



REGIONALITY AND SPECIFICITY IN  
RESEARCH POLICY

COUNTERCULTURE PARTNERSHIP LLP

JAMES COE// SENIOR PARTNER

MARCH 2025

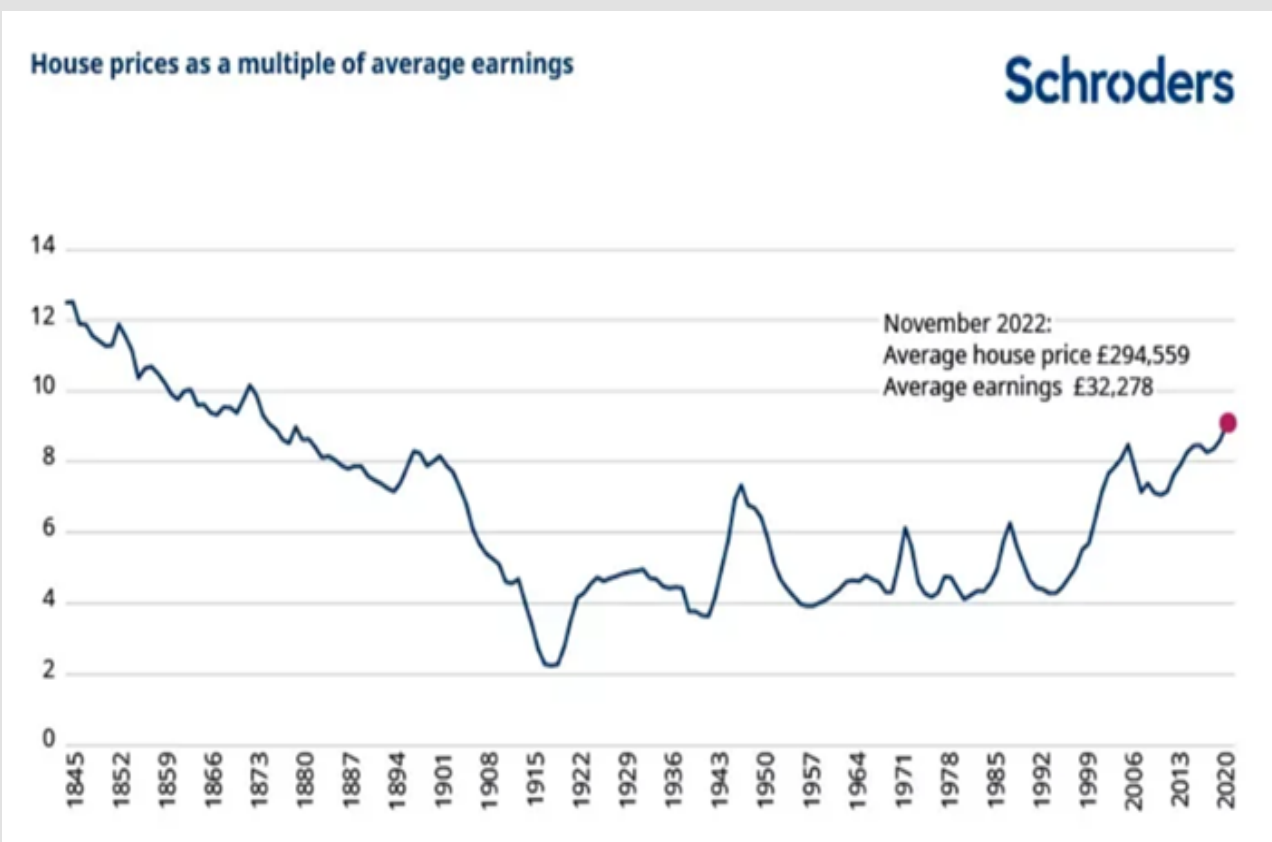
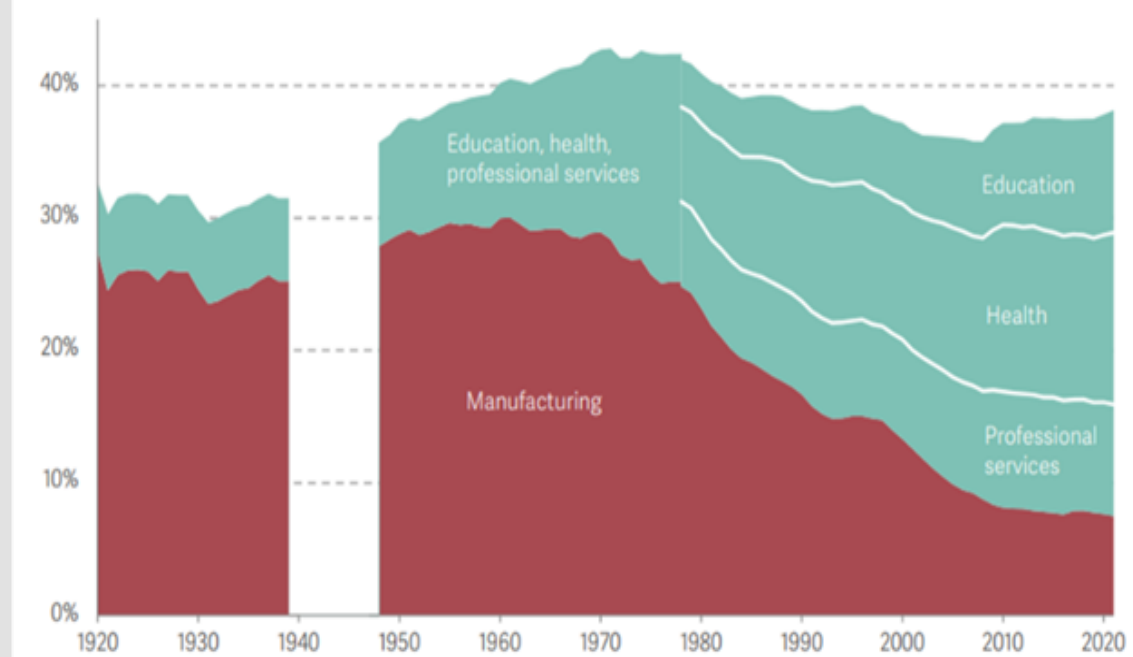


FIGURE 1: Jobs in manufacturing fell sharply from 1970 onwards, and were replaced by jobs in services

Proportion of employment by selected sectors: UK, 1920-2021



SOURCE: Analysis of ONS, Workforce Jobs; Bank of England, Millennium of Macroeconomic Data.



# BAT confirms Darlington plant closure

Cigarette manufacturer **British American Tobacco** is to close its factory in Darlington with the loss of 490 jobs, the company confirmed today.

The firm said it intended to shut the County Durham facility by the end of 2004 with work transferred to a larger plant at Southampton.

The Darlington site manufactures Rothman's Royals, Dunhill and Craven A cigarettes from raw tobacco, and exports most of its output outside the European Union.

According to an article in today's Northern Echo, the decision to shut the plant follows a review of BAT's global operations, and will see production move to the Far East and eastern Europe.

Rothmans also closed a manufacturing plant in nearby Spey years ago, as well as a packing plant in Peterlee.

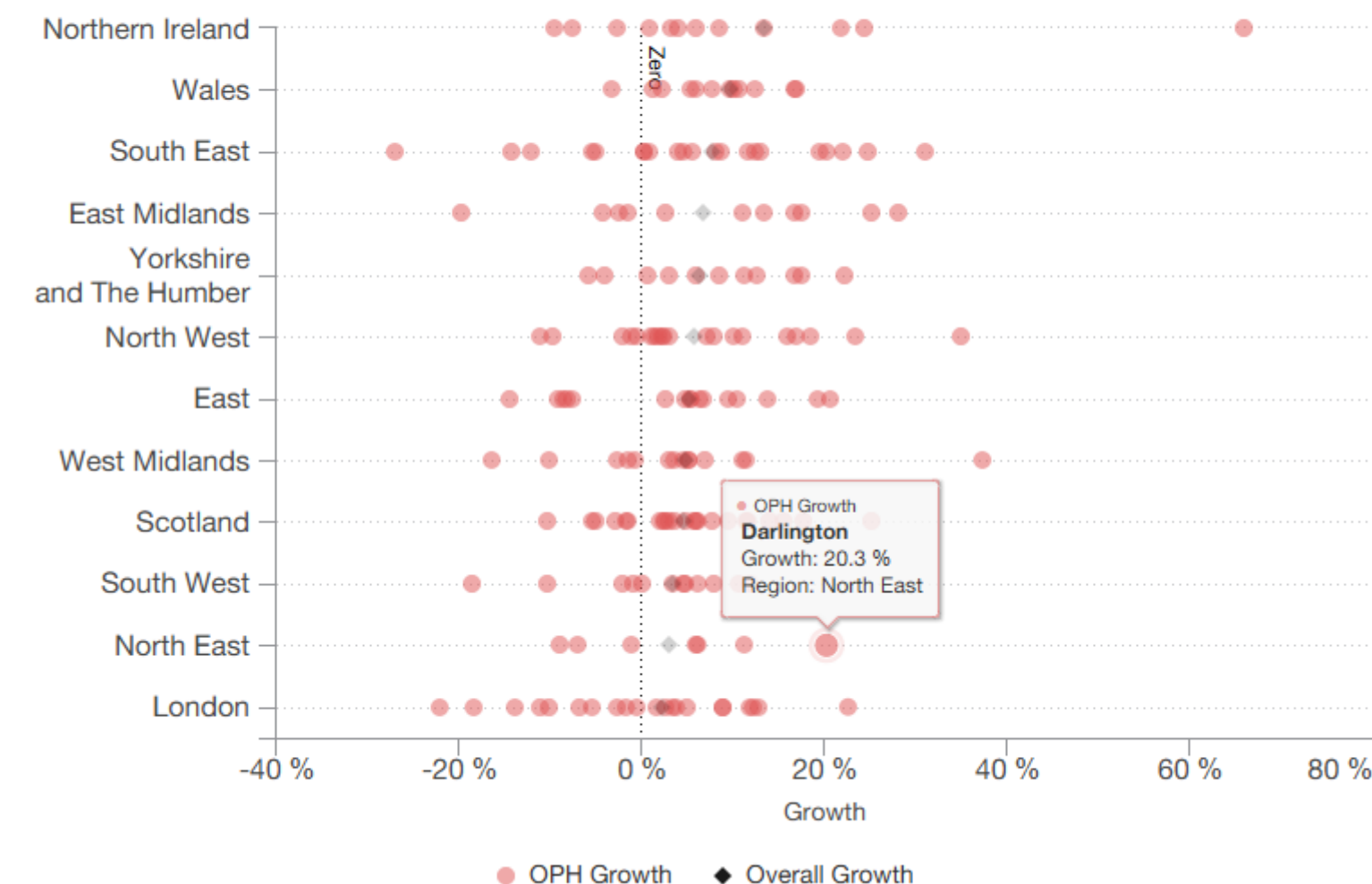
The closure will deal a heavy blow to the region's economy months after it was announced that the nearby Torrington is to shut down, with the loss of its 104 jobs, within the year.

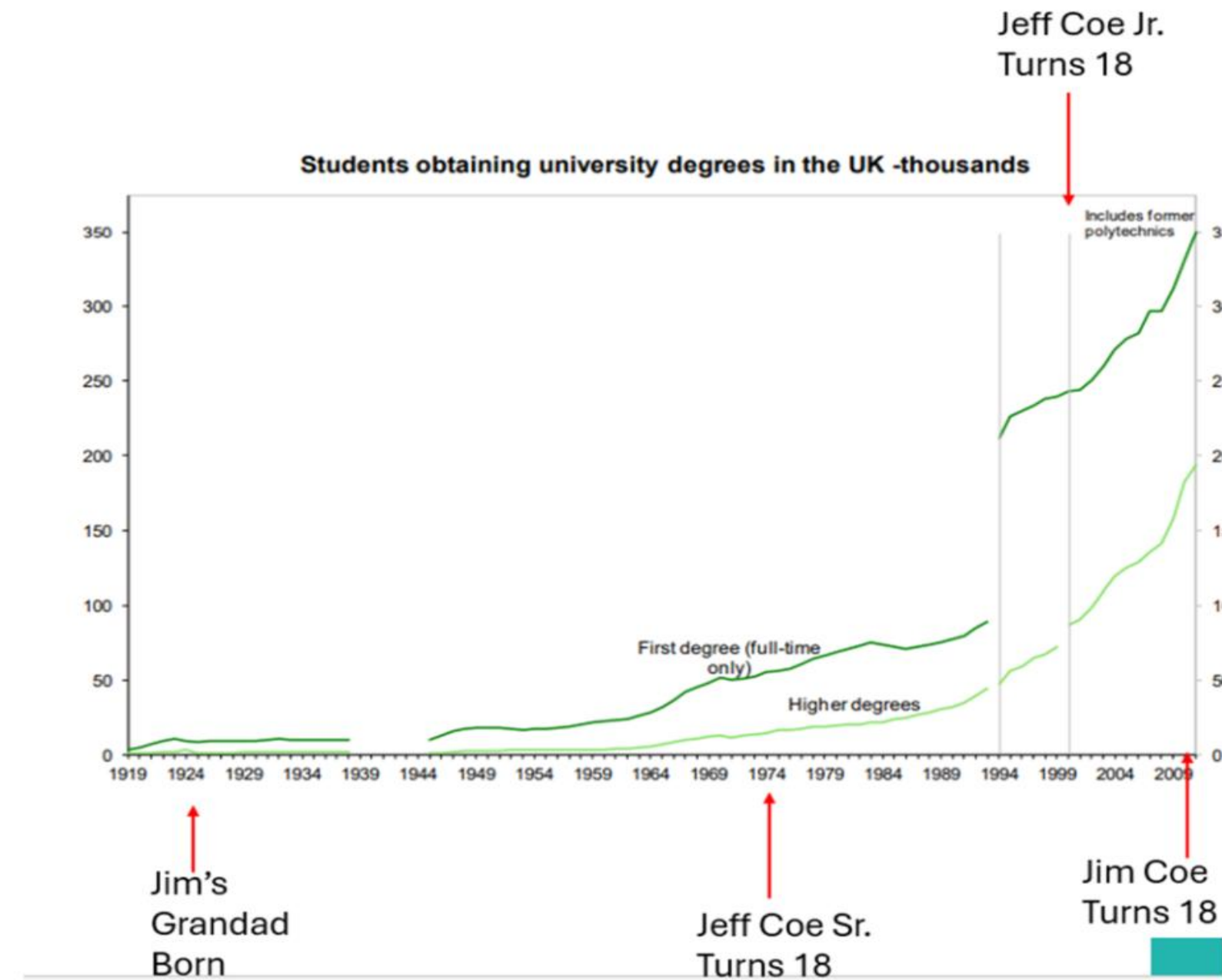
Local politicians and union officials reacted to the prospect with dismay.



