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Universities 'vital' to successful cities

Donald MacLeod
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Successful cities need universities, according to a study on urban recovery published this week by the deputy prime minister, John Prescott.

The report, *The State of the English Cities*, compares high and low-performing urban areas and highlights the crucial factors of increasing the number of graduates in the workforce and the impact of innovation, reflected in patent applications.

London has increased the proportion of its working population with degrees at twice the average for England over the decade to 2001, notes the report by Michael Parkinson. Cambridge, Oxford, Reading and Bristol have also done better than the national average.

Prof Parkinson's research shows that towns like Mansfield, Grimsby and Hastings have lagged behind, as have Middlesbrough and Hull, even though they have universities.

But Middlesbrough has been able to increase the numbers employed in research and development - almost unique in the north of England - thanks to Teesside University.

The report says: "Variations in human capital lead to differences in invention, innovation and ultimately productivity in different urban and regional economies.

"Cities that have traditionally specialised in sectors where the returns to education are low suffer cumulative disadvantage in comparison with dynamic cities that value high skill levels."

It notes that all of the lowest performing cities in its sample increased the proportion of graduates in their workforces by less than the English average. Even some of the higher performing economies such as Aldershot/Guildford, Manchester, Derby and Bournemouth had lower rates of increase than England as a whole.

The importance of highly qualified labour in knowledge driven economies is stressed by the report, which urges the Office of the Deputy Prime Minister to devolve more powers to cities.

There is a correlation between degree-level qualifications and the number of patent applications - with Cambridge way ahead for its size of population. "This supports the general proposition that dynamic knowledge driven

economies that rely on ideas, innovation, institutional and organisational change and adaptability need high calibre human capital," adds the report.

During the 1990s the highest rates of increase in employment in research and development were experienced to the west of London in Oxford, Aldershot/Guildford, Swindon and Southampton.

Cambridge, and more surprisingly Hastings, also had among the highest rates of increase. Only Middlesbrough and Sheffield outside the south experienced some of the higher rates of increase of R&D employees, adds the report, which concludes: "The presence and growth of R&D workers in these localities provided their local business environments with possibilities for improving their competitive advantages in the production of new ideas.

Since all modern economies are primarily based on services, innovation in services are likely to be even more significant than those in manufacturing, argues the report, which locates the highest rates of growth in knowledge intensive business services during the 1990s in and around London in Reading, Oxford, Cambridge, Crawley and Aldershot/Guildford.

Outside these, significant growth also took place in Telford and Preston (which have universities) and Burnley.