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UK Innovation Survey 2015

Introduction

The UK Innovation Survey[1] (UKIS) has been conducted for many years. It provides useful insight into the detailed state of innovation across the country and across sectors. When all the EU data is available, it allows international comparisons to be made.

The latest available dataset, (headlines released in March 2016 but LEP area data updated June 2017), shows some improvement in UK innovation activity overall, but with some wide variation in the detail.

The context is that it covers a period of early recovery from the “Great Recession”.

Over 15,000 enterprises responded to the survey (about 50% of those asked).

The UKIS considers various aspects of innovation activity by UK enterprises. These can be summarised as:

- new or significant improvements to products (goods and services) and/or processes (internal operations)
- incomplete or abandoned innovation projects
- new or significant improvements to internal organisation, structure, practices, marketing and/or strategies
- internal research and development, training and acquisition of innovative knowledge and/or equipment.

If a respondent has engaged in any of the first three, it is defined as “Innovation Active”. If the fourth alone, it is a “Broad Innovator”. If none of these, it is “Non-Active”.

[1] The UK Innovation Survey is undertaken by ONS with Department of Business (DBEIS) funding. It is part of the wider European community Innovation Survey, (ninth iteration). This one covered the period 2012-14 and was in the field in 2015. See the full report and data on the BEIS website.

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Key findings

For 2012-14, 53% of companies were innovative in this survey, up from 45% in the previous 2010-12 survey. The equivalent ratio was 61% for large companies alone. In sector terms, the product innovation leaders were manufacturers of electrical and optical equipment, and transport equipment (70% or more innovation active) and, for services, were in finance and wholesale (over 50%).

SW England had 43% of innovative respondents, down from 48% in the previous survey. This was the lowest percentage of all UK regions and devolved administrations and the only one to show a drop: a finding of some concern. For comparison, at the top end, was Yorkshire and Humberside (65%).

Amongst innovative firms, 28% were exporters compared with 10% of the non-innovators. Innovators employed more skilled workers (12% versus 4%). There were increases in the proportions using technological (25%) and non-technological (42%) innovation.

Innovation by collaboration with others was undertaken by about 40% of firms: supply chains (67%), other public (16%) and private (59%) and higher education (23%).

Innovation was largely driven by product quality enhancement and replacing old products/practices (34% of respondents). The main inhibiting factors were viewed as finance (17%), cost (15%) and economic uncertainty (14%), as well as access to knowledge.

Dorset's Position

Across the main innovation categories, the table below shows Dorset's relative position compared with the other LEP areas.

Against the UK average, Dorset is:

- relatively strong on strategy and marketing and collaboration,
- middling on R&D and overall innovation activity, and
- fairly weak on product, process and market innovation.

Amongst the LEPs, Dorset's ranking reflects these wide differences. Averaging 22nd overall, innovation by Dorset firms is relatively collaborative and strategic (top ten) but not as active on developing products, processes and markets (bottom ten).

Dorset's Relative Position on key innovation areas compared with UK average and other English LEPs

	Goods & services	New to market	Process	
UK (%)	21.0	16.5	14.1	
Dorset (%)	16.9	8.7	9.9	
Dorset (rank of 39 LEPs)	34	33	35	
	Strategy & marketing	R&D	Collaboration	Innovation Active
UK (%)	43.7	18.3	46.5	55.1
Dorset (%)	47.6	18.7	58.8	56.8
Dorset (rank of 39 LEPs)	8	19	7	22

Source: UK Innovation Survey 2015

Conclusions

The UKIS usually shows that UK enterprises are reasonably innovative and that the innovatively active tend to be represented more amongst larger firms, exporters and those with a technically skilled workforce. This implies a higher degree of productivity and competitiveness, suggesting more growth - potential and achieved.

Dorset companies' position in the league tables is modest. Importantly, it shows wide variation, with relative strength in innovation through collaboration and strategy/marketing but relative weakness in product, process and market innovation. Turning the former into the latter seems to be an area worthy of attention by the local economic development community.

Nigel F Jump, Professor of Regional Economic Development (June 2017)