## UK real productivity growth

Growth in real output per hour, by ITL3 sub-region, 2011-2021



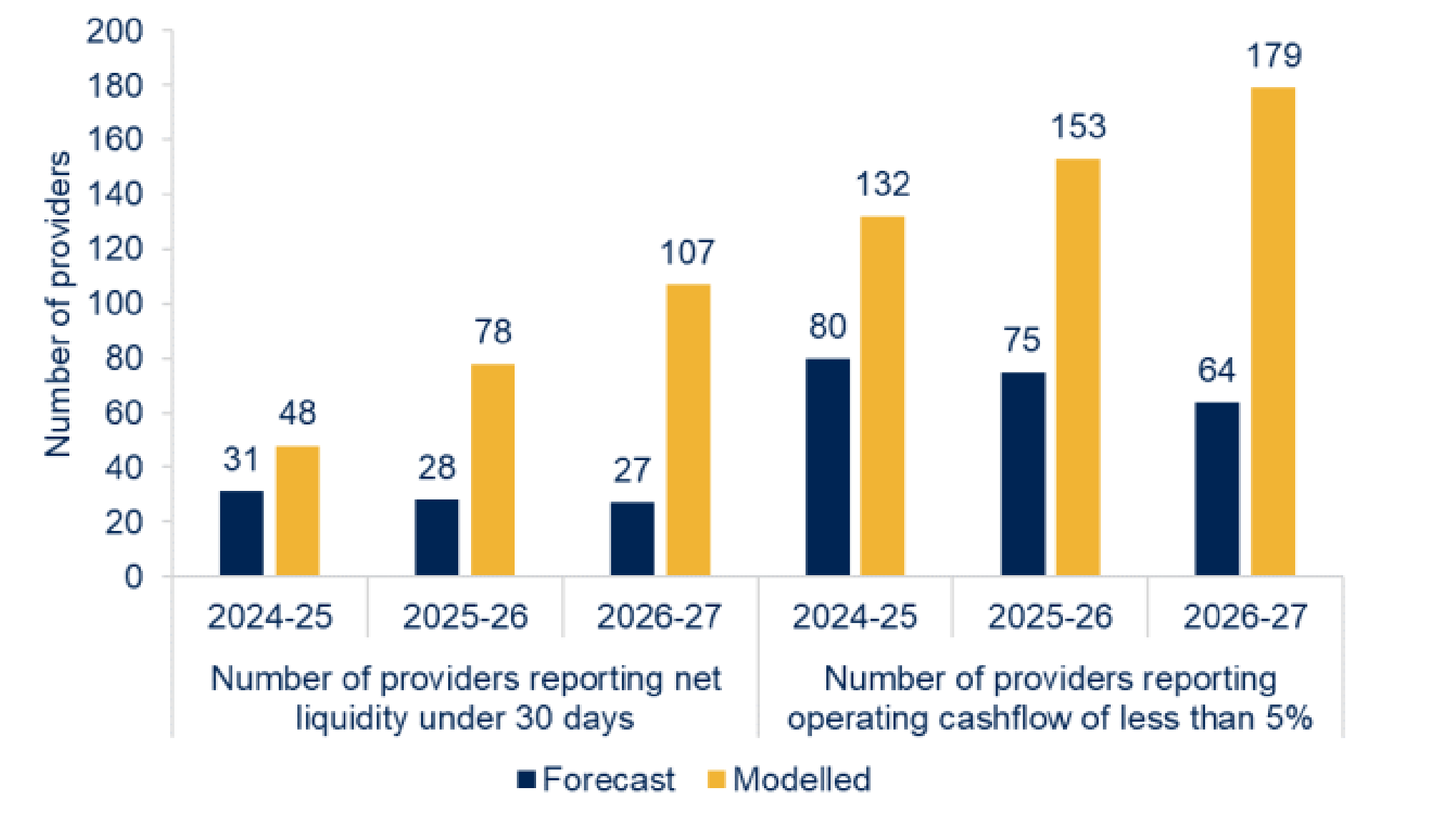




## HOW THE SECTOR BROKE



**Figure B2: Number of providers reporting low liquidity and operating cashflow, comparison of forecast and modelled data, no growth scenario**



# Cost recovery rates are reported to be lower than UKRI funding rates, dipping below 70% in 2021/22

Despite UKRI awarding much of its grant funding at 80 per cent of the full economic cost (FEC), cost recoveries in TRAC\* are consistently lower than this and declining. Postgraduate research (PGR) funding has been below 50 per cent for many years, though student numbers have remained high.

Table 3: Full economic cost recovery rates by funder type

Funder Type	Percentage FEC recovered		
	2019/20	2020/21	2021/22
European Union	63%	63%	63%
Industry	75%	76%	74%
Other Govt Depts	76%	77%	76%
Research Councils	71%	72%	69%
UK Charities	57%	57%	57%
Provider Own Funded	17%	21%	16%
Postgraduate Research	46%	48%	46%
Total Research Activity	<b>70%</b>	<b>72%</b>	<b>69%</b>

Source: TRAC data for UK universities.

Reasons for this could include:

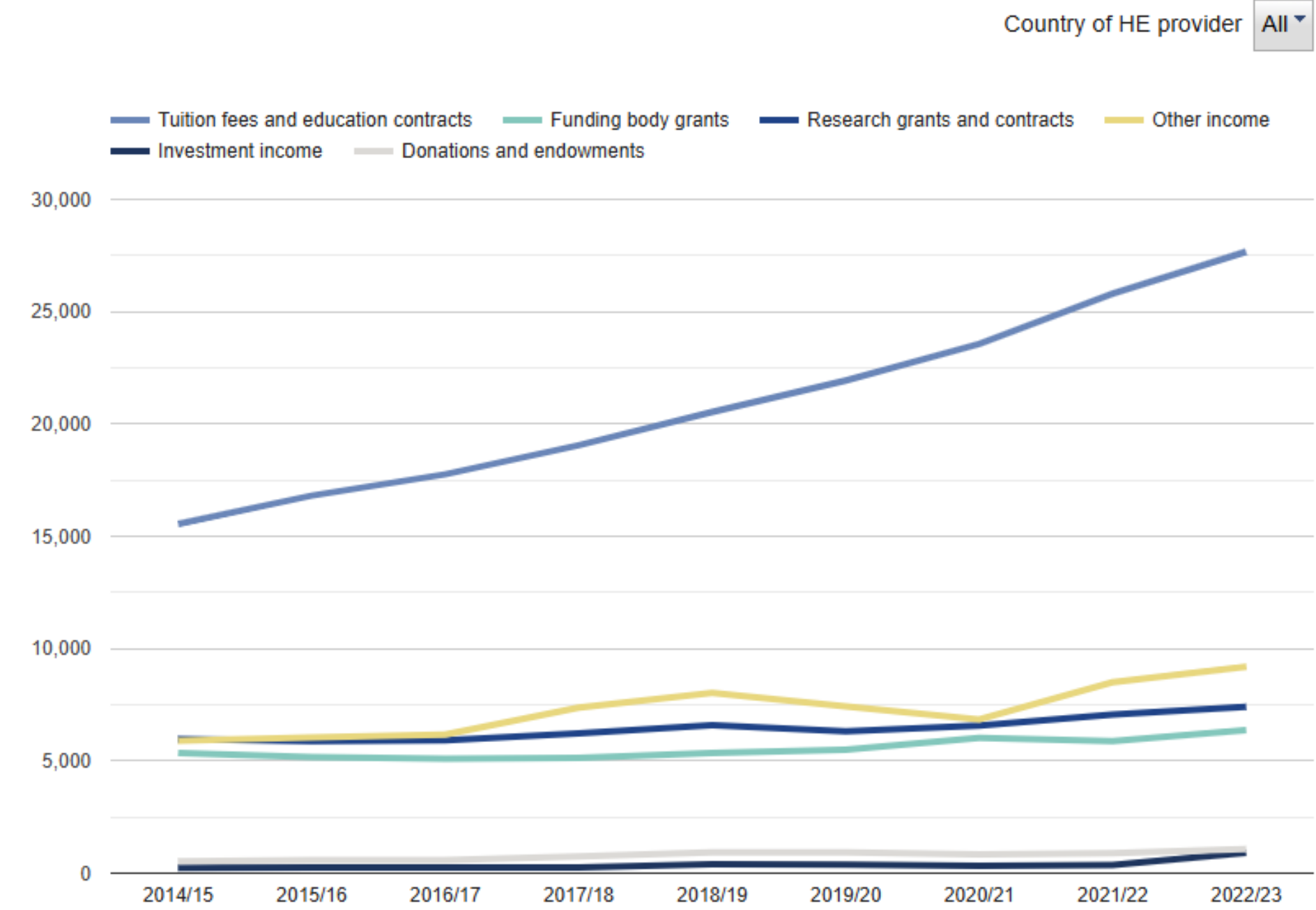
- Not all funding is awarded at 80 per cent FEC
- Costing/pricing behaviours in application and review stages
- Match-funding
- Wider, “end-to-end” costs not factored into a grant
- Inflationary pressures
- Methodological complications
- Significant institution own-funding into PGR



UK Research  
and Innovation

\*Transparent Approach to Costing (TRAC) is a method used by UK universities to cost their teaching, research and other activities. TRAC provides a consistent framework for: calculating the cost of teaching activities; assessing the full economic cost of research projects; and reporting the costs of teaching, research and other activities to the relevant funding bodies. Find out more in our [Quick Guide to TRAC](#).

Income of HE providers by location, category and academic year (£ millions)  
Academic years 2014/15 to 2022/23



[↑ Reset filters](#) | [Download chart data \(csv\)](#) | [Download source data \(csv\)](#) | [About OC031 Chart 1](#)



### *Conclusions*

The financial sustainability of the public research funding for universities needs to be urgently addressed. 'End-to-end' research support has four components: direct research costs; administrative services; technical facilities; and laboratory facilities. The present funding arrangements do not provide adequate support for all these components, and need to be overhauled to ensure that they do so. Proper 'end-to-end' funding is required in universities to fully support research activities with mechanisms that do not have perverse incentives or outcomes, and that better consider the quality and not just the quantity of research delivered. There needs to be a detailed review of response-mode and competitive grants, full Economic Costing (fEC) and Quality-related Research Funding (QR), and where necessary, these funding mechanisms should be reformed or replaced. The present underpinning of UK university research by other commercial income sources, notably fees paid by international students, is valuable, but care is needed as such sources are not always reliable and sustainable. Many universities play an important role in supporting businesses in their local economies to engage with RDI; this is considered further in the section on 'RDI and society'.





