CORPORATE CAMBRIDGE (1)

THE KNOWLEDGE ECONOMY

Cambridge punches above its weight in the knowledge economy

Cambridge has a much higher proportion of its businesses

and employment in knowledge intensive sectors.

The detailed methodology used to create the Cambridge Cluster map for Cambridge Ahead cannot be reproduced easily for the rest of the economy. Therefore, in order to compare the Cambridge Ahead area (a 20 mile radius of the centre of Cambridge) with the rest of the United Kingdom a simpler approach was adopted. The outcome can be seen in the exhibit below. We find 22,000 companies in the Cambridge area with 113,000 employees. The number of employees is much less than the 196,000 shown in the Cluster Map data. This is because in these UK-wide estimates:

- we have used only reported employment and have made no estimate for employment for the other companies; and
- a number of companies (e.g. CSR) are not assigned to the Cambridge area here because their registered office is elsewhere and they have not provided FAME with their primary trading address; and
- some companies (e.g. Arm Holdings, Aveva Group, Elektron Technology, Hexcel and Huntingdon Life Sciences) have primary SICs that we have not generally classified as KI – so here they appear as non-KI, but are reassigned to KI for the Cluster Map database.

Exhibit 1.1 Cambridge in the UK corporate economy	Number of companies	% Knowledge Intensive	Reported Employment	% Knowledge Intensive
Cambridge Ahead Area				
Knowledge Intensive	4,187	18.9%	25,394	22.4%
Other	17,908		87,828	
Total	**22,095**		**113,222**	
Rest of the United Kingdom				
Knowledge Intensive	257,239	14.5%	1,669,957	10.2%
Other	1,522,499		14,687,054	
Total	**1,779,738**		**16,357,011**	

We find the Cambridge area to be rich in knowledge intensive businesses – 18.9% of the companies in the region are KI businesses (very similar to 20% found in the Cluster map data) and 22.4% of employment is found in KI companies (somewhat lower than 30% found in the more detailed methodology used for the Cluster Map data).

Using exactly the same methodology for the rest of the United Kingdom we find that 14.5% of companies are in KI sectors compared with 18.9% for the Cambridge region. We also find that employment in these KI companies represents only 10.4% of total reported corporate employment in the rest of the United Kingdom, less than half of that found in the Cambridge region.

This analysis shows that on a like-for-like basis the Cambridge region is significantly more knowledge intensive.

Note on methodology

The figures in the table above relate to about 1.8 million companies in the United Kingdom. The full FAME population of over 2 million companies and LLCs reporting in the fiscal year 2014-15 was reduced in a number of ways. Those not reporting either their location, or sector of activity were removed. Second, a simple approach was used to attempt to remove subsidiaries that might have led to double counting. This was done using the shareholder information provided by FAME. This method is less accurate than the methodology used to create the database for the Cluster Map – see CBR Database Methodology http://www.cambridgeahead.co.uk/wp-content/uploads/2016/02/CBR-Database-Methodology-Feb-2016.pdf for a full description. Then each company was classified as whether it was knowledge intensive, or not, and whether it was in the Cambridge Ahead area.

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