

Stronger Together: Challenges of devolved regional economic development

A new and expanded role for
universities and university groupings

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**OXFORD —
CAMBRIDGE**
ARC
UNIVERSITIES GROUP



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About the author

The report was instigated and written by Alistair Lomax, Director of the Arc Universities Group, a collaboration between the universities in the Oxford to Cambridge region.

Alistair Lomax has been involved in the Oxford to Cambridge venture through its various guises since the publication of the Infrastructure Commission's report, *Partnering for Prosperity*, in 2017. He has played a pivotal role in bringing together the regional organisations into the current strategic alliance between East West Rail, England's Economic Heartland (the sub-regional transport body), the Supercluster Board (private sector), the Pan-regional Partnership and the Arc Universities Group.

Alistair draws on over 25 years of experience in higher education development and leadership, including six years as Director of Advancement at the University of Buckingham. Alistair has also served on the boards of Buckinghamshire Local Enterprise Partnership and Buckingham Business First.

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Foreword

**Professor Alistair Fitt, Vice-Chancellor, Oxford Brookes University,
Chair of the Arc Universities Group, member of the Oxford to
Cambridge Partnership Board, member of the Supercluster Board**

Collaborating is a key part of what universities do.

We come together in mission groups and we join forces to provide high-performance computing resources. We share staff and facilities. We enter research and knowledge exchange collaborations and there are numerous fora for staff at all levels to share knowledge and experience.

This paper looks at the role of university collaborative groupings, how they interact with other groups, such as pan-regional partnerships and private sector boards and considers their potential role in regional economic development.

Universities approach regional collaboration in ways that are consistent with their independent nature: largely self-determined, self-funded, self-organised and self-governed. But this is also informed by the collaborative nature of their funding mechanisms. As such, it is perhaps inevitable that good working arrangements and alliances have formed between university groupings and pan-regional partnerships (PRPs), these relatively new government-backed agencies of regional economic growth.

Working effectively with these agencies brings challenges, not least that current partnership arrangements for the PRP model run out in March 2025. Moreover, the funding mechanisms available to PRPs can be convoluted and even discourage partnership.

This report is a valuable and timely piece of work: the policy direction seems settled around the role of science and technology in regional economic growth, about R&D and about the role of our universities.

It is universities that will provide the skills base of the future and play a major role with industry in innovation, in stimulating sustainable economic growth and in tackling net zero challenges.

Reflecting on the Oxford to Cambridge Arc Universities Group, it has been a long journey since the first meeting of the vice-chancellors back in October 2018 and the road has been bumpy.

Though the future may seem uncertain, things are certainly dynamic and the mood, at least within the Oxford to Cambridge Arc Universities Group (AUG), is hugely positive. The work under way in the Midlands, the South West, South Wales and elsewhere is a source of both interest and inspiration.

As we work with a new Government, with sustainable economic growth and greater devolution to the fore, I urge that the talent, energy and goodwill that is there in our university groupings is recognised and utilised and I am excited by the scale of opportunities that lie ahead.

I am grateful both to my colleague, Alistair Lomax (Director of the AUG) for looking at this in such depth, and to everyone who has shared their time and ideas to help steer us towards a deeper understanding of what it is that universities can do to help achieve sustainable growth to the benefit of all.

Methodology

The paper started as a discussion between Alistair Lomax and Nick Hillman, HEPI Director, at the point when the Oxford to Cambridge Pan-Regional Partnership was forming.

Interviews were carried out with 23 individuals between October and December 2023: the leaders of pan-regional partnerships and university groupings, chair, non-executive director, CEO, programme director, lead on investment, local authority board members and the civil servants responsible for regional growth.

Interviews were structured around four questions:

- What has been achieved to date by the university groupings and the pan-regional partnerships (PRPs)?
- What should government do to make best use of the university groupings that have grown up alongside the PRPs?
- How can universities get the most from these new mechanisms?
- If PRPs evolve, what would a successful relationship between university groupings and PRPs look like?

A devolved and regional approach to economic development appears set to stay. The regional shape of economic development was clear to see in the way that the pavilions were laid out at the UK Real Estate Investment and Infrastructure Forum in May; over here the Midlands Engine roaring away, over there the Northern Powerhouse; over here the Cambridge and Peterborough Combined Authority and over there, the Oxford to Cambridge region. Over 12,000 delegates were in town:

The reality is that regional economies are complex, and their outcomes are influenced by countless interactions between markets and institutions – including but not limited to large research universities. Many inputs matter to regional economic development (e.g., business growth, job creation, skilled workers, well-planned built environments), but each is determined by separate regional systems that too often remain unintegrated. In other words, economic development is a ‘multi-system’ process, but regions struggle with effective multi-system governance.¹

UK universities are routinely tasked by government and industry with providing the skilled workers of tomorrow. But UK universities are also centres of research excellence, and as such are essential to driving innovation and solving future problems.

As significant employers and teaching institutions that play host to thousands of students, they also sit at the heart of regional economies and infrastructure networks that in turn link to the priorities associated with the pan-regional partnerships (PRPs) and similar industry-orientated bodies.