# THE EMERGING CONSENSUS

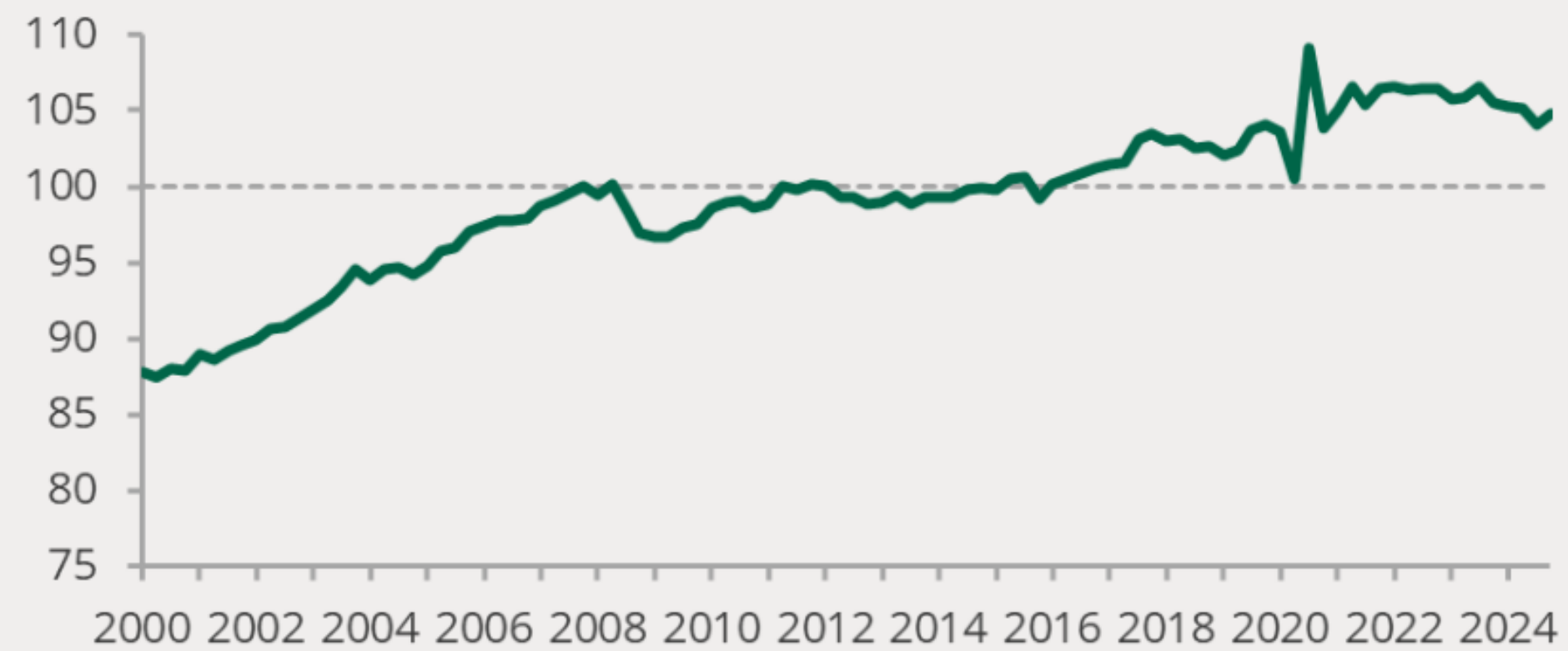


## UK labour productivity

In Q4 2024, productivity was estimated to be 0.8% lower compared with a year ago (Q4 2023), according to the [latest ONS flash estimate](#). Productivity was up by 0.7% compared with the previous quarter and was 0.6% higher compared with before the pandemic in Q4 2019.

### Productivity level (GDP per hour)

Index where Q4 2007 level = 100



Closed consultation

# Invest 2035: the UK's modern industrial strategy

Updated 24 November 2024

A core objective of the industrial strategy is unleashing the full potential of our cities and regions. The industrial strategy will concentrate efforts on places with the greatest potential for our growth sectors: city regions, high-potential clusters, and strategic industrial sites.

The government is committed to devolving significant powers to mayoral combined authorities across England, giving them the tools they need to grow their sectoral clusters and improve the local business environment through ambitious local growth plans.

Partnership with devolved governments will make this a UK-wide effort and support the considerable sectoral strengths of Scotland, Wales, and Northern Ireland.

Speech

## PM remarks on the fundamental reform of the British state: 13 March 2025

I believe that working people want active government – they don't want a weak state.

They want it to secure our future.

They want it to take the big decisions so can get on with their lives.

We don't want bigger state, or an intrusive state, an ever-expanding state.

A state that demands more and more from people as it fails to deliver on core purposes.

So we've got to change things.

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Press release

## Prime Minister sets out biggest sustained increase in defence spending since the Cold War, protecting British people in new era for national security

As the UK faces a period of profound change, with conflicts overseas undermining security and prosperity at home, the Prime Minister has today (Tuesday 25 February) set out that his commitment to increase spending on defence to 2.5% of GDP from April 2027.

He has also set an ambition to spend 3% of GDP on defence in the next parliament, as economic and fiscal conditions allow, in order to keep the British people safe and secure for generations to come.

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# Research & Development Mission Programme: R&I Challenge Directors

Figure 4: UKRI investment per person by ITL1 area, financial years 2021 to 2022, 2022 to 2023 and 2023 to 2024

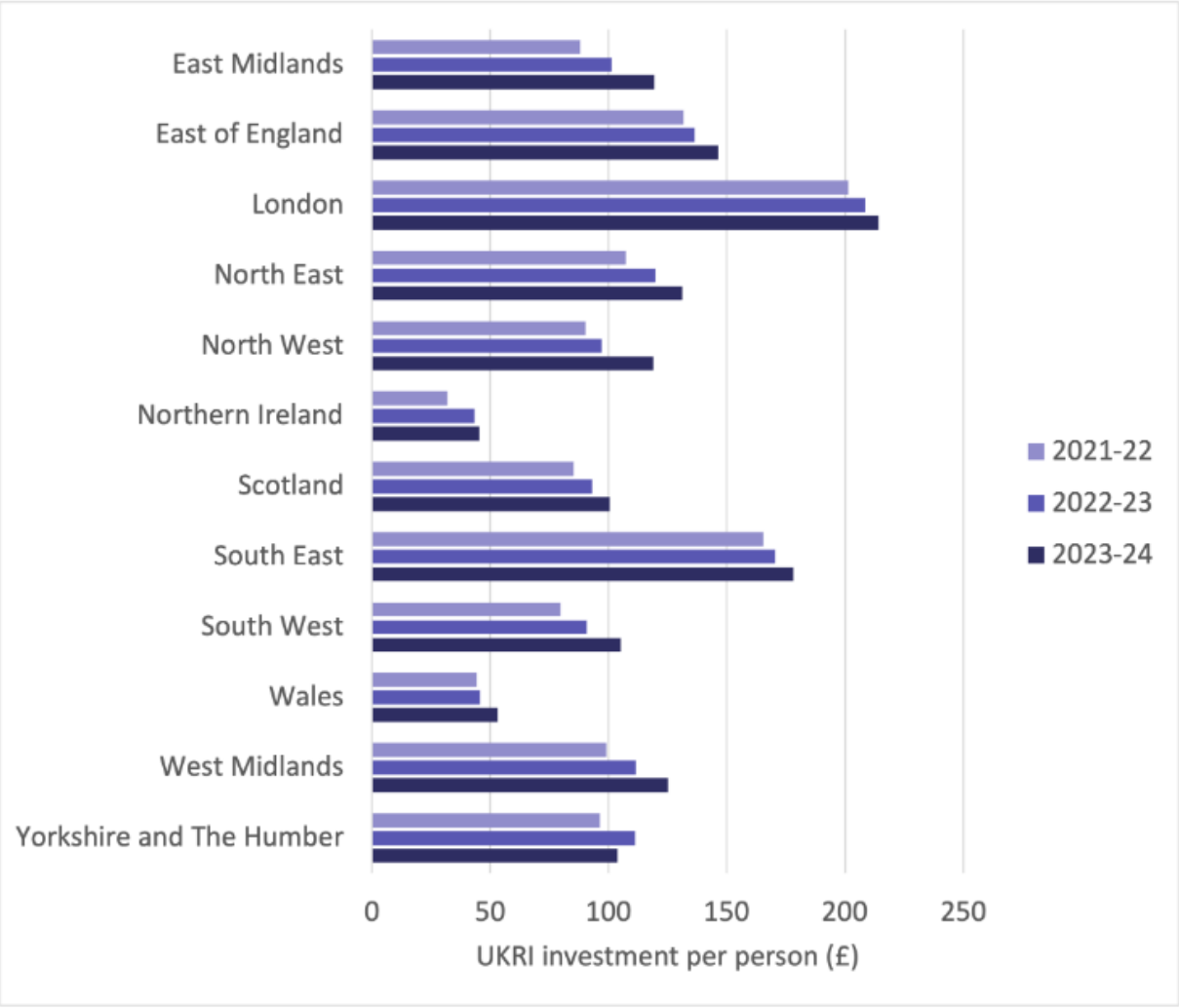


Figure 3: percentage increase in UKRI investment by ITL1 area, financial year 2023 to 2024 compared to the 2021 to 2022 financial year

