



Yorkshire Universities (YU) exists to promote the combined strengths of our members and to ensure that the creative power of Yorkshire's universities is applied to maximum effect for the benefit of the region.

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Universities and European Structural and Investment Funds An overview for Local Enterprise Partnerships

How can universities help deliver local economic growth?

Universities drive innovation using research and development, attracting world-class clusters of investment. They build stronger and more resilient graduate workforces for today's knowledge economy. They're at the heart of regeneration, creating new business facilities and boosting entrepreneurship. And they work with small businesses to help them on the road to growth and sustainability.

Many of these important contributions have been supported by funding from the European Union: over the next few months Local Enterprise Partnerships (LEPs), working closely with a range of other organisations in their areas, will be deciding how to invest European Structural and Investment Funds (ESIF) from now to 2020.

This document outlines the contribution universities can make, sets out lessons from their track record of involvement in the current programme and highlights practical ways of maximising Higher Education's impact on the economy and on society.

Yorkshire Universities has published an evidence-based good practice guide with practitioner-led content to assist planning for ESIF projects with a higher education component. To find out more, visit

yuta.yorkshireuniversities.ac.uk





Why should LEP area ESIF committees work with universities to deliver ESIF strategies?

The UK's European and Structural Investment Fund (ESIF) concentrates investment on supporting the growth of SMEs with high-value products and services in growing markets, and on ensuring the benefits of this investment reach local communities. Universities are important partners in the delivery of this because they

- help SMEs to **innovate** through research, collaboration and networking
- produce **skilled graduates** who are vital to business growth and are a key resource for local SMEs through student projects and as employees
- are part of clusters of excellence, at the forefront of **developing next generation technologies** and processes which will underpin future economic growth
- have extensive **SME networks** and many have business gateways or hubs through which they deliver practical support and advice to businesses
- have **global connections** through their research and development, through international partnerships with overseas universities and global businesses, and through their networks of alumni around the world
- help drive **social mobility** by working with schools and colleges to widen participation in Higher Education
- understand **emerging sectors** such as the low carbon economy and the growth of social enterprise
- are **major local employers** in their own right and many invest in developing new facilities to support regeneration.

Demonstrating the impact of their research is vital to universities if they are to attract future research funding. Student outcomes are vital to universities too: data on rates of employment and starting salaries are published for each course, and students take these seriously in choosing where they want to study. So it is strongly in the interests of both local partnerships and universities to work together in the delivery of ESIF strategies.

How should LEP area ESIF committees and universities work together?

Almost every LEP has at least one university on its board. Universities have led and supported the development of ESIF strategies by

- working with leading local R&D-active businesses to identify an area's Smart Specialisation priorities – niche sectors and technologies in which the area excels and which have strong potential for growth
- analysing the local labour market and skills base to identify gaps and opportunities
- developing a joined-up plan for services to support SME growth and innovation – universities are core partners in developing many local Growth Hubs.

Some universities have expertise in economic development and can second staff to local partnerships to provide expert evidence and advice. Universities are major investors in their local areas, using their own funds and investment from national and international sources, and they can be an important source of match funding for ESIF programmes.

Universities have sufficient scale to develop larger 'operations', integrating a range of services into a joined-up package. Local partnerships are working with universities to develop operations including excellence clusters, growth and innovation hubs and higher-level skills partnerships.

What can universities contribute to ESIF strategies and the local economy?

The best ESIF projects are built on the basis of 'win-win' – benefits for both the ESIF partnership and the delivery organisation whether that's a local business, private sector business support provider, a local authority or a university.

Yorkshire Universities' Good Practice Guide identifies five particular types of ESIF project in which universities have a proven track record:

- **Research and development (R&D)** collaboration with industry to create and strengthen clusters of commercial excellence, particularly aligned with local Smart Specialisation priorities. Examples include the Graphene Institute in Manchester, the Environment and Sustainability Institute in Cornwall and centres which are part of the Advanced Manufacturing Catapult including the Advanced Manufacturing Research Centre in Sheffield and the National Composites Centre in Bristol
- **Innovation centres** provide specialist facilities, support and funding to SMEs embarking on R&D and innovation projects. Examples include the Marine Innovation Centre in Plymouth, 3M Buckley Innovation Centre in Huddersfield, Daresbury Science and Technology Park, the Cornwall Innovation Centres and Re:Centre at Bradford
- **Collaborative PhD and Masters programmes** support research projects identified by SMEs and undertaken by a research student supervised by the university. They are an excellent way for SMEs to embark on R&D for the first time. Examples include

collaborative PhD schemes in Wales, Scotland and Cornwall, and collaborative PhD have also been offered as part of their SME service by projects such as the Centre for Global Eco-Innovation at Lancaster

- **Graduate placements** are structured placements through which recent graduates undertake a defined piece of project work for an SME and benefit from training and mentoring. They are a proven means of encouraging SMEs to invest in higher-level skills. Again the longest-running examples include graduate placement schemes in Cornwall, Scotland and Wales
- **Innovation voucher** schemes offer funding to businesses to support early-stage innovation such as new product design, proof of concept, prototyping or intellectual property protection. Most successful local innovation voucher schemes are managed by universities and there are many examples including schemes in the West Midlands, Coventry, Cornwall, North West England, Scotland and Yorkshire.

As well as these tried and tested ways for universities to help deliver ESIF programmes, the new programme offers local partnerships and universities the chance to deliver a **broader range of development activity** including

- Social innovation
- Developing the low carbon economy
- Higher level skills
- Widening participation in higher education to drive social inclusion and mobility
- Developing the enterprise and employability skills of students

What impact can universities make?

Many of the initiatives set out in Yorkshire Universities' good practice guide have been the subject of rigorous and independent evaluation. The results are impressive:

- More than 90% of businesses reported an excellent experience of **graduate placements**, and two-thirds of placements lead to permanent

recruitment. Turnover growth of more than £100,000 was reported by the majority of businesses in one programme as a direct result of the graduate project. One £19m scheme led to a net increase in business turnover of almost £40m in the first three years alone

- Demand for some **innovation voucher** schemes has exceeded supply more than threefold, and schemes reported a return on

public investment of between 9 to 1 and 12 to 1. In one scheme, more than half the SMEs involved continued to work with a university on further R&D after the funding ceased

- **R&D projects** with university involvement have helped to create hundreds of new jobs and increases in GVA several times the initial investment. R&D helps to create long-term growth, multiplying the impact and delivering

real transformation to local economies

- University-led **innovation centres** have reported average annual client growth of more than 40% and very high rates of job creation and business survival. These are spectacular figures, especially considering that they have been achieved during a period of economic downturn.