There has been the devolution of power to the regions, with the advent of elected mayoral authorities (the latest is the North East). As these mayoral combined authorities go about their work, there has been an opportunity for universities to become organised and engaged with the regional growth agenda (a good example being Innovate Cambridge, involving a consortium of the University of Cambridge, Anglia Ruskin University and Cambridge Health Partners, among other agencies). Cambridge has been in the spotlight as the innovation gateway to the UK, with strong recognition from the

Secretary of State for Levelling up Housing and Communities and the Chair of Homes England. Also emerging from Cambridge has been the intra-regional collaboration between Cambridge and Manchester, with the development of the UMist Campus as an innovation centre, funded by Bruntwood SciTech. This shows how a university or a group of universities can play a major role, with a little bit of vision and self-organisation, to deliver economic value far beyond the physical boundaries of their particular area.

This convening power and reach of our universities and their leadership, along with the ability to sustain activity for the long-term and the strength of governance to oversee major programmes, could be of real value to government and partners.

If elected mayoral authorities are to receive an increasing amount of nationally granted public money, then university leadership needs to adjust and embrace the opportunity, becoming sophisticated actors in a newly empowered regional political environment.

This paper, drawn from research and interviews with leaders of industry bodies and universities, demonstrates that there is a widespread recognition of the strategic and economic value of universities (and other research institutions) and industrial partnerships working together, and shows that there is considerable appetite for such engagement. This appetite is expressed by several existing partnerships, which endeavour to do much with little. However, there is also frustration at the lack of an overarching government vision, clear structural framework or long-term funding. This paper seeks to set out a roadmap to establish such a vision, framework and funding model.

Core assumptions

A number of assumptions led to this study.

Universities and their groupings have a great deal to contribute to a regional economic development agenda.

Collaboration comes naturally to the university sector, although this also means that there are many competing demands and priorities.

Any regional university grouping, if they happen to be approximately co-terminus with a pan-regional partnership, could work effectively together.

With a greater level of alignment between regional actors, including groupings of universities, there are great potential benefits.

There has been a flowering of programmes and initiatives, led by regional university consortia – examples of which are featured in this report. Much of this pre-dated the emergence of government-sponsored pan-regional partnerships, which have developed gradually.

New approaches are called for in a time of adaptation, challenge and change. Many of the university groupings have evolved in the absence of any deliberate government policy framework and in most cases the groupings evolved many years before their adjacent pan-regional partnerships.

The government needs to break a few eggs and have an ambitious plan that enables improvements in infrastructure and addresses the planning constraints that stop growth ... Be bolder. Go further. Commit for longer ... our universities need to be at the heart of this.

Henri Murison, CEO, Northern Powerhouse

The story so far and how we got here

There is widespread consensus that universities have a vital role to play in regional development.

Nick King, of Henham Consulting, who has done much to support the regional growth and investment agenda, describes the pivotal role of universities:

Universities have the potential to act as the regional economic anchor around which other things can coalesce. With a concerted, confident and dedicated effort, universities can lean into the regional economic growth agenda better than most.

To understand how the university groupings might contribute, it is necessary to look first more generally at the state of regional economic development.

Regional economic development in England

Since deindustrialisation in the 1980s, the nature of economic development has gone through several iterations.

First the regional development agencies (RDAs, 1998 to 2010) and then the local enterprise partnerships (LEPS, 2011 to 2024) acted as a conduit for distributing some significant local infrastructural funding, as well as delivering a number local industrial strategies (with seven produced in 2019).

Alongside these, the national Government also pursued a programme of devolution and city deals. While the Government's rhetoric was about decentralisation, the key policy was about commitments to local places, designed to help them realise economic ambitions.

There is now a renewed emphasis on regional development as the key to addressing both our productivity challenges as well as regional inequality. Michael Gove has been a particular advocate of devolution.² The Brown Commission Report (2022) sang from the same hymn sheet for Labour.³

It was announced in the Conservative Government's spring statement of 2023 that the regional economic development function would migrate from local enterprise partnerships to local authorities. This has now largely taken place.

The current situation is dynamic and our regional structures have varying degrees of political accountability. It could be said there are three sorts of regional structure. There are the greater city regions with elected mayors and combined authorities (such as Greater Manchester, London or Cambridge and Peterborough), then there are the wide regions of the pan-regional partnerships (such as Midlands Innovation or the Oxford-Cambridge Partnership) and finally there are conceptual regions such as the Eastern Powerhouse, Thames Valley or Golden Triangle, which are useful for navigation and marketing, but which lack elected leadership, administrative entity or umbrella partnership.

Pan-regional partnerships

There are six PRPs in existence currently in England, offering incomplete geographical coverage:

1. Midlands Engine
2. Oxford to Cambridge Pan-Regional Partnership
3. NP11 – co-terminus with the Northern Powerhouse, in the north of England
4. Thames Estuary – from London covering the region to the coast
5. Western Gateway – South Wales and Western England
6. Great South West Partnership – Isles of Scilly, Cornwall, Devon, Dorset and Somerset

Pan-regional partnerships have emerged as another means to industrial and infrastructural collaboration over the last 10 years. The most recent is the Oxford to Cambridge Pan-Regional Partnership formed in 2023.

