



Recovery and renewal in the Liverpool City Region

Building an inclusive innovation economy in Liverpool

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The Liverpool City Region

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Key takeaways

1. To attract investment and retain talent, it is important to understand what makes cities different from each other. There is strong potential for Liverpool to emphasise its unique combination and concentration of innovation assets, particularly in the Knowledge Quarter Liverpool (KQ Liverpool) Innovation District.
2. However, at present, the links between Liverpool's knowledge economy and the wider community are not being fully exploited. In common with many other UK cities, Liverpool's high productivity sectors are not necessarily producing high levels of employment for residents in some of its most deprived areas.
3. Inclusive innovation means ensuring that the benefits of growth driven by innovation activity are not restricted to innovation districts such as KQ Liverpool, but also reach neighbouring communities and spread opportunity.
4. Implementing inclusive innovation policies could help tackle deprivation and deliver growth in Liverpool. For example, applying inclusive innovation to address health inequalities, using the city's proven strengths in infectious disease research and health informatics.
5. There is potential for public and private sector partners in Liverpool to integrate an inclusive innovation framework into policy, through for example the City Plan and the 'Team Liverpool' approach to collaboration.

1. Introduction

In an increasingly competitive and globalised world, it is important for cities to recognise their specific strengths, and to build on them. However, this is not as straightforward as simply promoting a set of generic USPs, such as "world-leading universities" and "a talented workforce," which are all too common in place-branding narratives both locally and beyond. Rather, it is about identifying the things that truly set cities apart and make them places people want to live, work, study, invest and play. Differences must be authentic and based on areas where a place excels.

One thing increasingly differentiating Liverpool on a national and global stage is the innovation assets of the city's innovation district – Knowledge Quarter Liverpool (KQ Liverpool). Although

understandably less well known than the Beatles, Mo Salah or Jurgen Klopp, the city and city region's innovation capabilities are growing in importance and being more widely recognised.

A number of key strengths within the knowledge economy have come to the fore during the Covid-19 pandemic. This policy briefing considers the role of Liverpool's innovation assets and those key strengths in addressing the city's economic, social and health inequalities, and suggests steps to ensure that the growth of the UK's wider innovation and knowledge economy can better help to tackle inequalities and support post-pandemic recovery and renewal.

2. Innovation assets and the knowledge economy



Image 1: The Original Red Brick – the University of Liverpool is located in the heart of KQ Liverpool (Credit: Ben Blackall)

In a [new paper](#) published by KQ Liverpool, we argue that three key elements make Liverpool different from other cities today - its innovation, its culture and its people. By innovation we are referring to the significant dispersal of place-based assets within the Liverpool City Region (LCR) including KQ Liverpool which is a core part of the innovation ecosystem. As with most innovation districts, KQ Liverpool itself comprises physical, economic and networking assets which combine to form a local innovation ecosystem (Katz and Wagner 2014). KQ Liverpool is particularly focused on core local strengths, such as Infectious Diseases, Materials Chemistry and Cognitive Computing, as identified in the 2017 Science and Innovation Audit (SIA) and aligned to the wider LCR smart specialisation strategy for innovation-led

growth (Liverpool City Region Combined Authority 2020).

A recent example of the role played by Liverpool's innovation assets is the COVID-19 mass testing pilot. In November 2020, Liverpool embarked on a pilot (the first of its kind anywhere in the world) of open-access testing for coronavirus among people without symptoms (University of Liverpool 2021). The success of the pilot was dependent on KQ Liverpool's innovation assets: the University of Liverpool led the pilot, utilising its recognised strengths in infectious disease and health informatics, and depended on collaboration between academia and public sector organisations.

The pilot prevented the spread of the virus, saved lives and paved the way to a national approach to mass testing. It also demonstrated the city's capabilities in infection and disease to a global audience, which in turn facilitated significant inward investment into the city from overseas. This investment culminated in the newly formed [Pandemic Institute](#), which has been established with the ambitious vision to ensure the world is better prepared for future pandemics. The mass testing pilot, and the Pandemic Institute, are examples of how cities can use their genuine strengths and assets to differentiate themselves from other places, encourage investment and create high productivity jobs.

However, the pilot itself also illustrates the gap between Liverpool's growing knowledge economy and neighbouring communities, some of which are amongst the most deprived in the country. Participation in the mass testing pilot was limited by socio-economic inequalities. Test uptake was lower and infection rates were higher in deprived areas, and participation was lower amongst BAME groups (University of Liverpool 2021). In order to fully realise

the potential of Liverpool’s innovation assets, policymakers need to consider how we bring those communities in to have a share in the knowledge economy and remove barriers to participation.

The apparent disconnect between innovation assets and local communities is not an issue unique to Liverpool. Nationally, the spill-over effects of local innovation hotspots are not always felt by nearby communities, especially those which are burdened by deprivation and poverty. This is in part the result of educational barriers meaning local residents are often not equipped with the skills needed for certain jobs available within the knowledge economy.

