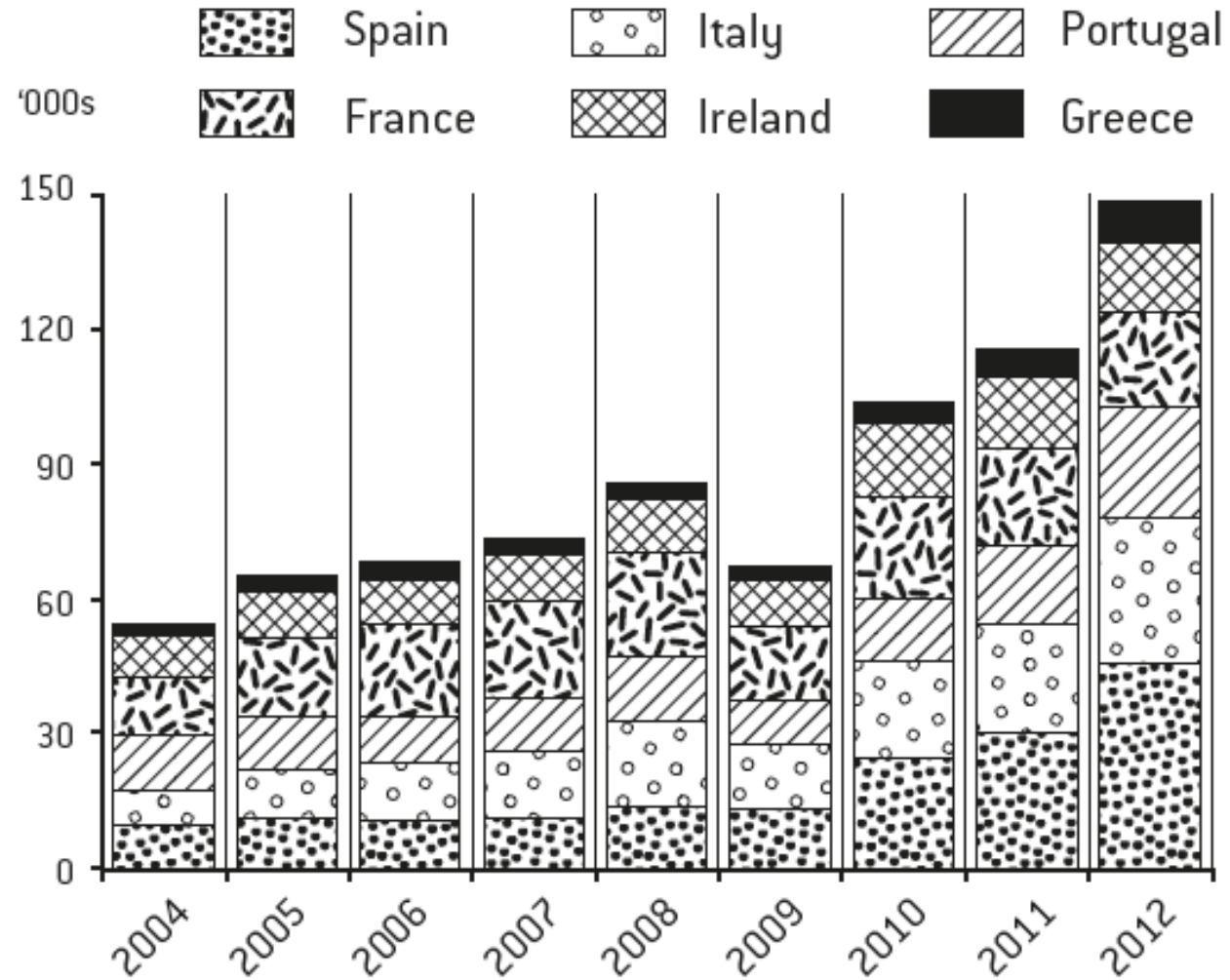


Figure 4.2: Relationship between Flat White Economy jobs per hectare and number of independent coffee shops per hectare.