PRPs emerged gradually and are still finding their feet. They featured in the Conservative Party's 2019 manifesto and the Government's Levelling Up White Paper of 2022.

The Government set out the three core functions of the PRPs as:

1. to operate at scale across regional geographies by using local networks to convene partners, encourage collaboration among partners, and agree shared priorities, which are then typically delivered through partners;
2. to grow, with a particular focus on activity that will support and amplify the trade and investment activity of partners; and
3. to develop the regional evidence base which can be used by partners to support local and regional growth.

Midlands Engine, founded in 2016, and very much the elder sibling to the other PRPs, has described the pan-regional partnership form in these terms:

PRPs are not direct delivery vehicles in themselves. They are apolitical and their levers are advocacy, convening and evidencing. Their priorities are locally derived – to enhance economic performance and drive sustainable, inclusive growth in their regional economy.

Roger Mendonca, CEO of Midlands Engine, describes the four inter-related areas of focus for PRPs, all of which underline the importance of working with others:

1. Evidencing: providing data and insight on the regional context to give a more strategic perspective to partner activity, as well as providing a horizon-scanning facility to help those at the coalface plan better.
2. Convening: bringing together partners across sectoral and geographical boundaries to create powerful coalitions able to address issues together or be a more influential collective voice.
3. Advocacy: using that collective voice to influence decision makers in both the public and the private sectors.
4. Shaping: supporting the development of better regional propositions by establishing feedback loops with decision makers.

The wider policy background

For the UK industrial, technology and innovation sectors, challenges are presented by Brexit and our changing relationship with Europe, war in Europe, the Middle East and further afield, and the consequent cost-of-living and energy crises, not to mention the impact of global warming.

At home, a perfect storm results in an underlying productivity problem for the UK: flatlining growth in real disposable income; sluggish economic recovery after the most recent financial crisis (partly pandemic-related); high interest rates and declining levels of public and private capital investment; a public sector that is facing cuts; worsening regional inequality.

At the same time, there was a lack of industrial strategy, skills and research have been separated into different departments and there has been

constant change and ministerial churn. In a 2021 HEPI report Graeme Reid and his co-authors called for strong relationships between R&D initiatives within a national framework, with civic partnerships at regional and local levels.⁴

When local authorities struggle to deliver basic public services and to survive financially, it has to be asked whether they are able, as accountable bodies, to host the PRPs.

Given these pressures the progressive apolitical and long-term culture of the PRPs could find little support. Increasingly, when it comes to industrial and infrastructural strategy, there is a need to transcend short-term electoral cycles and party-political interests.

Setting the scene and building stronger foundations

Andy Haldane, CEO of the Royal Society of Arts and former Deputy Governor of the Bank of England, wrote a piece in the *Financial Times* titled 'Britain requires a plan for long term growth'.⁵ In it, he imagined that the first job of the next government would be to divide the power of the Treasury and to de-centralise decision making. This was needed, he proposed, because past moves towards devolution to regional powers, in spite of the good intentions of successive governments, were thwarted by an overcentralist and overcontrolling system in which there was too much power vested in Whitehall. Aspirations for levelling up cannot thrive under such an arrangement. Fiscal elements rule above all else, with no currency accorded to intellectual or cultural capital or to soft power (these all being features that universities are able to contribute).

In a response to Haldane's article, CS Venkatakrishnan, Group Chief Executive at Barclays, called for:

an economic development agency similar to those found in Singapore, France and Ireland [to] transcend changes in government and drive a common, national ambition for long-term UK growth. ... The UK is missing a statutory body that can help government of any complexion, together with industry, to plan and execute for long term

*growth. What is critically important is that we develop the habits of clear dialogue and collaboration; habits which need a well-conceived institutional scaffold.*⁶

In a 2023 paper from the Brookings Institute, Joseph Parilla and Glencora Haskins remind us that it should not be taken for granted that universities play a role in their regional economies. To perform an effective role requires work and commitment:

*While most strong regional economies have a leading research university, the reverse is not always true. That is because the link between university research, commercialization, and broader regional development is neither automatic nor immediate. Some universities are better at engaging with their surrounding industries and communities, and some regions have industries and communities that are more ready to translate the knowledge universities produce into economic development.*⁷

Whether we are concerned about national productivity, or about realising our potential as a global science and technology superpower, more could be unlocked.

How other countries approach economic development

Other countries seem able to move ahead with greater speed, confidence and with access to deeper resources. The city regions of Barcelona, Milan and Boston are often cited as exemplars of successful innovative collaboration.

In the US, there are new place-based challenge funds available that seek to foster longer term, larger-scale, competitive projects involving networks of institutions coalescing around a core challenge or opportunity. The total available in grants amounts to \$1billion. These grants are designed to catalyse multi-system strategies and approaches. Also incorporated into the ambitions for these projects are inflation reduction and climate action.