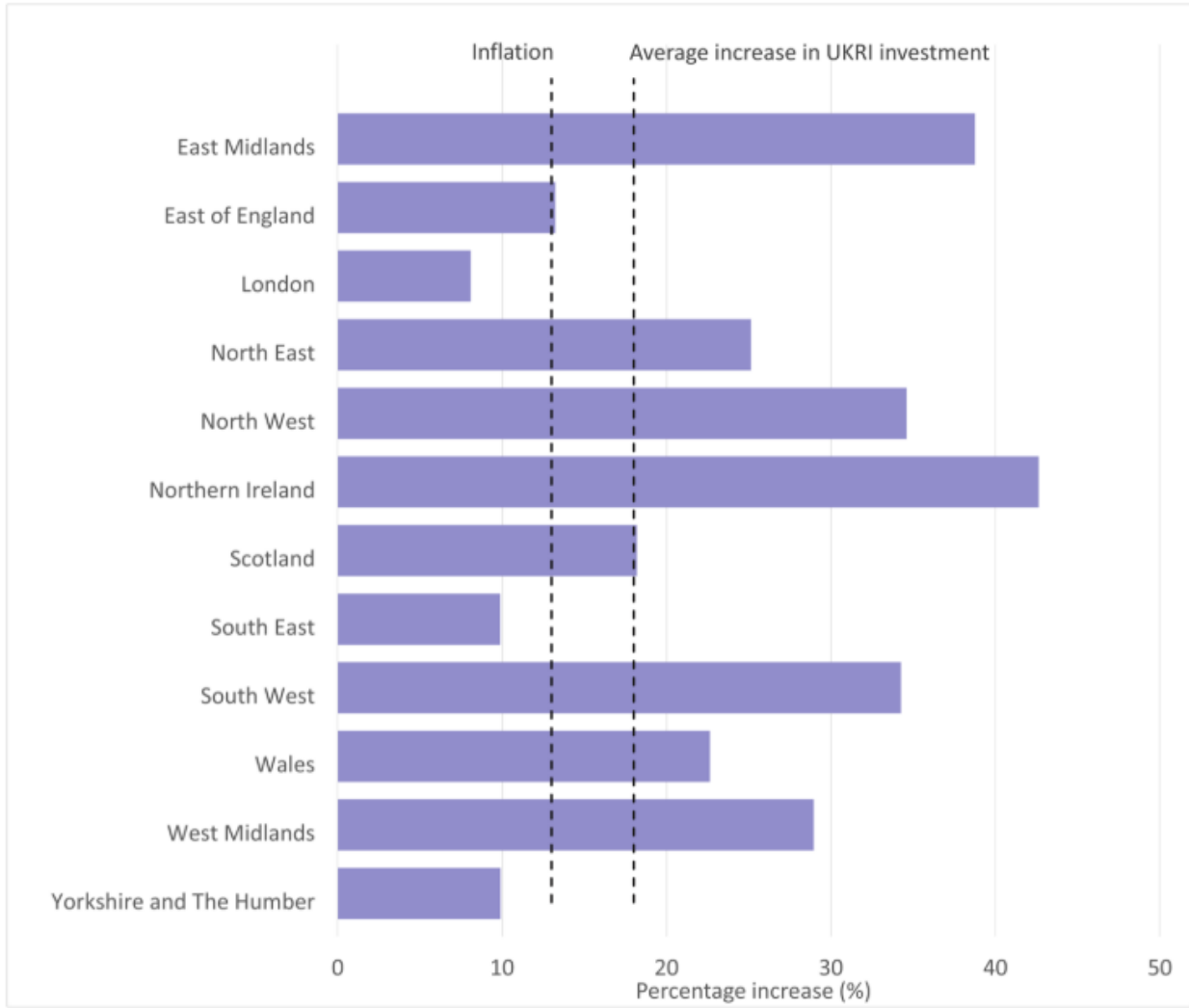
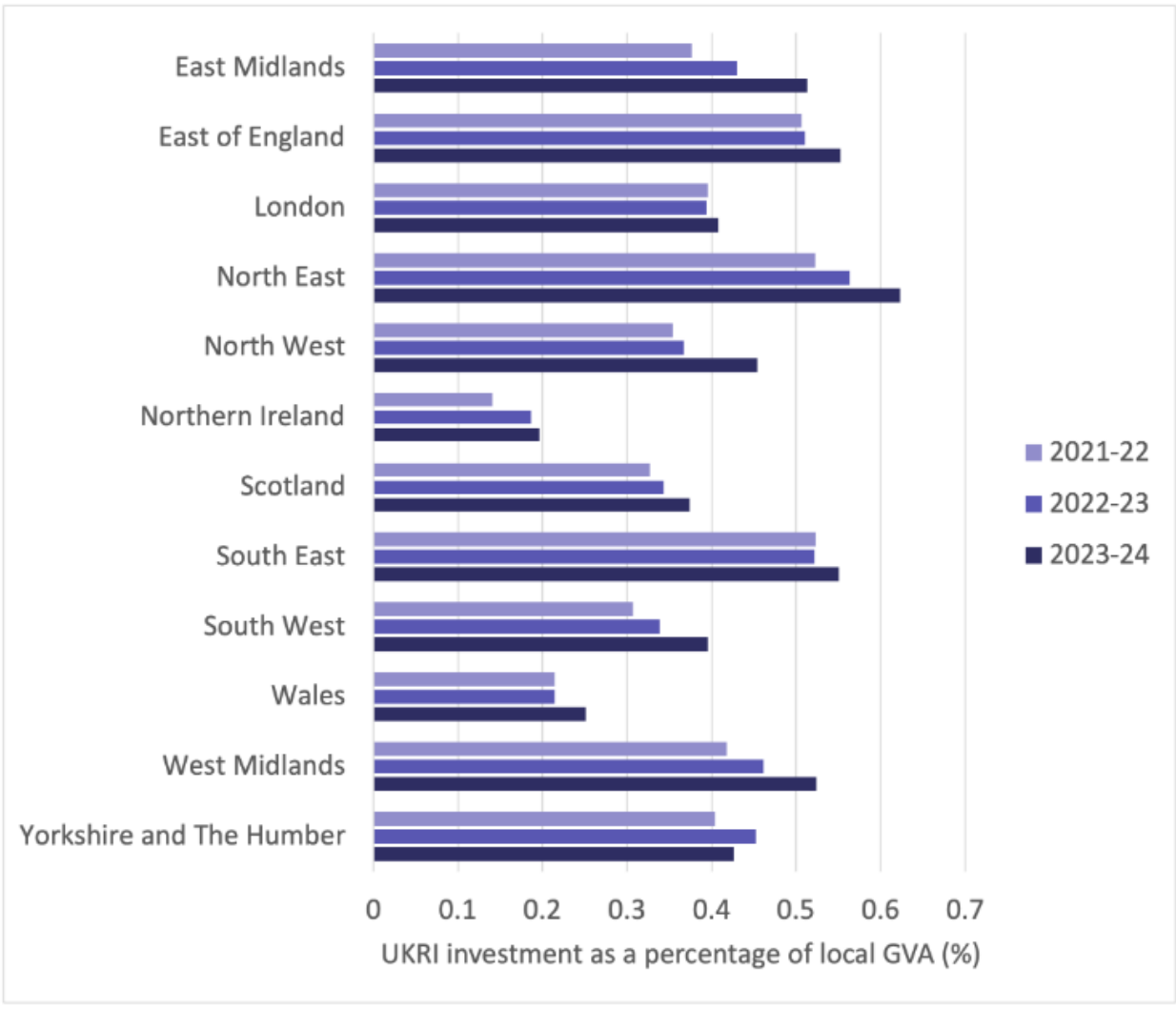
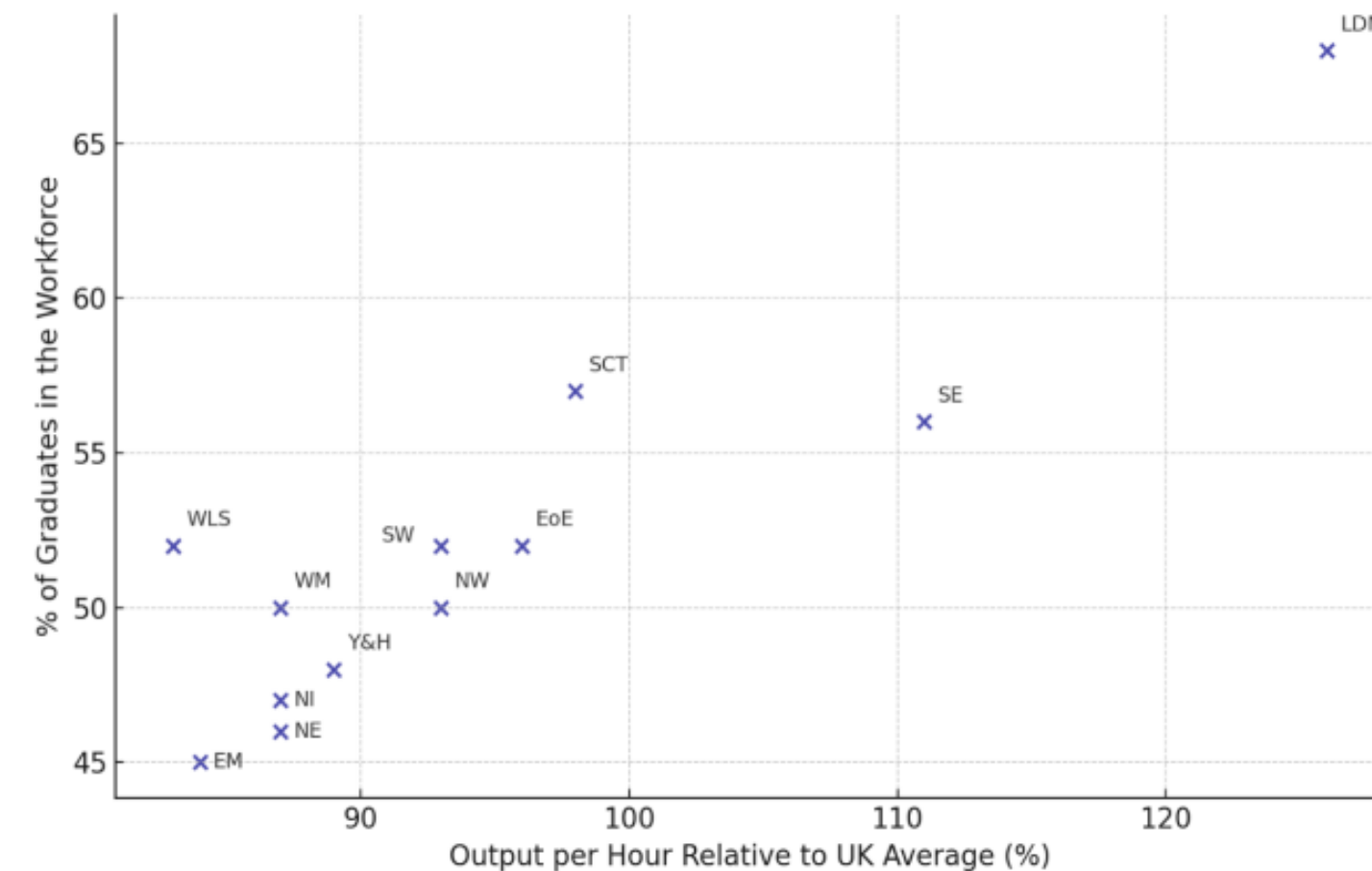


Figure 5: UKRI investment as a percentage of local GVA by ITL1 area, financial years 2021 to 2022, 2022 to 2023 and 2023 to 2024



## Regions with more graduates in the workplace are more productive

- There is a strong correlation between labour productivity in a region and the proportion of graduates in the workforce.
- This suggests having more graduates in the workforce supports a region in being productive.
- To match the proportion of graduates in the workforce across all regions, to those seen in the most productive regions:
  - 4 million additional graduates would be needed to match London
  - 1.2 million would be needed to match levels in the South-East





What are Freeports?

Freeports are all about securing the economic future of the UK, by reorienting regional economies towards innovative, low-carbon sectors like renewables and advanced manufacturing, including building new clusters in industrial sectors of the future and creating long-term high-quality jobs for local people. By offering tax reliefs and more flexible customs rules on a small number of designated sites, Freeports seek to:

- Promote regeneration and job creation;
- Become established as national hubs for global trade and investment; and
- Create hotbeds for innovation.

Government has designated 8 Freeports across England, 2 Freeports in Scotland, and 2 Freeports in Wales.

Freeports delivery is led by a local partnership of councils, businesses, and other key stakeholders that together forms the Freeport governing bodies, responsible for delivering the economic strategy agreed in the Freeports business case. The involvement of local authorities provides democratic accountability for Freeport activity and Freeports do not take away any existing powers from them.

Public First research used by Chancellor to drive new OxCam growth strategy

Words	Oliver Bater
Date	29th January 2025
Social	<a href="#">f</a> <a href="#">t</a> <a href="#">in</a>

Public First’s research for the OxCam supercluster found that the region, which spans Cambridge, Milton Keynes and Oxford, has an almost unrivalled per capita performance – in patents, scientific publications, human capital, start-up quality.

However, its scale relative to other clusters is small, which means its regional and national ‘spillovers’ are also much smaller than they could be. Through a ground up model looking at key drivers of growth – including human capital, R&D and investment – our research found the region could add £78 billion of cumulative output by 2035. That would pay for the New Hospital Programme 3 times over.

The research outlines policy levers that would allow this growth, including existing commitments (such as East West Rail) and new policies to allow housing, lab space, and catalysts for more investment into the region.

Read the full deck [here](#).

Liverpool City Region Life Sciences Investment Zone has officially launched – paving the way for up to £800m of public and private investment and 8,000 new jobs.

It follows the signing of a Memorandum of Understanding (MOU) between Liverpool City Region Combined Authority and the Department of Levelling Up, Housing and Communities, unlocking the first instalment of the Government’s £160m contribution.

The city region’s ambitious Investment Zone plan includes an initial 21 projects designed to supercharge the economy by creating new hi-tech facilities, providing business and innovation support and training the next generation of talent.

Working our way up the devolution ladder, all strategic authorities (including foundation level) will be able to draw on UKRI data on the location of R&D investments, to better allow them to “understand publicly supported innovation activity in their region and how to best take advantage of it.”

Those *mayoral* strategic authorities will additionally work with Innovate UK to produce joint plans, to shape long-term innovation strategies and investments in places. UKRI will also be extending its regional partnerships and “network of embedded points of contact” with mayoral strategic authorities.

And then coming up to the pinnacle of devolution, those *established* mayoral strategic authorities – to remind you: Greater Manchester, Liverpool City Region, the North East, South Yorkshire, West Midlands, and West Yorkshire, and possibly London – will get actual devolved research funding, in the form of a future regional innovation funding programme allowing local leaders to develop “bespoke innovation support offers for their regions.”

This draws somewhat on the spirit of the **Regional Innovation Fund**, though this was allocated to individual higher education institutions – what’s on offer here sounds like a pot of money controlled by mayors. Its format is also to be based on lessons learned from the **Innovation Accelerator pilot**, which was funding by levelling up money.

“ The past two decades has seen KE income secured by English HEPs grow significantly in real terms, with KE income 81% higher in 2022/23 than in 2003/04 for HEPs in receipt of HEIF during the period 2017/18 – 2022/23 (the vast majority of HEPs in England). However, what is clear is that this twenty-year period is characterised by two very different decades. While KE income grew strongly – and faster than the economy as a whole – during the first decade, the past ten years has seen this growth largely stagnate. The limited growth in KE income may well reflect the multiple crises and shocks the UK has faced since then, not least with the Covid-19 pandemic, cost of living crisis, and departure from the European Union and the effects of this on R&D with research grants and contracts income to HEPs from European sources declining almost 30% in real terms since the EU referendum in 2016. KE income now appears to track trends in the economy more widely (as measured by the UK’s GDP).

Strengths

- **Place-based approach:** There is strong support for place-based funding of this type, which is considered extremely useful in creating synergies and leveraging technology within a region. This is reflected in the high number of applications received.
- **The overall structure of the Fund** is well received, with the funding range considered appropriate, and the seedcorn stage particularly highlighted as a strength of the Fund, providing crucial resources and time for preparation and partnership development. Even for unsuccessful applicants, the process of network development was beneficial, leading to collaborations and networks that were sustained.

Glasgow City Region

Following a £7.5 million investment from the Innovation Accelerator programme, the Modular Chemical Robot Farms for Chemical Manufacturing has raised over £28 million in funding from private investors.

The project, led by Chemify Limited, has also secured a new partnership to apply ground-breaking chemistry artificial intelligence-robotics to accelerate the discovery of non-addictive opioids.

Greater Manchester

The Future Homes project, led by the University of Salford, received £3.54 million to test innovative technologies for use in homes from 2025.

Their test facility, Energy House 2.0, is the largest of its type in the world.

Its climatic chambers can accommodate up to four full-sized homes and subject them to temperatures ranging from -20°C to 40°C, including rain, snow and wind.

The project is also showing how low-carbon homes can be delivered at scale in the UK.





WHAT CAN BE DONE



## S P E C I F I C I T Y

- The research deficit makes it increasingly difficult to fund every kind of research that is interesting.
- Simultaneously, what is important now won't be what is important forever which makes finding a balance one of the most difficult challenges of our times.
- Generally, in working across the sector I see research strategies which are about income mixes, kinds of research, and a little bit more culture. I see less so which is about we're going to not focus on these things for these reasons.
- There is another dimension of this specificity of what is different kinds of research for and how might it be funded. Is the research about pushing frontiers, is it about the foundational economy, is it about informing teach, or is it about something else entirely, and do we have the right means of recognising and supporting that work?
- Is there synchronicity between strategies and our research plans. For example, is our civic strategy aligned to research, or have we just listed the research that happens to have a regional element to it?
- In an era of constrained resource there is an agenda to disaggregate kinds of research, to be specific who it is for, how it will be funded, and what the research won't do.