3. Inclusive innovation and the innovation strategy

Complimentary to the principles of inclusive growth, “inclusive innovation” policies are those which:

“...aim to remove barriers to the participation of individuals, social groups, firms, sectors and regions underrepresented in innovation activities. Their objective is to offer all segments of society equal opportunities to successfully contribute to and benefit from innovation” (OECD 2017:145).

Inclusive innovation is about ensuring that any growth driven by innovation activities is not restricted to certain areas, but instead benefits the surrounding communities with equal opportunities for all people to be a part of the ecosystem. In July 2021, the Department for Business, Energy & Industrial Strategy (BEIS) published its [Innovation Strategy](#), setting out their long-term plan for delivering innovation-led growth “for everyone.” The strategy emphasises the need to promote an inclusive innovation sector, for example by working with Nesta, the UK’s innovation agency, to identify ways to improve and scale up the opportunities

that young people have to develop innovation skills from an early age.

While the government’s commitment to driving forward inclusive innovation indicates a step in a promising direction, historically Whitehall strategy and policy has not always translated into tangible impacts at a regional and local level. Inclusive innovation itself only gets a very brief mention in a lengthy strategy.

Therefore, in response to the Innovation Strategy, we highlight the need for more place-based innovation funding: funding that is intended to not only drive local innovation activity – helping to create more jobs, increase private sector investment and boost local economies – but will also help to reduce local inequalities. To ensure this, we suggest the eligibility criteria for any future government place-based funding includes a requirement for places to specify how their innovation activities will target and help to tackle local issues to deliver on their “levelling up” agenda. This could encourage places to develop their thinking about inclusive innovation and to consider how their innovation activity can have a greater impact on health, education and lifestyle outcomes for local populations. By taking a more localised approach, with innovation hubs delivering projects on the ground, place specific issues can be targeted.

The framework for such initiatives could be informed by the upcoming [Research Commission on Inclusive Innovation](#), recently launched by the UK Innovation Districts Group (IDG) and the Connected Places Catapult. The commission will identify best practice from places of innovation across the UK and examine case studies on how to create innovation processes and structures that connect and serve local communities, generating positive outcomes for a range of people. The core aim of the commission is to advance understanding of what

inclusive innovation is and provide places with a framework to put ambitions for inclusivity into delivery. The findings of the report are due to be published in Spring 2022 and we encourage place and innovation leaders both locally and nationally to take an active interest in the research findings, using these as a starting point to ensure innovation activities are more inclusive.

4. Local activity and collaboration

There is also a more immediate duty for local policymakers and those driving innovation activity to think about how this can be more inclusive and positively impact on the lives of a wider demographic of people. This may be through the delivery of projects which seek to raise awareness about each innovation area, cluster or asset. It is important to communicate to local communities how they will benefit from the growing knowledge and innovation economy.

For instance, KQ Liverpool borders three of the most deprived wards in the city and it will be crucial to ensure that the growth of the innovation district benefits these areas. This is more important now than ever in the context of recovery from Covid-19, which has disproportionately impacted deprived communities, and Liverpool in particular. The 2025 KQ Liverpool Vision highlights our commitment to “Being a Better Neighbour”. We aim to support and deliver initiatives that link surrounding communities into KQ Liverpool, raise awareness of the innovation district, build aspirations and provide opportunities. For example, we are developing an outreach programme that will deliver educational workshops to young people in and around KQ Liverpool so that they feel part of the knowledge ecosystem and are provided with tangible career aspirations within the knowledge economy.

However, one project and one organisation alone will not achieve inclusive innovation. To develop this agenda, the region’s innovation assets will need to be aligned around a common ambition of inclusivity. Recognising that resources and budgets are increasingly stretched following the pandemic, the delivery of initiatives which seek to remove barriers to participation should not happen in silos. KQ Liverpool (itself a partnership of Liverpool City Council, the Universities, the NHS and the private sector) has always been keen to take a collaborative approach and join forces on initiatives which promote inclusive innovation.

Meanwhile, Liverpool’s City Plan and the collaborative Team Liverpool approach includes a commitment to improving outcomes for a strong and inclusive economy, with maximising the social and economic impact from development within the city’s Knowledge Quarter identified as a priority.



Image 2: Liverpool's innovation and knowledge economy is growing (Credit: Ben Blackall)

5. Conclusion

Liverpool is a city transformed when compared to its fortunes of forty years ago. However, despite the significant regeneration that the city has seen, deprivation remains in some

neighbourhoods. As Liverpool's knowledge economy brings forward a new era in the city's regeneration, there is an opportunity to ensure this growth is inclusive to all and not restricted to small pockets of the city.

To achieve this, and to consolidate Liverpool's position as an innovation hub, an inclusive innovation approach must be actively pursued. There is a need to think about the role of the knowledge economy and innovation activity beyond economic terms, such as attracting investment and creating high value jobs. While these objectives are important, the benefits of the knowledge economy can also stretch from upskilling and aspiration building to improved well-being and health. This should not just be a local priority, but also a national one. Inequalities exist in all major UK cities and place-based innovation has a key role to play in delivering inclusive growth across all neighbourhoods.

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