Joseph Parella and Glencora Haskins, in the same 2023 Brookings Institute paper looking at the multi-system approach, cite the following essential ingredients:

1. University partners must have existing innovation assets that are valued by industry (in the UK, this might include Cranfield Research Airport and Bristol supercomputing facility).
2. These universities need to have the staff, systems and staying power to work with other organisations in the region, from government agencies to economic development organisations to community colleges, workforce boards and other community-based organisations.
3. An external funding source is needed, to motivate and incentivise regional actors around a more ambitious strategy.
4. An entrepreneurial leader is needed, for the university grouping, with the ability to create and sustain strong working and personal relationships with other community leaders.

Applying this 'Brooking formula' to the UK, we are missing a specific and a dedicated external funding source. It is too early to assess how well the newly-formed Skills England will perform as a 'workforce or skills board'.

Whereas universities often have opportunities to leverage and match contributions, broader financial incentives do not exist to sustain collaborative partnerships, and the groupings have either been self-sustaining (applying for grants in the usual way) or unalloyed to the other parts in the 'Brooking system'. With the current funding pressures facing our universities, proposed partnerships can come unstuck at a formative stage.

There are of course funds available in the UK, for example via funding streams such as Connecting Capabilities, a scheme that has increased incrementally. There is also HEIF funding (£260m Higher Education Innovation Funding, designed to promote knowledge exchange and administered by each university). But there are few incentives of a scale that promote regional collaboration and many of the funding streams act in a way to encourage competition rather than collaboration.

In a 2021 HEPI report by Professor Mary Stuart and Liz Shutt, it was argued that funding and regulation should change to encourage:

1. A mix of funding opportunities to support universities, communities and businesses at different stages of their development.
2. Consortia that include place leaders and local partnerships for innovation – not only research teams.
3. Joined-up support for local clusters across local and central government, so that investment can ‘crowd in’, creating sustained impact over time.
4. The diffusion of existing innovation into firms with lower productivity, including supporting skills enhancement.⁸

In many areas the consortia and university groupings have taken shape, even if the funding opportunities are not as developed as they could be.

University groupings

A strategic approach across several universities is what is needed to engage the big players and get them to invest in the UK. We don't have enough critical mass within one institution.

Dr Simon Jackman, Senior Innovation Fellow, University of Oxford

Universities have long since been involved in the various regional and economic development agencies. It is commonplace to find a vice-chancellor or senior representative serving on the board of a Local Enterprise Partnerships and now PRP.

Whereas universities take part in a wide range of partnerships, few are members of a regional group, as such. Few happen to align with the local PRP: if London Higher members are excluded, there are 37 universities involved with PRPs out of 119 in England. The most organised groupings are drawn from research-led institutions. These are organised into six PRPs and five university groupings.

For Dr Richard Hutchins, Managing Director of the Oxford to Cambridge Partnership, it is the big themes that need the attention of both the PRP and the universities:

PRPs and universities can best focus on the big things that need scale to deliver: infrastructure, skills, environment, net zero, innovation.

The five cited below are those that are approximately co-terminus with one of the PRP regions. The language that is used within these partnerships to express purpose, vision and mission consistently expresses a number of themes:

1. They are stronger together and able to achieve more by working collaboratively.
2. They have a clearly defined role as contributors to regional economic development.
3. They have a sense of organisation, a preparedness to do more, and a willingness to collaborate with other actors.

Grouping	Mission / purpose	University members
Midlands Innovation	Our ambition is to drive cutting-edge research, innovation and skills development that will grow the high-tech, high-skilled economy of the Midlands and the UK. Individually we are strong, with world-class research, creativity and skills development. Together we are stronger, playing a significant role in stimulating economic growth across the region and beyond.	Aston Birmingham Cranfield Keele Leicester Loughborough Nottingham Warwick
GW4	<p>As an alliance of four of the most research-intensive and innovative universities in the UK – Bath, Bristol, Cardiff, and Exeter – collaboration is at the heart of everything we do. It makes us greater together than the sum of our parts. Because we understand that change does not happen alone. Formed in 2013, the GW4 Alliance was officially launched at the House of Commons in October 2014 and is funded by our member universities to promote collaboration and innovation.</p> <p>We build research capacity to tackle global challenges and provide a rich environment to develop the researchers of tomorrow. We work with many other universities, businesses and civic bodies, acting as the anchor institutions in a region uniquely placed to support the UK government’s levelling up agenda and boost economic growth.</p>	Bath Bristol Cardiff Exeter