# How the Euro's problems have boosted the UK's talent pool



# How immigration boosts growth – a dynamic approach

- Traditional studies have shown how immigration boosts tax revenues with relatively less impact on public expenditure
- But looking at immigration in a dynamic way shows that the impact is far larger
- First, immigration relieves bottlenecks for skills
- Second, immigration improves creativity – vital in the Flat White Economy especially
- Third, immigration boosts profits. In mature economies profits are normally too low for the optimum rate of economic growth (though in most emerging economies profits are normally too high for optimal growth)

# There are seriously beneficial knock-on effects from the creative industries

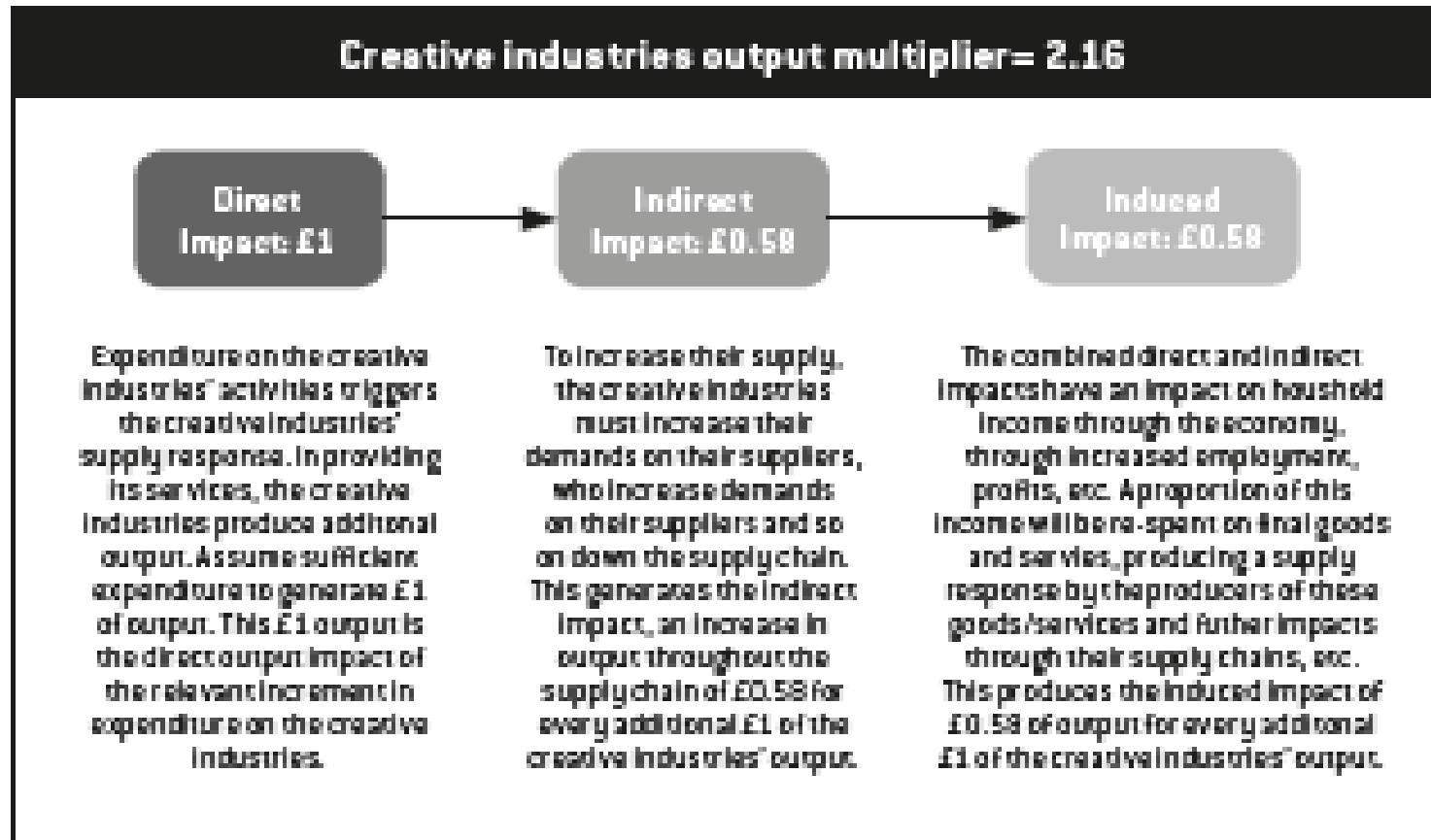


Figure 2: The multiplier effect of the creative industries



# There seems to be some link between an anti authoritarian culture and 'knowledge city' development

- Most knowledge city workers are fairly 'woke' in their political behaviour
- The greatest concentrations tend to be countries with vibrant political debate
- There seems to be a link with freedom of expression
- BUT there are also concentrations in countries with quite repressed political cultures
- And 'woke' culture can itself be repressive

# 'Place making'

- **Educational facilities**
- **Transport**
- **Culture – especially live music and public art**
- **Attractive ambience**
- **Fun**
- **Sustainable**
- **'Cool'**

# The importance of local skills development and enhancement

Universities and other higher education facilities can:

- supply the skilled labour required to grow a Flat White Economy
- provide incubators for local start-ups and spin-off companies