## A S S E T S   A N D G O V E R N A N C E

- There are two kinds of regional research propositions. The first is where there is a set of leading assets where through investment, collaboration, and working with others, they could be more than the sum of their parts to achieve cluster benefits.
- The second is where there are latent assets but there has not been sufficient impetus, coordination, or working together to make them more than the sum of their parts.
- There are key considerations then which underpin this thinking. The first is which assets which is a mix of what exists, what institutions are good at, what is likely to attract funding, and then what is worth doing.
- The second then is which partners which is a governance question. Which partners can promote this work, on what basis, what existing mechanisms exist, and what is their respective roles?
- The geography question is also a key one. Our impacts are expressed in geography but ideas and capital tend to not follow this easy maps lines (neither does the Town and Country Planning Act)
- It is finding that middle of the venn diagram of everyone's constituent strengths made real through a solid governance approach while tacking to changing government and national priorities.

## VALUE ADD AND VALUE CREATION

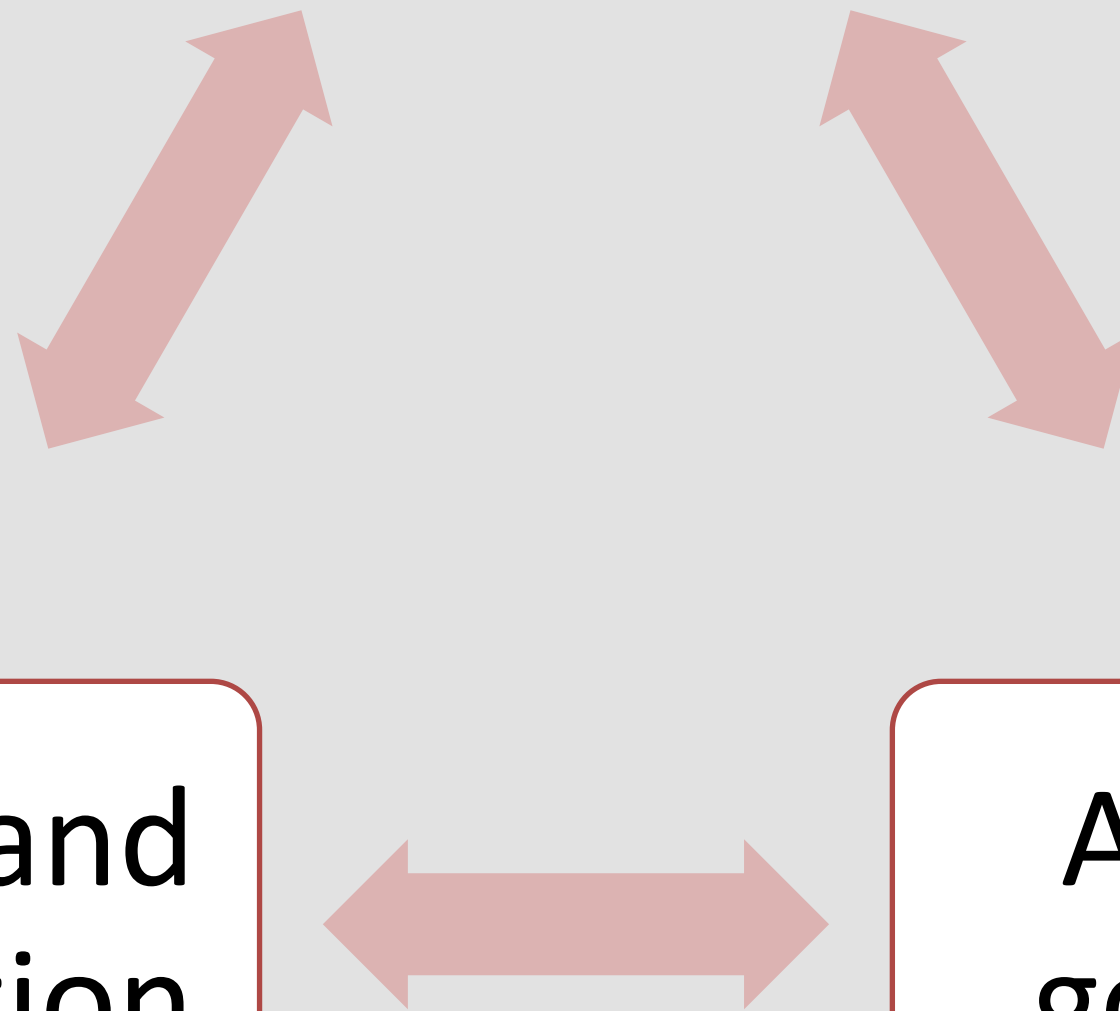
- There is a difference between what is value capture “x funds us and we have done this research” and value add “x funds us and now the economy has received y benefits.”
- The things which we are inherently interested in are not as interesting to the people who receive the benefits of our research.
- There is a much bigger pot to play for than QR. The vast majority of research funding does not flow through universities with increased interest in spin-outs, KTPs, and the impacts of research on the foundational economy.
- There is a difference between the things that organisations would do by virtue of being big (employment, spending) and the things that only they can do by virtue of being universities (research and its impacts.)
- Embrace opportunities for supply side R&D interventions, be part of the inward investment proposition, but every intervention might not be right every time.
- The government's missions are a useful guide on where public interest will be. There are other times where universities will lead intervention.
- And don't forget to coordinate and be consistent.



**Specificity**

**Value add and  
value creation**

**Assets and  
governance**





# Things I would love to work on

- Establishing strategies, messages, and clarity, on which research and where.
- Governance and lessons learned
- Integrating research for a wider civic purpose
- Developing the case on regional R&D, its impacts, and how to make even more of it
- Evaluation with purpose.







The University of Manchester

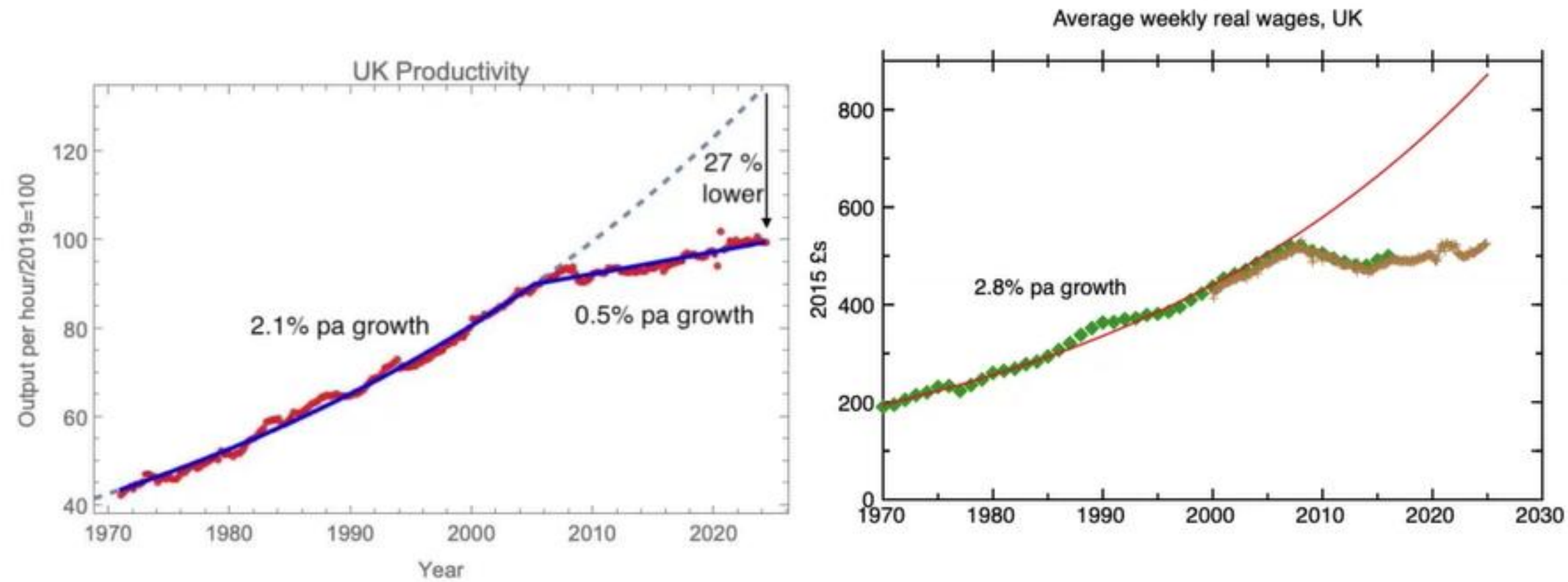
# On the regional innovation agenda

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Richard Jones

VP for Regional Innovation & Civic Engagement  
University of Manchester  
& Science Advisor, Innovation Greater Manchester

## The mess we're in... (pt 1)



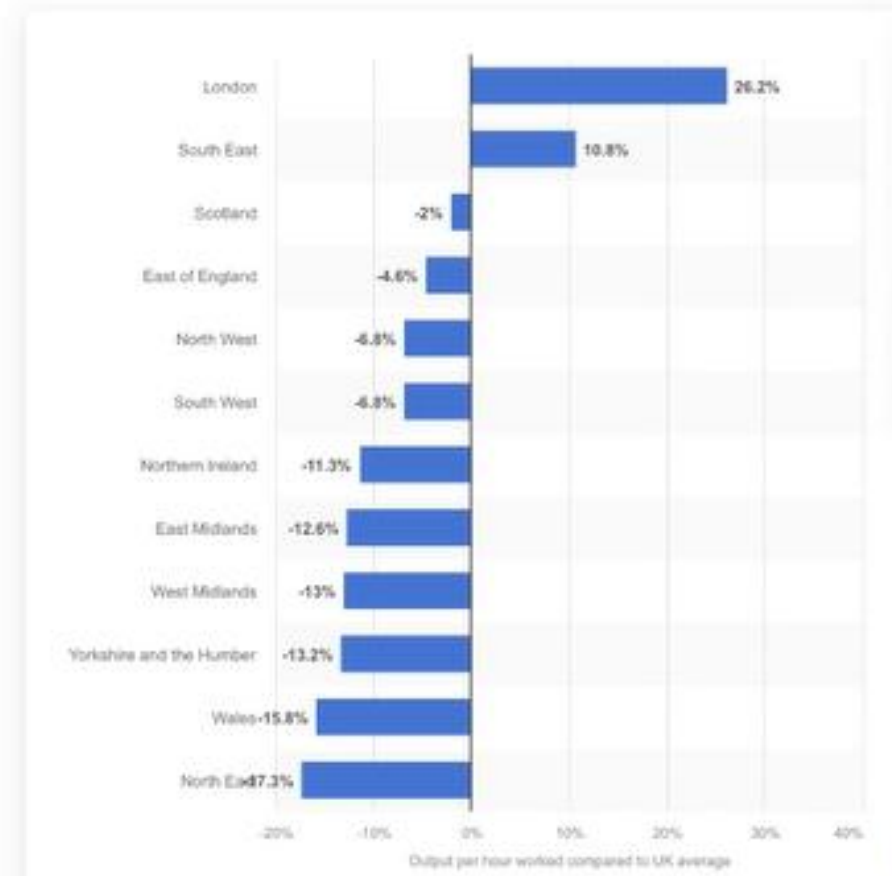
UK labour productivity, index 2022=100. Data: ONS,

When productivity stops growing, wages stop growing

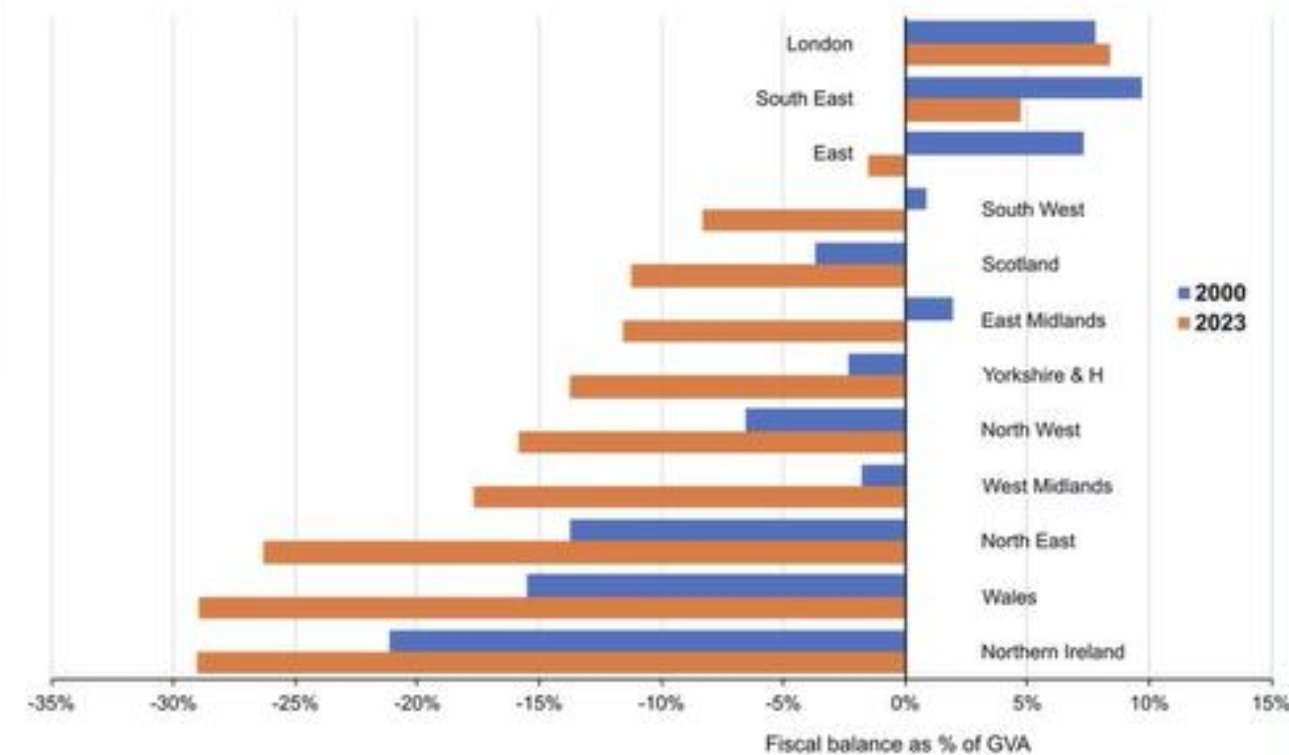


## The mess we're in...(pt 2)

Regional output per hour worked productivity compared to the United Kingdom average in 2022