<p>N8 Universities</p>	<p>To be an exceptionally effective cluster of research, innovation and training excellence, delivering benefits to the economy and communities in the North of England and beyond. N8 purpose is to:</p> <ul style="list-style-type: none"> • connect research expertise in our universities and build trusted relationships between our members and with the wider ecosystem; • support people from our universities to develop collaborative solutions to the problems facing society; • build a critical mass of research excellence in areas where it does not already exist • enable knowledge to flow around the universities and beyond, forming a web of intangible infrastructure and social capital; • demonstrate the value of research and innovation to the economy and communities of the North of England and beyond; and • showcase the diverse range of world-class facilities, skills and people across the N8 universities. 	<p>Durham Liverpool Newcastle Manchester Lancaster Sheffield Leeds York</p>
<p>Arc Universities Group</p>	<p>A partnership of universities with a common ambition, by working with others, to transform the region into a globally leading innovation super-cluster.</p> <ul style="list-style-type: none"> • To leverage the global reputation and access to talent of several of its institutions to foster national and regional productivity, prosperity and resilience. • To be an active partner in assisting partners and respective boards to deliver their economic development goals. • To amplify the collective contribution in promoting integrated technology, economic and social policy solutions to complex societal challenges based on sustainable development principles. 	<p>Oxford Oxford Brookes Buckinghamshire New Cranfield Bedfordshire Open Anglia Ruskin Cambridge</p>

This is by no means an exhaustive list of university partnerships.

Others include West Midlands Combined Universities, Yorkshire Universities, Midlands Enterprise Universities, the North-East Universities Group, the White Rose and Eastern Arc in Sussex, and there are other regional economic areas which have yet to be recognised as PRPs.

In some cases, they are involved in more than one (for example, Cranfield is a member of Midlands Innovation as well as the Arc Universities Group).

It is still patchy with many gaps in geography and none of the smaller specialist universities or conservatoires is a member of a PRP.

There are two PRPs overlapping with the 'catchment' of GW4: Western Gateway, set up in 2019, and now Great South-West, set up in 2023. The GW4 is working with both, with a strategic agreement in place with Western Gateway.

Three of the groupings are formed of the research-led institutions. In the case of the Midlands, the teaching-led institutions form their own group as the Midlands Enterprise Universities.

The challenges that universities are facing

Lily Bull, Policy Manager at the Russell Group, has written in a HEPI blog about the £2 billion universities funding gap in 2022/23:

If universities want to continue teaching and research, their only option is to cover the funding gaps with activities that deliver a surplus. For the most part, this is through educating international students. But at a sector level, even this activity is not enough to cover the gap left by underfunding. In 2021/22, in England, the additional funding available from all surplus-generating activities was nearly £2 billion short of the cost of sustainably delivering research activity and educating UK students.⁹

When funding is under such pressure – with several institutions at crisis point – it is possible that universities will look for areas to cut and focus on

short-term savings; in this light, the membership fees required to take part in these industry-oriented groupings could be vulnerable.

Investing time in partnerships that take so long to come to fruition may be challenging, even though the investment required is modest: a little bit of money to oil wheels and build capacity. Many of the people interviewed for this paper mentioned how effective seed-corn amounts of funding to promote collaboration could be. It is more what these amounts signify than their scale, encouraging people to get started and to begin working together.

Against this backdrop it would be helpful if there were a specific funding stream in place that promotes participation in regional economic development, to access the full influence and potential contribution that universities could make.

The impact of short termism on partnership building

Current funding to the pan-regional partnerships has only been allocated until March 2025, which makes it challenging to build any long-term relationships or programmes.

Short termism is a brake on the potential of regional partners to deliver, and a major barrier to effective regional collaboration.

Sarah Haywood, Managing Director of Advanced Oxford, a membership organisation representing the private sector in Oxford and environs, describes the potential impact of the short-term approach:

There is a big difference between a collection of groups coming together and something practical actually happening. Short term versus long term is the crux of it.

Professor Dame Karen Holford, Vice-Chancellor at Cranfield University, who is involved in two regional university groupings, including being Chair of Midlands Innovation, anticipates the effect of a longer term view from government:

The government does not make best use of the universities because much of their thinking is short term, locked into the electoral

cycle. These big regional projects deliver over time and they need commitment to flourish.

The multi-system and multi-stakeholder approach

Regional economic inequalities have been rising in most industrialised economies. The UK had a particularly steep legacy of deindustrialisation and was particularly affected by London's rise as a global centre of financial and professional services. The effects of major global economic trends are unlikely to be able to be countered fully even by major policy efforts. But [our] analyses of UK and international policy decisions suggest that much more can be done.¹⁰

One theme to emerge through interviews was the need for 'top-down' industrial strategy; something a lot more deliberative; based on R&D and placing the innovation potential of the universities in the foreground.

Apart from a general sense of optimism and excitement about how much could be achieved by closer partnerships, there was some frustration and even dismay at the complexity and fragmentation of existing structures.

As Nick King, Managing Director of Henham Consulting, has observed:

There is a lack of coherence in the UK to its regional and subnational structures. Even if you're working in the middle of it, it's hard to get your head around what's there given the constant flux.

John Wilkinson, CEO, Western Gateway, also observed:

It is complex and muddled. With the fade out of LEPs and a complex map of local government, big and well-intentioned ideas have a difficult journey.

Even though there is no formal or financial mechanism to reward or encourage the engagement of partners, such as university groupings with their respective PRPs, there are foundations of good regional collaborative work upon which we can build. As Lisa Smith, CEO at Midlands Mindforge, has said:

People have been building walled gardens and a lot more flexibility is needed. If we were more joined up, then groups could aggregate and organise themselves into clusters.