Upgrading schools and higher education facilities, particularly in tech and culture subject areas, is therefore vitally important

There are examples in the UK, such as:

- Leeds Beckett University
- Edinburgh University
- Glasgow School of Art
- Falmouth University

And outside the UK:

- Paris-Saclay and relocation of grand écoles



## Local support for start-ups and encouraging local coffee scene



*Trendy coffee shops*

The focal point for FWE creativity:

- encourage free wi-fi
- encourage open table arrangements
- not only a meeting place, but their study, living room and dining room
- e.g., Z-innoway in Beijing, the 'start-up café' hosting meetings and 'accelerator' programs

Alongside local start-up initiatives and communal space for networking:

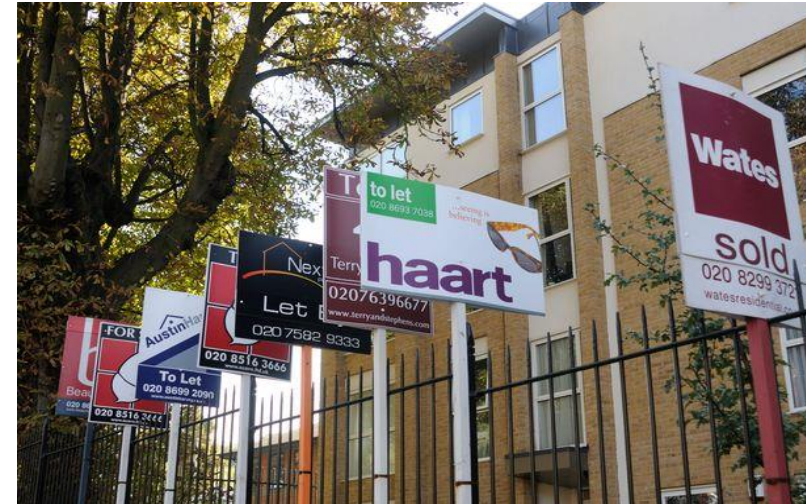
- Birmingham and E4F, combining free office space/comms & mentoring programs and Silicon Canal's 'Tech Wednesday'
- Glasgow Film City and Creative Clyde Business Incubation Centre
- Leeds Digital Hub to offer city centre office space, mentoring and encouragement of collaboration

...all creating a culture favourable to entrepreneurship

# Cheap accommodation, transport and community attractiveness

Improve attractiveness of local community so skilled locals stay and skilled migrants arrive

- availability of good quality reasonably priced accommodation
- local plans / housing needs assessment should account for:
  - inward migration from abroad
  - not just internal migration



- high quality transport links, especially for FWE modes
  - public transport
  - cycling
- especially important when necessary to shrink distance between FWE & right kind of accommodation

# Community attractiveness and the role of arts and culture

As a market for creative digital, a key sector of the Flat White Economy...



