



THAMES VALLEY SOCIETY OF CHARTERED ACCOUNTANTS (TVSCA) ⁱ

A VISION FOR THE READING TECH CLUSTER

Background

The Reading Tech Cluster is a key part of the wider Thames Valley economy, one of the UK's most successful regional economies. The area was initially transformed by the construction of the M4 motorway, with the section from Maidenhead to Swindon being opened by Michael Heseltine in 1971. The M4 corridor includes Slough, Windsor & Maidenhead, Bracknell, Basingstoke, Wokingham, Reading, Henley-on-Thames, Theale, Newbury and Swindon.

Microsoft and other international companies first came to Reading in the 1980s, attracted by the proximity to London and Heathrow Airport, since when the Thames Valley has gone hand-in-hand with technology and scientific research. In 2016 the Financial Times described Reading and Bracknell as "home to the country's largest 'cluster' of digital businesses outside London, contributing about £10bn in annual turnover to a British tech economy valued at £161bn."ⁱⁱ

It has strength in advanced engineering, creative industries, renewable energy, life sciences, healthcare, and a range of financial and professional services, and is home to the University of Reading with its research-intensive campus recognised for its expertise in areas such as climate science, business, agriculture, and food science. More recent infrastructure projects have included the rebuilding of Reading railway station, the construction of Crossrail (linking Reading to central London), and the opening of the Thames Valley Science Park, owned by the University of Reading.

Opportunities and challenges

According to EY's latest Regional Economic Forecast ⁱⁱⁱ, Reading's economy will outperform the rest of the UK in the coming years with average annual growth of 2.7 per cent for the town between 2024 and 2026. Gareth Anderson, EY Managing Partner in the South East, said: "With an advantage in high value-added sectors like tech and professional services, it's not a surprise to see Reading leading the table for expected growth."^{iv}

But as well as opportunities there are also considerable challenges and risks. A lot of investment and jobs in the Thames Valley have historically come from international firms, but the region's past success is not a guide to its future. The cost of housing in the Thames Valley is high compared to other parts of the country, which are themselves fighting harder than ever to attract investment and jobs. It will take time to address digital skills shortages. Public spending is likely to be constrained for the foreseeable future and there is widespread acceptance that economic recovery needs to be sustainable and take account of climate change.

The Secretary of State for Science, Innovation and Technology has recently (16 January 2024) said:

"Now the UK is delivering on its commitment to become a Science and Tech superpower by 2030 and I believe there has never been a better time to be a science and tech entrepreneur wanting to scale-up across the UK and beyond. But the same businesses who have told us our plan is working have been absolutely clear that we cannot afford to take our foot off the gas, nor can we pretend that we don't still have much more to do." ^v

For the Reading Tech Cluster the challenge is to create a joined-up approach. Tech companies, venture capitalists, local authorities, trade bodies, professional services firms, and centres of academic and research excellence need to connect more with each other to share ideas, bounce off potential new initiatives (competition permitting) and work together to encourage continued growth in the region.

Interconnectedness

Reading can learn from initiatives elsewhere in the UK and internationally. Dr Keith Arundale of Henley Business School, University of Reading and TVSCA has researched the differences in investment practices and wider environmental factors between UK, continental Europe and USA-based venture capital firms in his book: *Venture Capital Performance – A comparative study of investment practices in Europe and the USA* (2020, Routledge). One of his conclusions, based on extensive interviews, was that Silicon Valley is supremely well interconnected among its various stakeholders, perhaps unlike anywhere else in the world.

This insight is reflected in the report of the UK Tech Cluster Group, *Ecosystems of Innovation*, which was launched at a parliamentary reception on 9 January 2024.^{vi} This called for:

- A globally competitive tech talent pipeline in every region
- Driving digital innovation at the foundations
- A UK innovation policy which gives every place a chance
- Mobilising ecosystems to help businesses to start and grow

UK Tech Cluster Group [UK Tech Cluster Group – Technology Across The UK](#) brings together a number of organisations focusing on geographical clusters of technology and digital businesses outside London across the UK, e.g. Manchester Digital, Birmingham Tech, and Sheffield Digital.

Cambridge& was launched as a not-for-profit company in 2020 with support from the University and a range of stakeholders, to promote sustainable growth in the Greater Cambridge area, collaborating with existing networks and stakeholders by identifying and helping innovative businesses to set up and grow in Cambridge.

Call to action for collaboration within the Reading Tech Cluster

Whist Reading has several existing investment and support networks, including the Local Enterprise Partnerships, the Berkshire Business Growth Hub and Thames Valley Chamber of Commerce Group, other initiatives, such as Thames Valley Forum, have not been able to continue. Over recent months the TVSCA, represented by Michael Cooper (Past President), Biyi Oloko (Deputy President) and Dr Keith Arundale, has convened a number of stakeholder roundtables and meetings, including British Business Bank, Thames Valley Chamber of Commerce and the University of Reading, to discuss interconnectedness in the Reading Tech Cluster. TVSCA is now encouraging stakeholders, ideally supported initially by national Government, to collaborate more closely; in particular by establishing a not-for-profit membership organisation for all those involved in innovative industries in the Reading Tech Cluster. This would seek to:

- **Connect** businesses in Reading and the surrounding area, ensuring interconnectedness between the large tech companies, venture capital firms, trade associations, lawyers and accountants, Reading University and other research institutions,
- **Represent** the Reading Tech Cluster in discussions with policy makers,
- **Promote** the advantages of Reading at local, national and international level and provide services to its members to help them grow.

We welcome your views on this proposal to create an organisation to promote and improve interconnectivity within the Reading Tech Cluster. Please share this proposal among your own networks. We aim to convene a meeting of interested parties in late March to ascertain whether there is support for such an organisation and, if so, to decide on the next steps required to make this a reality.

TVSCA members are invited to comment through the Society's LinkedIn group: <https://www.linkedin.com/groups/3037934/>. Alternatively, please contact Michael Cooper (Past President, TVSCA) at felicityandmichael@btinternet.com.

ⁱ **Thames Valley Society of Chartered Accountants** (TVSCA) has over 6,600 members. It was formed as a branch of the London Society of Chartered Accountants in 1968 and became an independent District Society of ICAEW in 1977.

ⁱⁱ 'Silicon Valley springs up in M4 corridor' *Financial Times* (11 February 2016)
[Silicon Valley springs up in M4 corridor \(ft.com\)](https://www.ft.com/content/silicon-valley-springs-up-in-m4-corridor)

ⁱⁱⁱ UK Regional Economic Forecast (Figure 14) *EY ITEM Club* (February 2023)
[uk-regional-economic-forecast-report-feb-2023.pdf](https://www.ey.com/en-gb/uk-regional-economic-forecast-report-feb-2023.pdf)

^{iv} *The Business Magazine* (1 March 2023)
[Reading set to lead UK's post-pandemic economic recovery - EY report - The Business Magazine](https://www.thebusinessmagazine.co.uk/news/reading-set-to-lead-uk-s-post-pandemic-economic-recovery-ey-report/)

^v Speech by Michelle Donelan, Secretary of State for Science, Innovation and Technology (16 January 2024)
[Science, Innovation and Technology Secretary Michelle Donelan's speech at Plexal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/science-innovation-and-technology-secretary-michelle-donelan-s-speech-at-plexal)

^{vi} *TCG: UK Tech Cluster Group* (9 January 2024)
[UKTCG calls for digital innovation policies to benefit all regions of the UK – UK Tech Cluster Group](https://www.uktechcluster.org/uktechcluster/calls-for-digital-innovation-policies-to-benefit-all-regions-of-the-uk/)