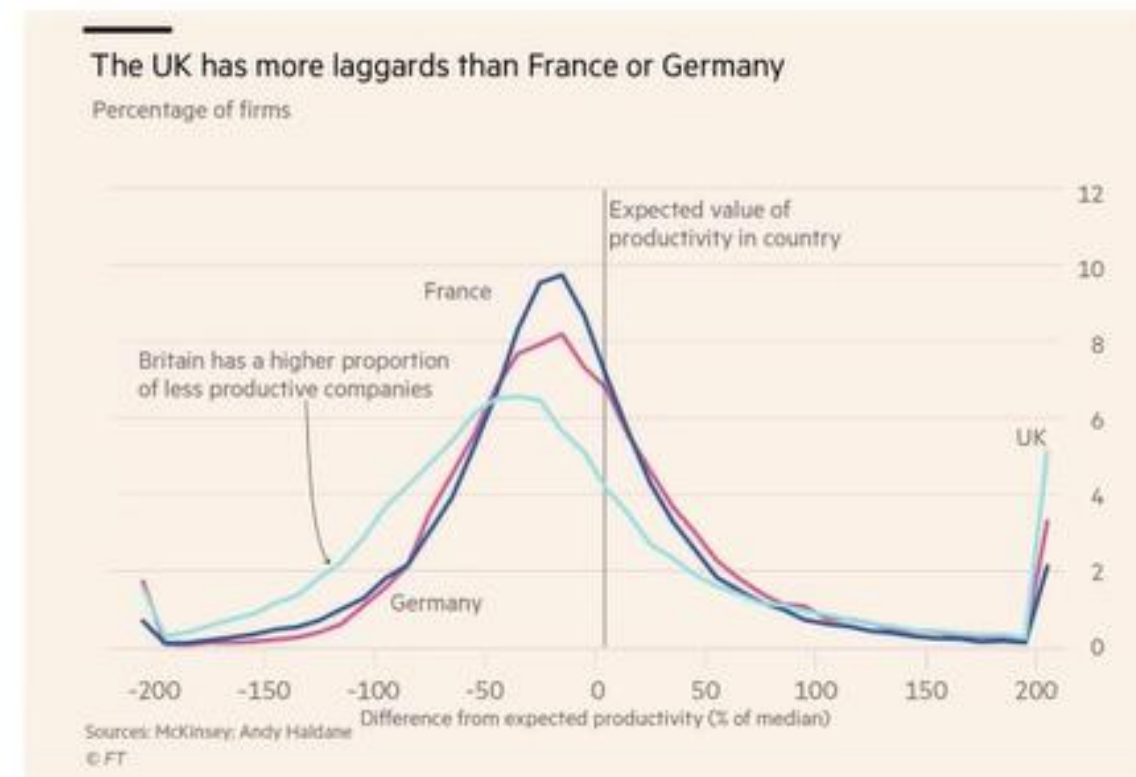
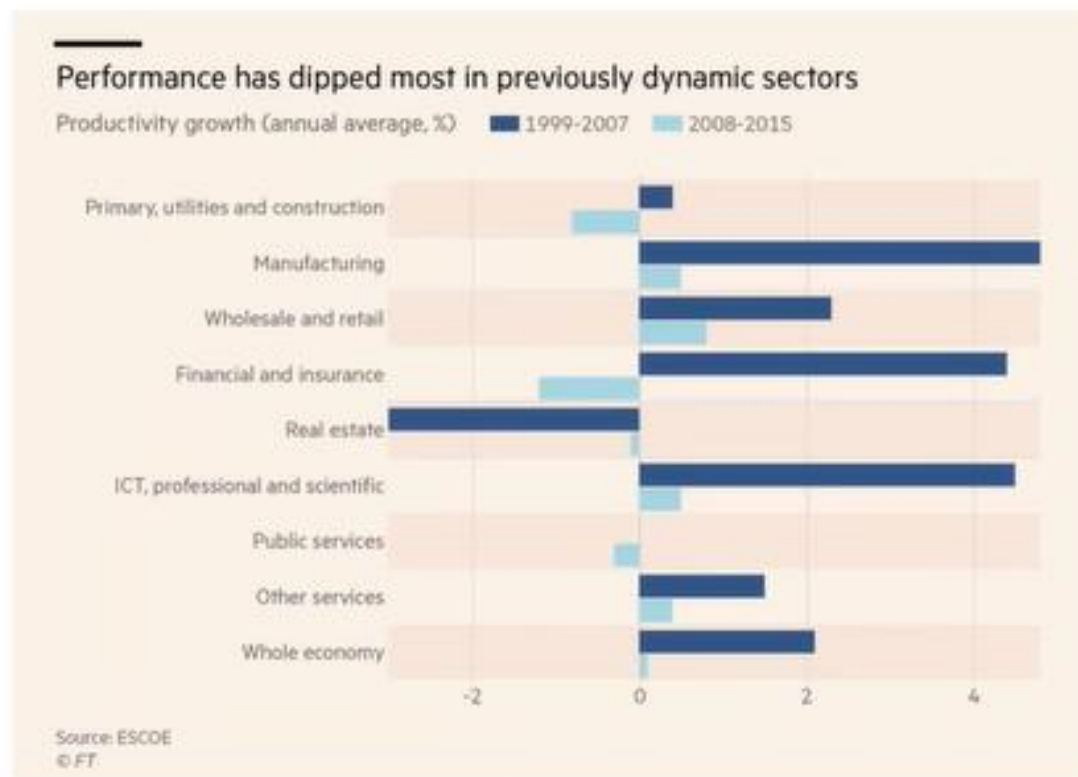
Taxes paid in London fund ever more of Britain's public spending



North England's weak economy requires large and growing fiscal transfers from the South East.

Most of the UK is below average in productivity - & is supported by fiscal transfers from London & the SE

## The mess we're in...(pt 3)

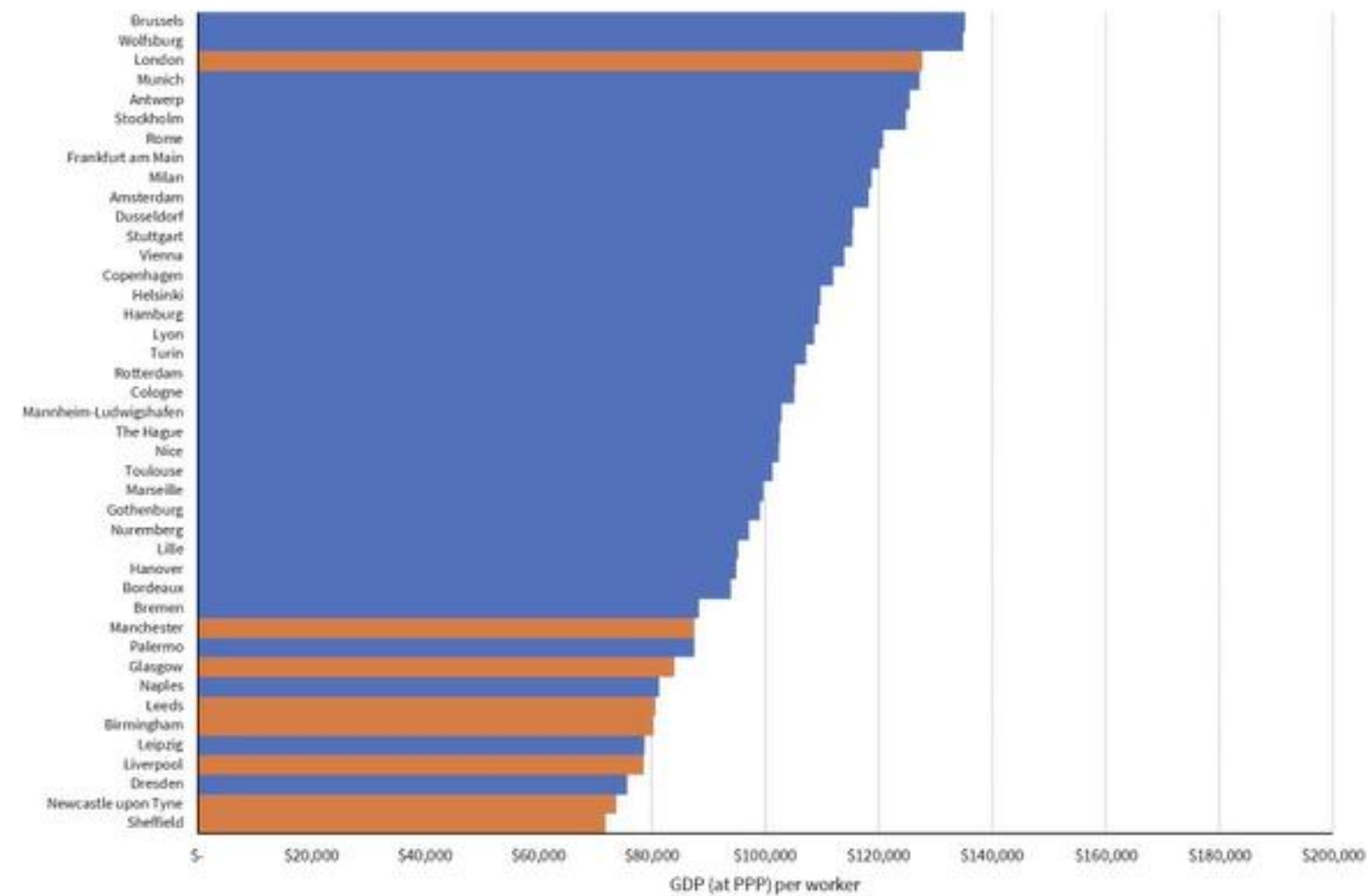


Previously leading economic sectors have contributed most to the productivity slowdown, while a long tail of low productivity firms remains a drag



## The mess we're in...(pt 4)

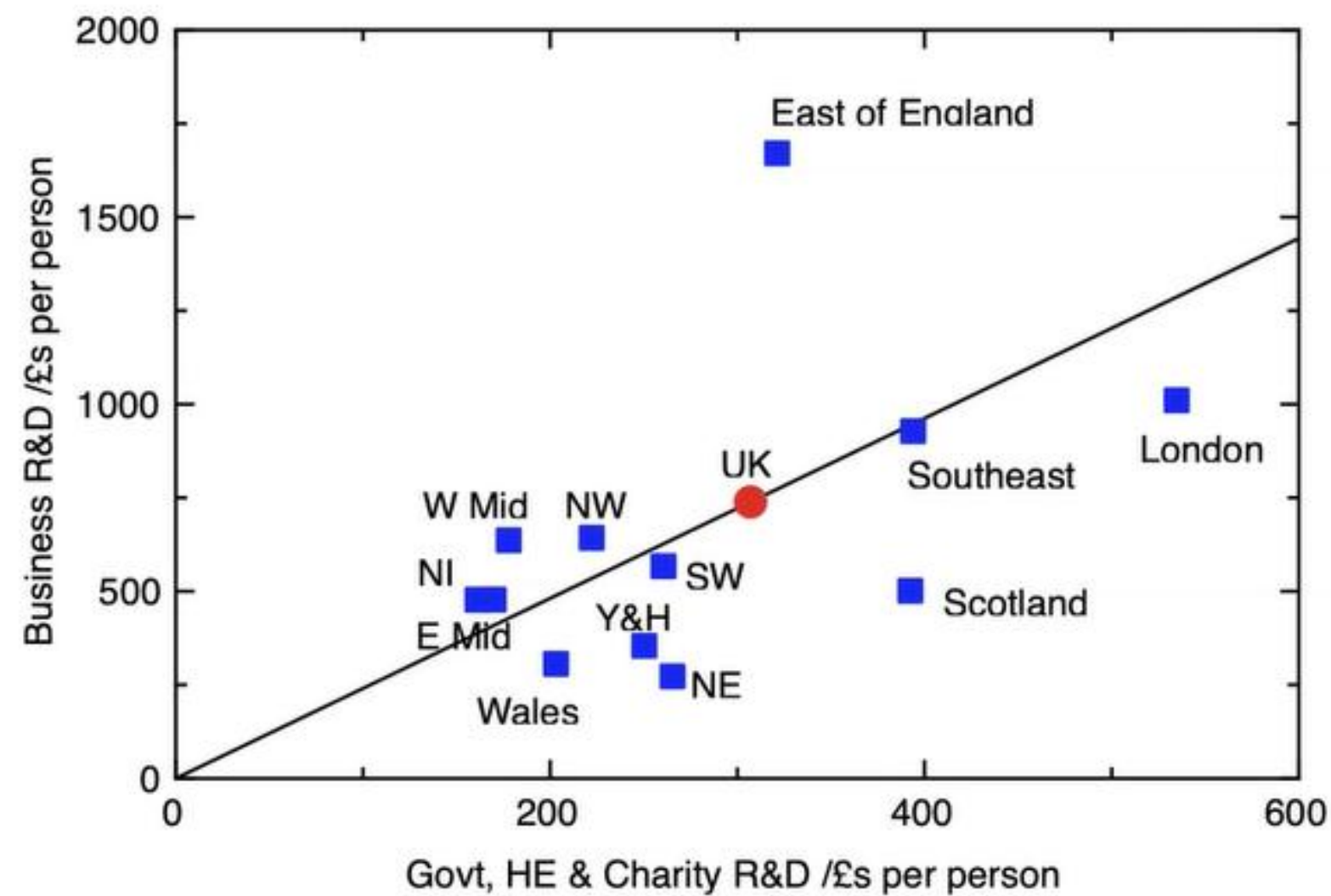
Labor Productivity in the large (1m to 5m population) OECD cities of North America and Europe.  
Plus London.