*Digitalised history: Churchill War Rooms*

In our study for Arts Council England found that:

- creative industries account for 26% of the arts and culture supply chains => important market for FWE
- e.g., digitalising museum/gallery collections to make more available, digital media campaigns for museums & galleries, publication of new theatrical/operatic works
- arts and culture organisations as incubators for creative talent and sources of business support for creative endeavour

As an enhancer of future Flat White Economy labour forces...

The same study found evidence of:

- positive impact of childhood participation in arts and culture on:
  - academic attainment
  - development of transferrable skills
  - length of time in education
- thus better equipping future FWE labour force



*Future Flat White Economy entrepreneurs...?*

# The role of arts and culture

- a strong artistic and cultural base can be a springboard
  - E.g., Nashville, Tennessee – a music hub that is spreading its wings into digital and tech
  - East London's background in film production and art
  - Brighton with a plethora of music and culture spilling over into digital growth
- availability of artistic and cultural amenities, such as museums and galleries
- thriving pub, club, restaurant, cinema and theatre scenes
- all conducive to creating liberal social environments



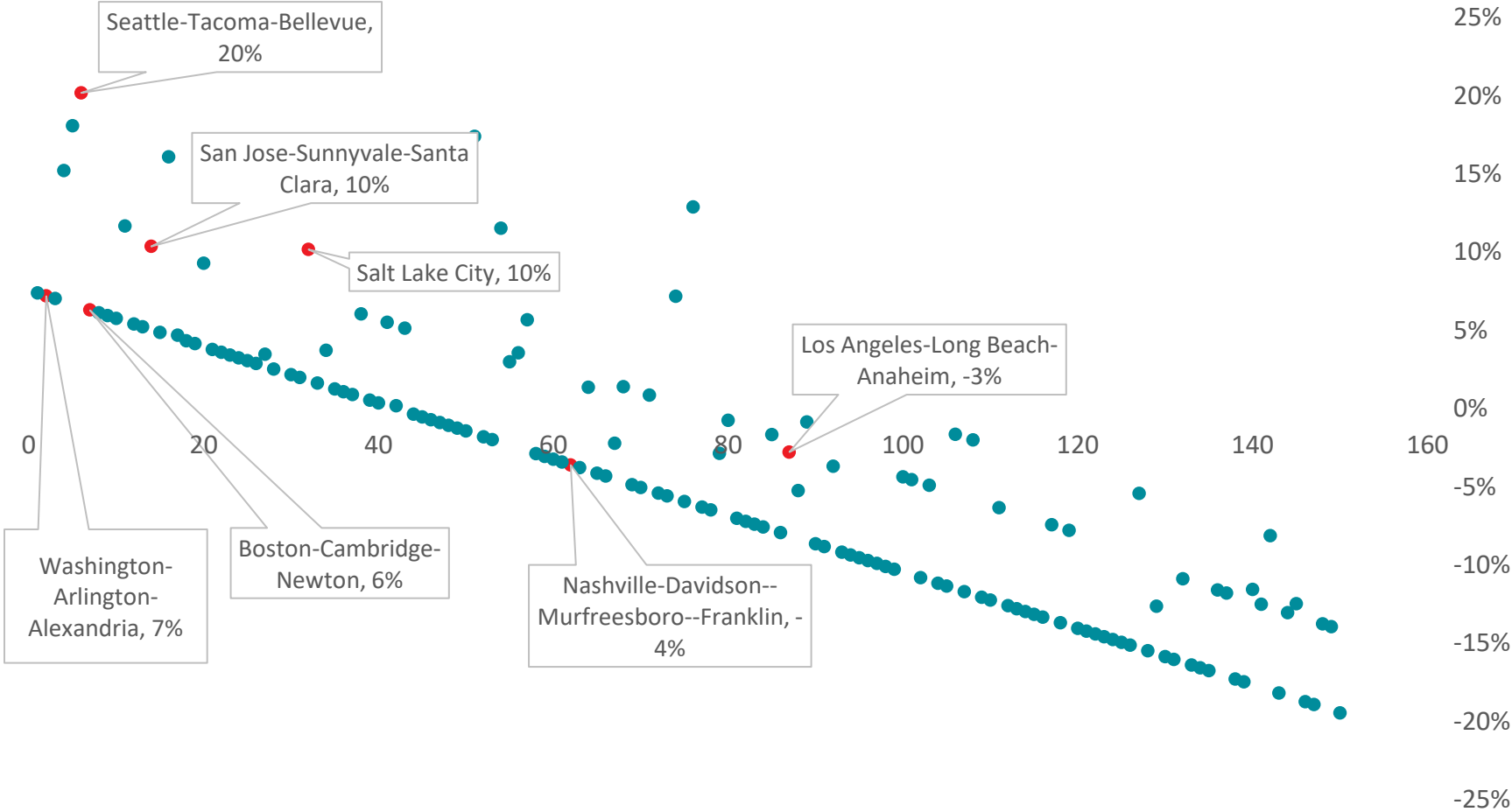
*London's vibrant theatre scene: Shakespeare's Globe*