What is needed is an approach that follows CS Venkatakrishnan's suggestion that we have strategies that transcend party politics. To cement the engagement of university groupings, there should be transparent and clear incentives from the outset. There should be an approach to both governance and operational design that reaches across the key relevant parties.

Towards a framework for wider partnership – building on success

There are many good news stories from established partnerships, such as Midlands Innovation and the GW4, with co-terminus university collaborations.

The extent of some of the activity appears to be correlated to the longevity, resources and clarity of shared purpose of those partnerships.

The most often cited example, when asked this question in interviews, was the Energy Research Accelerator, initiated by Midlands Innovation. The Energy Research Accelerator (ERA) is a respected and long-established partnership of eight research-intensive universities in the Midlands Innovation group (Aston, Birmingham, Cranfield, Keele, Leicester, Loughborough, Nottingham and Warwick) and the British Geological Survey.¹¹

ERA is actively involved in developing energy policy and supporting wider energy initiatives in the Midlands, working closely with organisations such as the Midlands Engine. A total of £250 million has been catalysed by the initiative.

Several of the pan-regional partnerships, such as the Midlands Engine and the Oxford to Cambridge region, have a 'data observatory', to provide an agreed baseline for tracking progress at a regional level. The universities in each case have been integral to establishing the methodology and providing design support.

Other initiatives were attributed to the partnership culture. Isambard-AI is a University of Bristol project, on behalf of the GW4 group, which has received funding of £225 million, evolving from a smaller concept project, 'GW4 Isambard', which started life with generator seed funding.

Professor Ian White, former Vice-Chancellor at the University of Bath, Chair of the GW4 Council and member of Western Gateway Partnership Board, describes the level of coordination and cooperation in the region and the role of anchor institutions:

We have national assets in the region like GCHQ, Office for National Statistics and the Met Office: consolidated public services. Anchor industries, such as the UK's largest aerospace sector and huge capability and opportunity in the energy sector.

Then finding something of substance. This takes a while to seek and to understand and then translate into action. New ideas come through these networks. For example, the Institute of Coding came from a networking workshop between GCHQ and GW4.

The GW4, Western Gateway and Great Southwest have secured an Engineering and Physical Sciences Research Council (EPSRC) Place Based Impact Accelerator Account, with a £2.5 million grant and £1.6 million in-kind support from 25 civic and business partners to support the development of a regional hydrogen ecosystem.

The GW4 and Western Gateway also established the Energy Impact Accelerator, with a £2.5 million grant, and a 6:1 return on investment (ROI), with in-kind support from 25 members of a civic and business partnership.

GW4 has established a Global Challenges Research Fund – now involving colleagues from 41 countries.

For Matt Allen, Executive Director of the private sector Supercluster Board, working across the Oxford to Cambridge region:

There is a transformative power of collaborative university partnerships, as seen in initiatives like the Arc Universities Group, and other regional collaborations. The synergy of multiple universities drives innovation and regional progress, positioning them as influential catalysts for positive change.

The N8 is the longest standing regional university partnership and has some very established work to show for it, particularly in areas such as policing, agritech and healthcare. The region in which the N8 operates

has been described as a cohesive area, with stable relationships, strong devolved local government and a sense of civic partnership and pride:

In a place like Greater Manchester it was only natural to seize opportunities that came along in an area more led by economic growth and innovation. N8 was established by three adjacent regional development agencies in the early 2000's, with several iterations since, shaped by complementary strengths and opportunities that were too big for one university on its own.

Lou Cordwell OBE – Chair of the Greater Manchester Business Board and John Holden, Associate Vice President, University of Manchester

Sarah Haywood, of Advanced Oxford and member of the Supercluster Board, observes two general types of mutually enhancing organisations:

1. Self-funded and self-organised assemblies of interest, whichever sector, for example university grouping or private sector board.
2. Quasi-governmental – more mandated and recognised by government like a sub-regional transport body, pan-regional partnership.

Recent experience in the Oxford to Cambridge region suggests it could be highly effective to draw together both sorts of partner. This describes the sort of grouping that is emerging in the Oxford to Cambridge region between five entities, including: East-West Rail (enabling rail infrastructure linking Oxford-Milton Keynes-Cambridge and many places between); England's Economic Heartland (the sub-regional transport body); the Supercluster Board (representing 50 or so private sector actors); the PRP; and the Arc Universities Group (representing all of the universities at its outset).

For Alex Favier, whose work with Midlands Engine is having an impact far and wide, the approach is systemic:

No one part works on its own in isolation. It all needs to be layered up with a sensible approach to devolution. Universities have a huge

opportunity and we need a grand bargain with an offer to a new government. The result – an innovative ecosystem and economic growth.

The layered system described in different ways by Haywood and Favier brings together a wide and diverse range of influences and actors. Sometimes these sorts of wider partnerships have formed informally, or at the volition of a particular set of historical relationships. Having a framework in place to encourage such wider collaboration is under exploration in some regions. Such a system could go further if there were more of a national framework in place. In sum, while there have been many examples of successful and wide partnerships, these have taken a long time to develop and have often emerged more by accident than by design.