Tom Forth

Big cities in the UK drag the economy down...

# Revisiting “The Missing Four Billion”



Business vs Public  
sector R&D, 2022  
Incorporating ONS  
revisions to GERD



## Some history...

- Increased science spending promised in Autumn 2021  
Comprehensive Spending Review
- “Levelling Up” White Paper, February 2022





## “Innovation Accelerators” in the White Paper

BEIS will invest £100m between 2022-23 and 2024-25 to pilot **three new Innovation Accelerators**, in Greater Manchester, the West Midlands, and Glasgow City-Region, building on existing R&D strengths and strong local governance.

“

BEIS will invest  
£100m between  
2022-23 and  
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three new  
Innovation  
Accelerators

”



# Innovation Greater Manchester

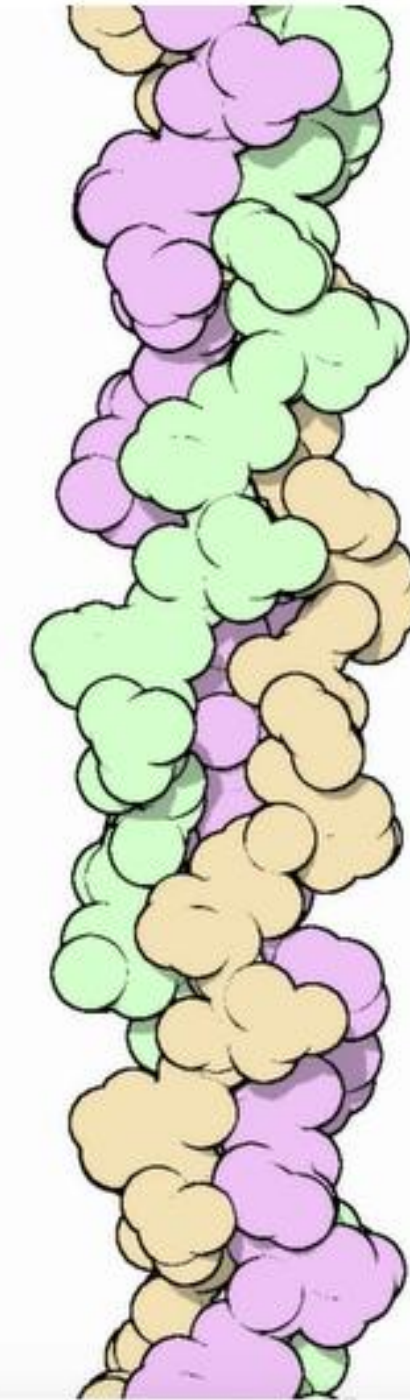
A private sector-led body to co-create innovation policy for the city-region with government agencies

Business:  
Representation from key sectors

Private Sector chair:  
Chris Oglesby  
(Bruntwood)

Public R&D  
5 GM universities  
cooperating  
through Civic  
University  
Agreement

Local government:  
GMCA,  
coordinate with  
skills, planning  
infrastructure  
Political  
leadership





The University of Manchester

# GM Civic University Agreement

Launched in September 2021, the **Greater Manchester Civic University Agreement** brings together the region's five higher education institutions and Greater Manchester Mayor Andy Burnham in a collaborative effort to drive social, economic and environmental change in our city region.

The Greater Manchester Civic University Agreement was signed by the Vice-Chancellors of the University of Bolton, the University of Manchester, Manchester Metropolitan University and the University of Salford, the principal of the Royal Northern College of Music and Greater Manchester Mayor Andy Burnham, alongside each of the 10 local authority leaders of the city region.



## Priorities:

- Education and Skills
- Reducing Inequalities
- Jobs and Growth
- Digital Economy
- Net Zero
- Creative and Cultural Economy





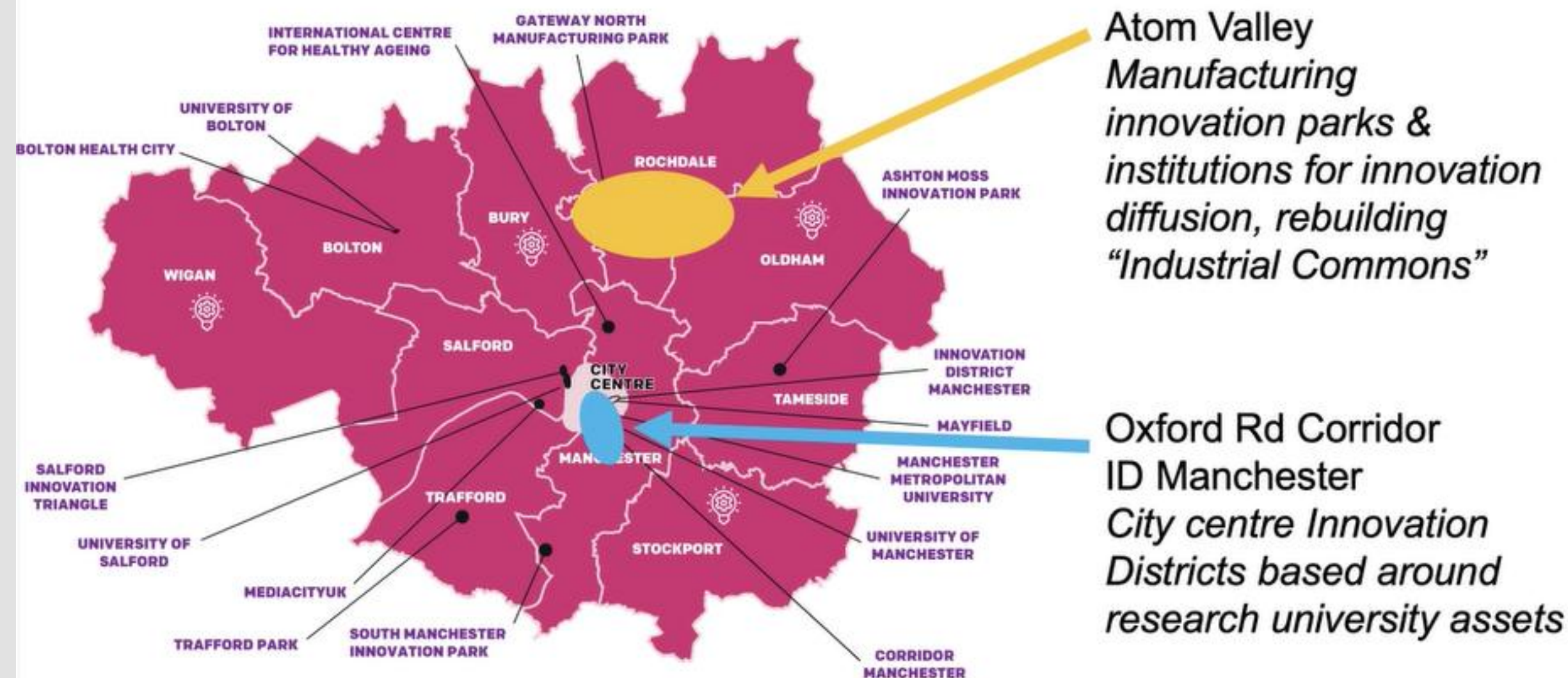
The University of Manchester

- An innovation plan agreed with government sets out a strategy:
- Frontier sectors:
  - Digital & Creative
  - Adv Manufacturing & Materials
  - Life Sciences
  - Net Zero

## GREATER MANCHESTER INNOVATION PLAN - EXECUTIVE SUMMARY

November 2022

# Geographies of innovation in Greater Manchester





## **SISTER: (Formerly ID Manchester)**

- £1.7 billion innovation district on the North Campus site
- JV with Bruntwood SciTech
- Masterplan approved
- Renold building repurposed as innovation centre





- Mayoral Development Zone linking sites in Bury, Rochdale, Oldham
- Goal – new high value manufacturing activities driven by innovation & skills
- Anchored by new Innovation Institutions
  - Advanced Machinery & Productivity Institute,
  - Sustainable Materials Translational Research Centre



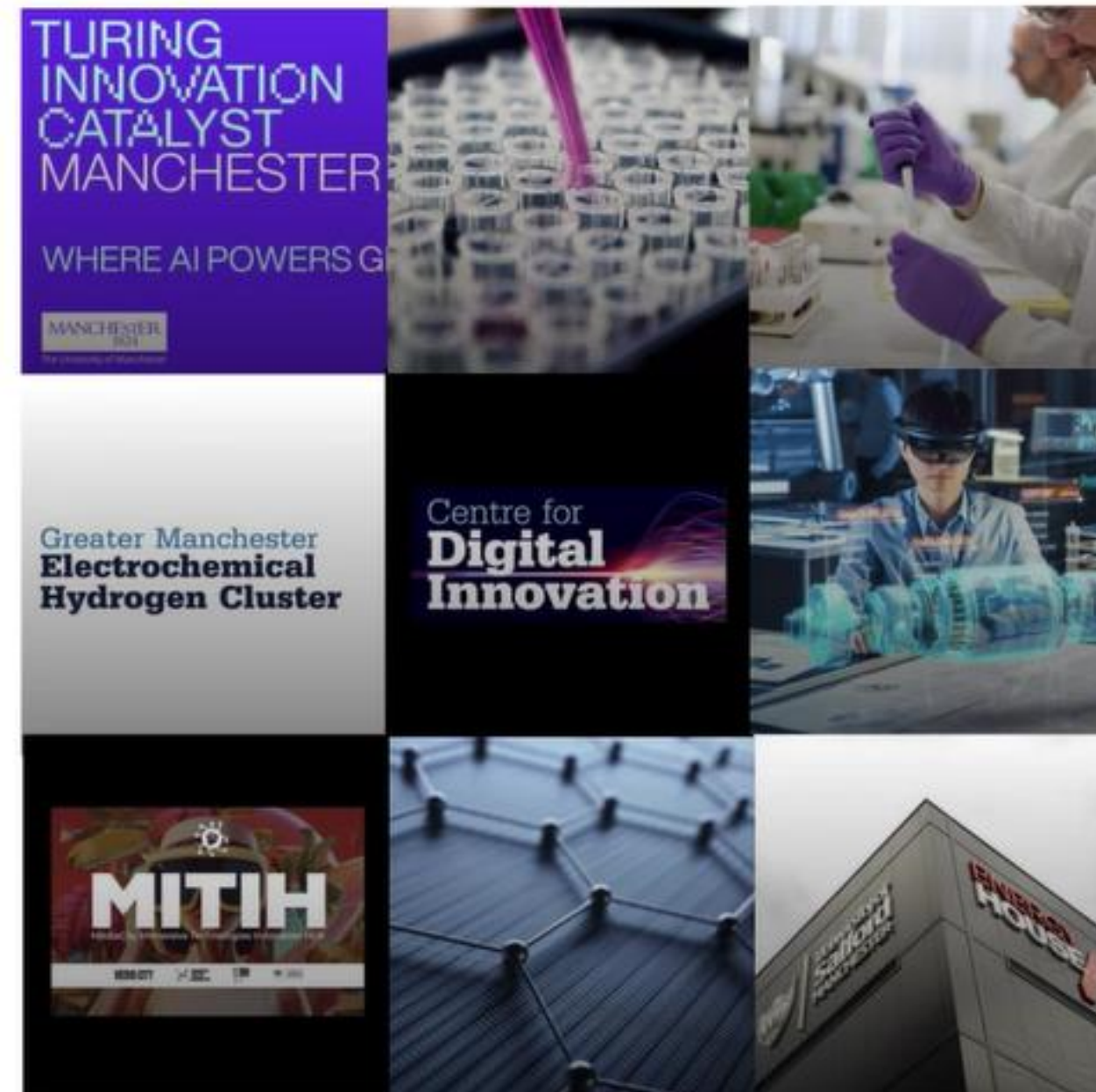


## **The economic imperative is to grow private sector R&D to create jobs & growth**

- 3 ways to grow private sector R&D
  - More spin-outs, spin-ins that scale-up in GM
    - ID Manchester -> Oxford Rd ecosystem
    - Northern Gritstone -> VC finance
  - More innovation & skills support for the existing business base
    - Key sectors: materials & mfg, digital, health/life sciences, net zero
  - Attract inward investment from international firms at technology frontier
    - Joined up translational research & skills landscape

## The GM Innovation Accelerator

- £33m of projects (+ private sector match), initially funded April 2023 - March 2025
- Covering all 4 frontier sectors
- Extended to March 2026





## **FE is crucial for innovation led productivity growth**

- Up to now, FE has been left out of the conversation about innovation
- This has been a huge missed opportunity:
  - For new technologies to be deployed, skilled & adaptable people are needed
  - Skilled & innovation literate people can spot the opportunities for innovation
  - We need to connect GM's innovation assets with the FE colleges and their employer networks

# Bringing FE Colleges into the innovation conversation



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## GMColleges Awarded £2.5m to Expand Innovation across the Region

Written on 15th February 2024

We are delighted to announce that our nine General Further Education colleges across Greater Manchester have been collectively awarded £2.5m to increase innovation support to businesses throughout the city region.