After all, it's not just about the economics...

FUN is also important...!

# Role of arts and culture: evidence from US metropolitan areas

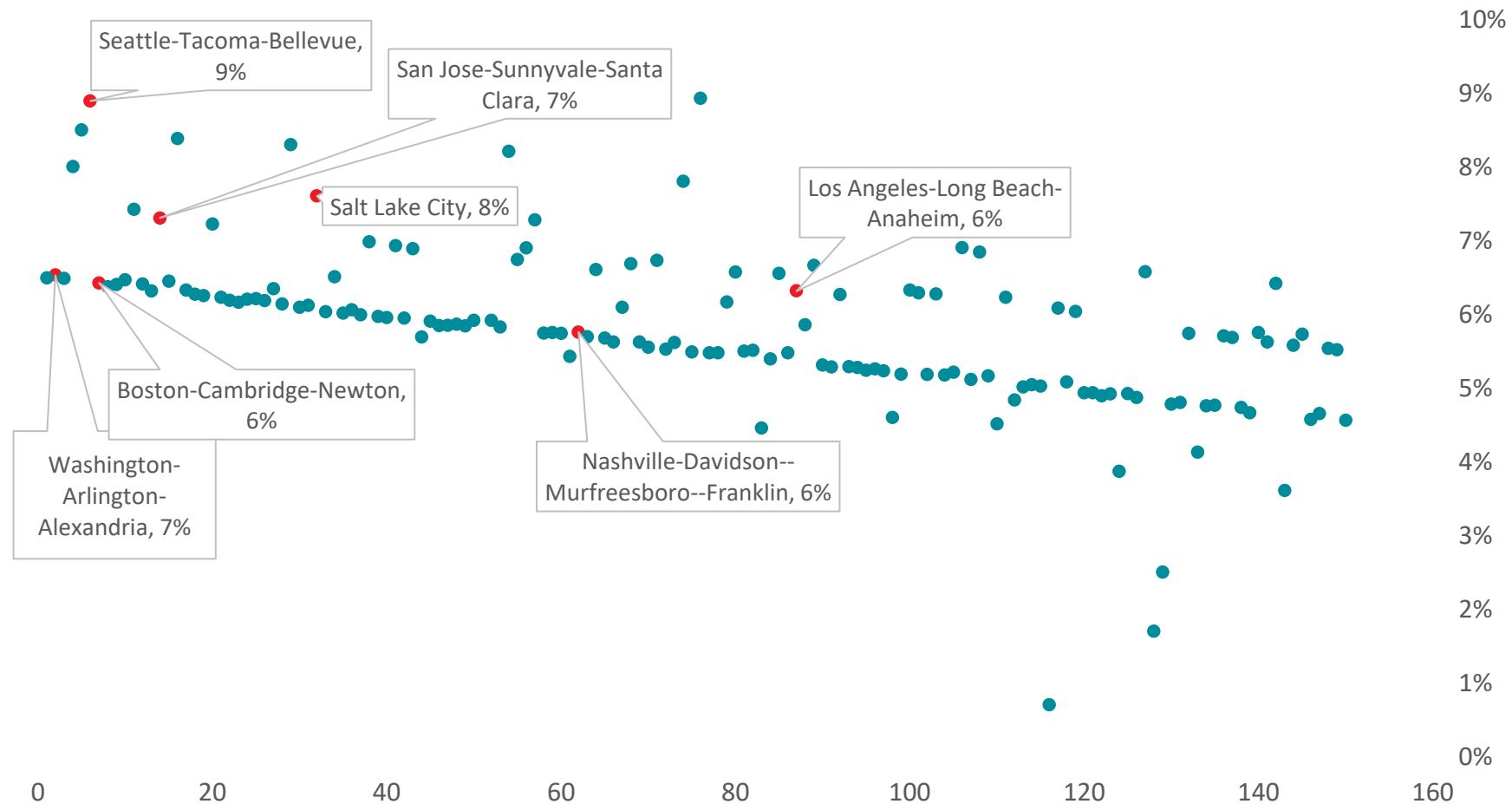
Simple econometric analysis suggests a positive relationship between population growth and cultural / educational rankings