Other forms of university partnership / grouping

There are, of course, certain regions in which partnership is flourishing under canopies other than a PRP.

A highly cohesive grouping has come together under the aegis of Innovate Cambridge. This is a consortium of interests across the combined mayoral authority, involving public and private sectors and the full range of university institutions, chaired by Lord (David) Willetts. The Conservative Government announced its support for Cambridge 2040, choosing Cambridge as an exemplar region of sustainable economic growth (announced 19 December 2023). Early signs from Labour indicate that this support will continue.

Adopting a partnership mindset

In these examples, we can see the level of commitment to regional collaboration in the vision / mission which has resulted in some major research and innovation programmes. University members are pulled in many competing directions at once, with regional economic development opportunities being just one of many options. The challenge for would-be regional collaborators, such as the PRPs and the private sector boards (such as the Supercluster Board), is less about alignment of mindset and

more about the clarity and stability of the offer or deal: what is at stake? There could be a need to run a campaign to raise the profile, across all the groupings, of the role that is being performed by the universities.

Telling a great story: universities should really focus and undertake a critical assessment of what they are really good at and prioritise around these strengths. What they are great at is interfacing with the economic agenda, with a wide range of diverse people able to face externally, acting as plucky outsiders, able to tell the story slightly differently.

Gavin Winbanks, White Hawk Green, Investment Consultancy

For those most closely involved, there is a sense they have a shared faith, as Karen Holford, Vice-Chancellor at Cranfield and Chair of Midlands Innovation, has said:

All good partnerships thrive if there is a shared understanding of need and of the role that each of the partners can perform. If we can nail a shared economic vision of the future, then great things will follow.

Making the case for investment

There has been much recent discussion about the preparedness of the higher education sector to embrace investment opportunities. This has been covered in detail by HEPI in a 2023 report, *The role of universities in driving overseas investment into UK Research and Development*.¹²

The PRPs have, in part, been set up to attract foreign direct investment at scale. It seems that universities could perform an important role, individually as well as in relation to their PRP, in pursuit of this:

Proactively collaborate. Find a shared agenda and shout about it. Seek show-stopper opportunities. Lift these up the list of priorities. Create a big picture of what could be achieved.

Nick King, Managing Director, Henham Consulting

Whereas there have been some recent examples of an uplift in investment into university innovation clusters, there is room for a great deal more confidence, cohesion and clarity.

Spin-outs

The joint authors of the Government's recent independent Spin Out Review, Professor Irene Tracey and Dr Andrew Williamson, describe the stated ambition for the UK to be a science and technology superpower, with thriving partnerships between universities and high-tech spin-out companies contributing to economic growth and productivity.¹³

UK university spin-out investment increased five-fold between 2014 and 2021, from £1.06 billion to £5.3 billion, second only to the US in total investment into spin-outs.

The Review describes how, over the past two decades, UK universities have increasingly supported the growth of local spin-out ecosystems. Government funding supporting this has gradually increased through the £260 million Higher Education Innovation Fund (HEIF) in England, and universities are increasingly assessed on their commercialisation performance through the Impact component of the Research Excellence Framework (REF).

In addition to the mature investment ecosystems that have grown up around Oxford, Cambridge and London, there are two investment funds specific to their regional university cluster. Both are new and still emerging from their initial fundraising stage:

- Northern Gritstone, allied to Sheffield, Leeds and Manchester (three of the N8 consortium of research-led universities)
- Midlands Mindforge, which has been set up by Midlands Innovation

Future expansion of university investment funds

The following two observations by Russell Schofield-Bezer, who has been working on the Mansion House Compact, seem relevant to regional groupings:

1. The UK has an intellectual heritage and commercial assets that mean it is well-positioned to exploit some of the biggest scientific challenges, including the global shift towards net zero carbon emissions and the ability of bioengineering and synthetic biology to prevent disease; and
2. Foreign Direct Investment (FDI) and sovereign wealth investment has been restricted, in the UK, to the Golden Triangle (in the university sector), because of a lack of scale.

Schofield-Bezer has observed a lack of coordination between university clusters, which speaks to the challenges outlined above.

He goes on to propose that universities should perform a greater role with the establishment of larger investment funds, on a scale of £500 million to £1 billion.

Invest in UK R&D – Midlands universities prospectuses

The Midlands Engine ‘Invest in UK University R&D Midlands Campaign’ covered the region’s five key sectors (Agritech; the Creative & Digital Industries; Health and Life Sciences; Transport Technologies; and Zero Carbon Energy).¹⁴

The prospectuses include a bespoke university ‘offer’ to investors that offer:

- access to university talent – students and academics;
- joint research and innovation – leveraging funding and tax breaks; access to world-leading facilities and testing equipment; co-location on or near university campuses and science parks; and the £250 million ‘patient capital’ investment fund, Midlands Mindforge. All with an aspiration to combine the spinout portfolios of the Midlands Innovation consortium.

The prospectuses have been jointly funded and developed by Midlands Engine, the universities and four government departments: the Department for Science, Industry and Technology, the Ministry of Housing, Communities and Local Government, the Department for Culture, Media

and Sport and the Office for Investment. They feature a series of £100 million+ university-led R&D investment opportunities.

New forms in intra-region and intra-university investment

New forms of intra-regional investment include a range of propositions from Midlands Mindforge, to Discovery Park Nottingham (a combination of life science wet lab and bio-tech incubator space) and the Knowledge Quarter Birmingham (developed by Aston University with Bruntwood Sci-Tech and L&G – now looking for companies that may wish to co-locate).

The Midlands trade and investment pilot based on R&D investment into the region has recently been published, with clear contributions from both Midlands Innovation and the Midlands Enterprise Universities. This is credited, by many, as doing much to unlock the support of a wider group of government departments able to take a stake.

The next phase of the programme is for the universities to proactively secure inward investment into R&D. To this end, the vice-chancellors of all participating Midlands universities have agreed to undertake at least one outbound overseas fundraising mission.

There is similar work under way in other PRP regions, including the creation of an Investment Atlas in the Oxford to Cambridge region.

In addition, Set Squared, which has helped 6,000 businesses raise over £3.9 billion investment, is working in tandem with and being supported by the universities of Bath, Bristol, Cardiff, Exeter, Southampton and Surrey. This business incubation support and start-up investment has culminated in the creation of over 20,000 jobs with an economic impact of £8.6 billion.

The government needs to step up, form its own vision and decide what it wants from an amazing sector ... There has been too much passivity and now we need something much more directive.

Vanessa Wilson, CEO, University Alliance

The features of effective partnership

Whichever form of collaboration is developed, common needs emerge from these examples of effective partnership, the most important of which are:

1. A realisation that place-based policy needs to be scalable with, for example, a focus on critical infrastructure as an engine for development, and harvesting the knowledge spillovers from universities to industry and business.
2. The need to keep the 'macro' focus of activities on a region, rather than have them directed too locally; to avoid tensions over locally held powers, such as planning; and to leverage the multi-player approach in such things as resilience in critical infrastructure provision and improvement (water, energy, utilities, connectivity).
3. The different pace and levels of agility of the members of partnerships needed to be acknowledged and incorporated into planning activities: for example, lengthy local authority procurement mechanisms versus the agility of the private sector.
4. Effective devolution of political powers, to enable actors to collaborate around an agreed strategy.
5. Effective 'multi-system' governance, with long-term funding and commitment to a core partnership-holding organisation, such as a pan-regional partnership.
6. Scale and visibility of investment opportunities.
7. Seed funding to incentivise greater partnership working and leverage public investment, with clear incentives such as matched funding to attract partners.
8. The creation of novel governance and delivery structures, that will be around for the duration of any particular initiative, with the ability to account for and hold large-scale investment.

9. Effective policies for regional devolution with the appropriate resourcing.

Greater Manchester is a geographically defined area, with strong and mature regional government It's place first and politics second. Greater devolution of powers can only happen if the recipient has the strength and capacity to manage it.

Professor Dame Nancy Rothwell

Recommendations

1. The new Government, in its formulation of a new industrial strategy, should plan for at least five years and look towards an impact over 50 years, promoting the strength in applied R&D and innovation alongside local and regional capabilities. Due prominence should be given to the ingenuity and strength of the university sector, using every lever and mechanism (fiscal incentives, enterprise zones, matched funding, alignment of funding agencies and the like) to encourage greater collaboration and partnership.
2. University leadership should embrace the full impact they can have on other regional partners through their convening power both within region and internationally, performing a prominent and vocal role in trade missions and acting as champions.
3. Universities should build much deeper linkages with other regional partners, with a particular effort towards engagement with those who hold the greatest devolved powers, such as some of the new mayors.

Last word

The late US Senator Daniel Patrick Moynihan famously said:

If you want to build a great city, then build a great university and wait for two hundred years.

This might equally apply to every great region in the UK – our university sector is strong and we have great universities in every region.

With a new Government, the level of interest in regional economic development and in the future of greater regional devolution is encouraging. With a bit of luck, we will not have to wait another 200 years for greatness to manifest.

What was happening 200 years ago?

In this country, the final preparations were being made in 1825 for the launch of the first commercial passenger rail service: an industry through which Great Britain would later influence and lead the world.

If in 2024 we are on the cusp of adopting a global leadership position in science and technology, then there is a role for all of us and everyone will benefit. Universities have a big contribution to make. Whereas it may be hard to defend a general argument that university groupings will deliver something more than the sum of their parts, it is exciting to imagine what might be achieved with a modicum of stability and strategy. We are just at the beginning.

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See the 'Prospectuses' section for each of the five specific areas.

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As the new Westminster Government shines a light on growth as well as devolution, it is time to ask what contribution can be made by regional groupings of universities.

With more sustained investment of leadership, time and convening power, universities can play a vital role.

But there is a need for deeper understanding, with a longer term and more sustained commitment from all involved, if there is to be a full flowering of potential.



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