# Role of education: evidence from US metropolitan areas

Similarly between jobs growth, population growth, cultural / educational rankings



# Social cohesion

- **Knowledge industries tend to increase inequality**
- **But knowledge workers dislike inequality**
- **And knowledge investors are deterred by aggressive tax regimes**
- **Policy has to be focussed on inequality**
- **Important that social cohesion impacts are measured**

# Importance of the Knowledge City approach

- **Regeneration**
- **Transport and urban planning**
- **Local economic strategies**
- **Evaluation tool**
- **Impact studies**

Poll 2: Having listened to the presentation, which do you now think will do most to help the UK create more knowledge cities?

- **Tax reliefs for venture capital**
- **Better cycle lanes and public transport**
- **Music venues and arts centres**
- **World class universities**
- **Streamlined and cheap visas for talented migrants**

## Examples of our work – social impacts and skills

Cebr has worked with a wide range of bodies on how to invest in skills and how to evaluate the social impact of such investments:

- <https://www.ceca.co.uk/wp-content/uploads/2018/11/Cebr-CECA-report-The-Social-Benefits-of-Infrastructure-Investment-FINAL-December-2018-compressed.pdf>
- [http://www.safercommunitiesScotland.org/wp-content/uploads/The-Big-Lunch\\_Cebr-report\\_Jan2017\\_FINAL-3-0.pdf](http://www.safercommunitiesScotland.org/wp-content/uploads/The-Big-Lunch_Cebr-report_Jan2017_FINAL-3-0.pdf)
- <https://network.streetgames.org/inactivity-time-bomb-streetgames-cebr-report>
- [Productivity and Lifetime Earnings of Apprentices and Graduates](#) for Barclays
- [Productivity Matters: the Impact of Apprenticeships on the UK economy](#) for National Apprenticeship Service
- [The Economic Impact of Apprenticeships](#) for the Skills Funding Agency
- [The Benefits of Apprenticeships to Businesses](#) for Skills Funding Agency
- [The Value of Apprentices](#) for AAT
- [The Economic and Environmental Impact of Historic and Classic Vehicles](#)  
<https://www.fbhvc.co.uk/news/article/hero-era-environmental-economic-impact-study>

# Examples of our work – placemaking

Cebr has worked with a wide range of bodies on how to invest in place making:

- We have worked with Falmouth University on how to leverage the cultural and creative sector to revive the Cornish economy. [https://www.falmouth.ac.uk/sites/default/files/download/falmouth\\_cebr\\_report\\_final.pdf](https://www.falmouth.ac.uk/sites/default/files/download/falmouth_cebr_report_final.pdf)
- We are currently working with the Isle of Wight to show how a revived island train service will boost the local economy.
- We have worked with Historic England to show how to use the heritage sector to revive local economies. <https://historicengland.org.uk/whats-new/news/englands-heritage-worth-31bn-to-economy-new-report/>
- We have worked with Maritime UK and with various coastal regions to show how a revival in the maritime sector can boost local activity. See for example our report on skills for the Solent Local Economic Partnership. <https://solentlep.org.uk/publications/>
- We have worked with many of the leading property developers such as British Land, the Crown Estate and Canary Wharf on how to maximise local economic growth.
- We have worked with the Arts Council England on how to ensure that the arts contribute most to economic growth. <https://www.artscouncil.org.uk/publication/contribution-art-and-culture-sector-uk-economy>
- Our report for Virgin Media highlights the opportunity for the digital economy: [https://www.virginmediabusiness.co.uk/revolutionise-the-everyday/CEBR-report/?CMP=snb\\_gads-yne-cebrlnch\\_binggl-4380&gclid=Cj0KCQjw1PSDBhDbARIsAPEtqrd3A17KL8XNUMlupw3BDnjCnF3ss93Rj3GF1xlfU1byiuHNNpYwSb4aAngeEALw\\_wcB](https://www.virginmediabusiness.co.uk/revolutionise-the-everyday/CEBR-report/?CMP=snb_gads-yne-cebrlnch_binggl-4380&gclid=Cj0KCQjw1PSDBhDbARIsAPEtqrd3A17KL8XNUMlupw3BDnjCnF3ss93Rj3GF1xlfU1byiuHNNpYwSb4aAngeEALw_wcB)
- Our report for Open Reach shows how digital rollout will transform the UK's economic geography. <https://www.openreach.com/fibre-broadband/full-fibre-impact>
- Our report for Open Reach on the regional impacts of full fibre broadband has just been published: <https://www.openreach.com/news/cebr-report-shows-full-fibre-broadband-build-could-be-a-gamechanger-for-the-london-economy/>

# Examples of our work – local impact

In the past 18 months we have prepared:

- an economic vision for North Essex Garden Communities  
[,https://issuu.com/parishcouncils2018/docs/cebr\\_garden\\_communities - economic vision for nort](https://issuu.com/parishcouncils2018/docs/cebr_garden_communities_-_economic_vision_for_nort)
- the Investment Plan Bid for Colchester <https://cbccrmdata.blob.core.windows.net/noteattachment/CBC-We-Are-Colchester-Colchester-Town-Investment-Plan-Economic-Evidence-Base-Colchester%20TIP%20Bid%20Evidence%20Base.pdf>
- and the Local London Growth Narrative to prioritise growth projects for London post Olympics.
- Impact of the pandemic on the Kent economy

# Our transport evaluations:

And we have worked most major transport bids in the UK to show the economic growth impact of potential infrastructure improvements.

- **A range of projects on Tyneside and Teesside.**
- **Transport for London: Crossrail 2 Economic Impacts Report (2019)**
- **Homes for the North: Housing Requirements for the Northern Powerhouse (2018-2019)**
- **Civil Engineering Contractors Association: The Social Benefits of Infrastructure (2018)**
- **Canary Wharf Group: Strategic Rail Development (2018)**
- **Rossendale Borough Council: Early Strategic Case for Investment in Rail (2018)**
- **Various West Midland projects including**
  - reopening of the Camp Hill line;
  - economic impact of the Midland Metro Extension from Wednesbury to Brierley Hill;
  - Metro Extension to Birmingham City Centre;
  - Economic impact of West Midlands strategic transport priorities;
  - Stourbridge and Camp Hill appraisal; Longbridge appraisal;
  - and HS2 regional impacts.
- **Various Greater Manchester projects including**
  - The Leigh Bus Lane
  - The Oldham Rochdale Metrolink extension
  - The impact of Congestion Charging in Greater Manchester
  - Manchester Airport Metrolink extension





How do you think you can use this?





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## Forthcoming Events

- Tue, 08 Jun (15:00-15:45) The European Merger & Acquisition Landscape – Surprising Shots In The Arm From Covid-19
- Wed, 09 Jun (15:00-15:45) Digital Care – One Year Into Covid And Here To Stay
- Thu, 10 Jun (16:00-16:45) Changing The World One Mistake At A Time: The Work Of The Library Of Mistakes
- Mon, 14 Jun (15:00-15:45) Post-Pandemic: The Importance Of Corporate Reorganisation, Turnaround & Insolvency In The Economic Recovery

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