### **Innovation chapter:**

- a “*Strategic Innovation Partnership*” between GM and central government.
- greater partnership working between GM and UKRI,
- a formal opportunity to discuss GM’s science and innovation priorities with government science ministers.

## **Greater Manchester Combined Authority Trailblazer deeper devolution deal**

Subject to ratification of the deal by all partners and the statutory requirements referred to within this document, including public consultation, the consent of the Greater Manchester Combined Authority and its constituent local authorities, parliamentary approval of the secondary legislation implementing the provisions of this deal, and accompanying accountability arrangements.

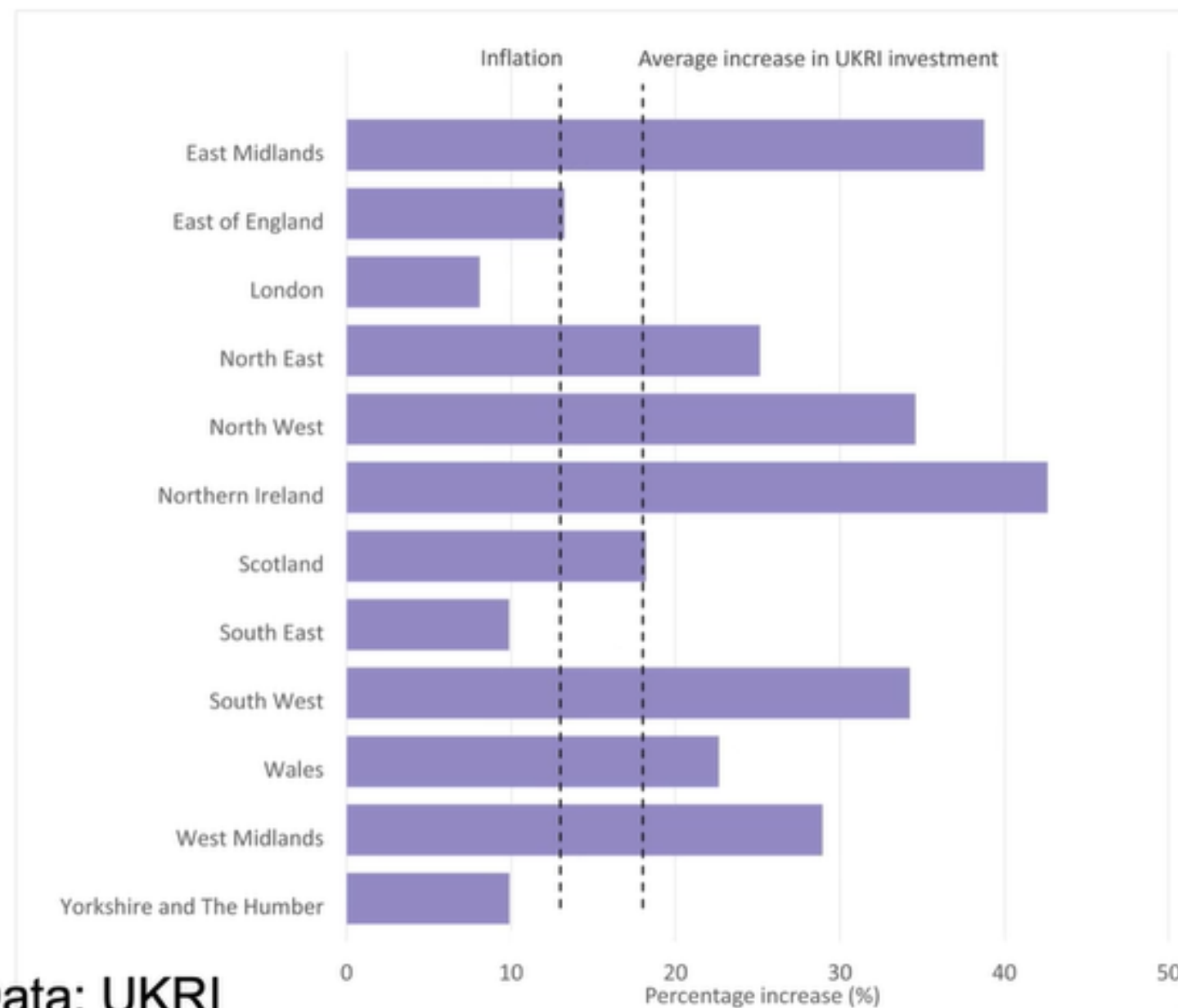
## UKRI and the place agenda

- The “*Strength in Places Fund*” was announced in 2017 in the Industrial Strategy White Paper. This was a competitive fund administered by Research England, which allocated £316m in two funding rounds to 12 projects. UKRI has decided not continue this scheme.
- The 2022 Levelling Up White Paper announced targets for increasing public R&D outside the Greater Southeast, and introduced a pilot programme for “*Innovation Accelerators*”, with £100m to be divided between West Midlands, Greater Manchester and Glasgow, to support innovation programmes aligned with those city regions’ economic strategies. One year continuation announced
- Innovate UK has assigned £80m for its “*Launchpad*” programmes, focused on developing regional clusters of sectoral strength. EPSRC has allocated £45m for “*Place based Innovation Acceleration Accounts*”, for programmes bringing together small scale interventions that promote commercialisation or adoption of new technologies in specific locations.
- All v small in a £8.9 bn budget



# Has any R&D rebalancing occurred?

**Figure 3: percentage increase in UKRI investment by ITL1 area, financial year 2023 to 2024 compared to the 2021 to 2022 financial year**



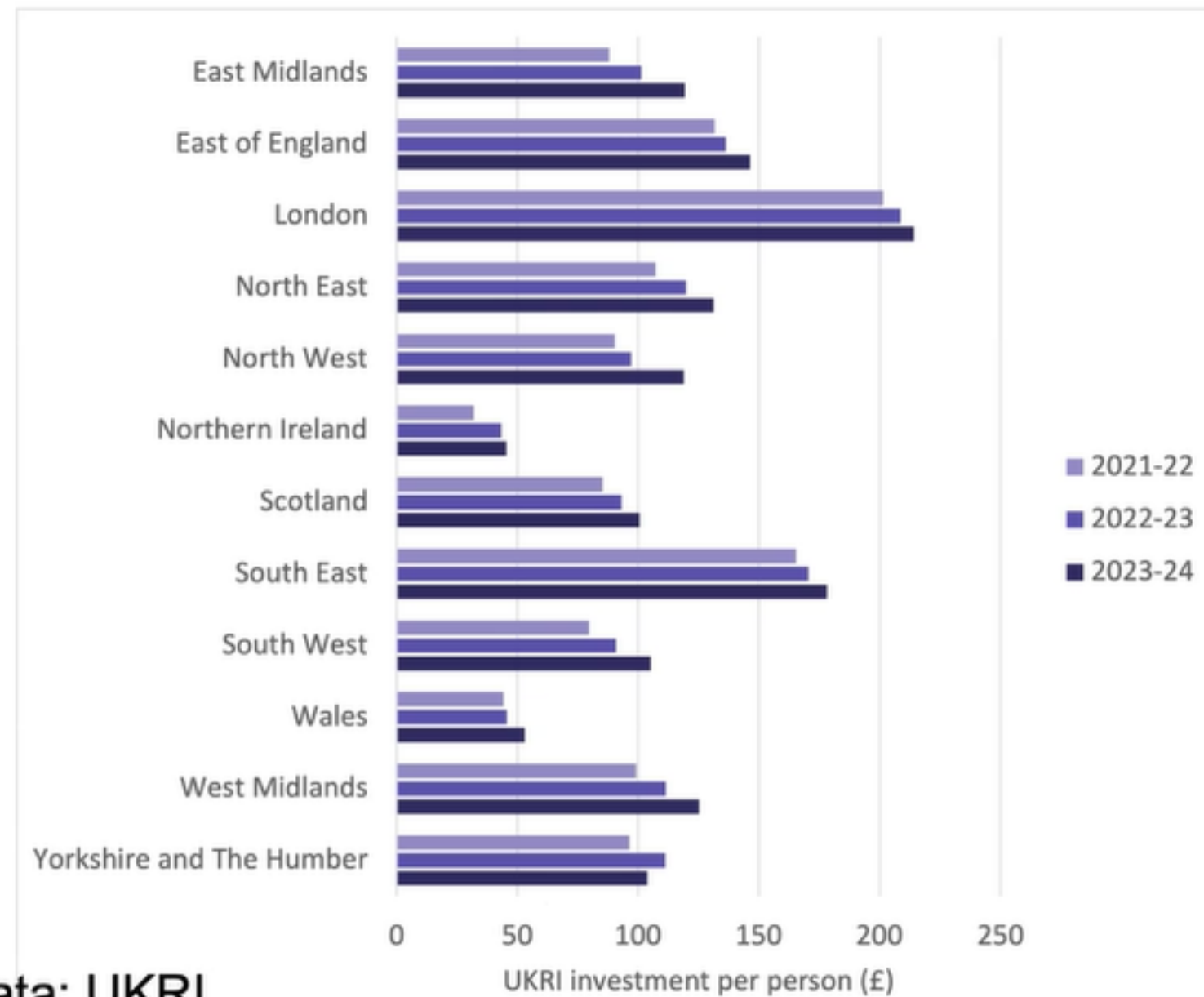
A little ... (but not in Yorkshire)

Data: UKRI

<https://www.ukri.org/publications/2022-to-2023-and-2023-to-2024-geographical-distribution-of-funding/geographical-distribution-of-ukri-funding-financial-years-2022-to-2023-and-2023-to-2024>

# The funding gaps remain...

**Figure 4: UKRI investment per person by ITL1 area, financial years 2021 to 2022, 2022 to 2023 and 2023 to 2024**



**Data: UKRI**

<https://www.ukri.org/publications/2022-to-2023-and-2023-to-2024-geographical-distribution-of-funding/geographical-distribution-of-ukri-funding-financial-years-2022-to-2023-and-2023-to-2024>





## AUTUMN BUDGET 2024

FIXING THE FOUNDATIONS TO  
DELIVER CHANGE

HC 295

October 2024

## THE GROWTH MISSION

### Rebuilding Britain

Economic and Fiscal Stability	Investment, Infrastructure and Planning	Place	People	Industrial Strategy and Trade	Innovation	Net Zero
Macroeconomic and financial stability, fiscal sustainability and policy certainty.	Higher public and private investment, improved infrastructure like transport, and planning reform.	Regional growth through investment, devolution and reform, and support for house building.	More people in good jobs, improved employment prospects, skills, and productivity.	An Industrial Strategy and a Trade Strategy to bolster growth-driving sectors and free, open trade.	Support for scientific breakthroughs, R&D, and the diffusion of technologies, including AI.	Net Zero delivered in a way that supports growth and captures economic opportunities.

### Fixing the Foundations

## Innovation:

**3.67** Supporting scientific breakthroughs and spurring innovation are central to progressing the government's missions to rebuild Britain and to delivering the Industrial Strategy. The UK has extraordinary strengths in science and innovation, however we are not doing enough to capitalise on these strengths. The government will support R&D and the adoption and diffusion of innovation across the country to drive a sustained increase in productivity and improve citizens' lives.

**3.70** The government will ensure these benefits are felt across the country, including through Innovation Accelerators, which the government will extend into 2025-26 to continue to bolster high-potential innovation clusters in the Glasgow City Region, Greater Manchester, and the West Midlands.



MANCHESTER  
1824

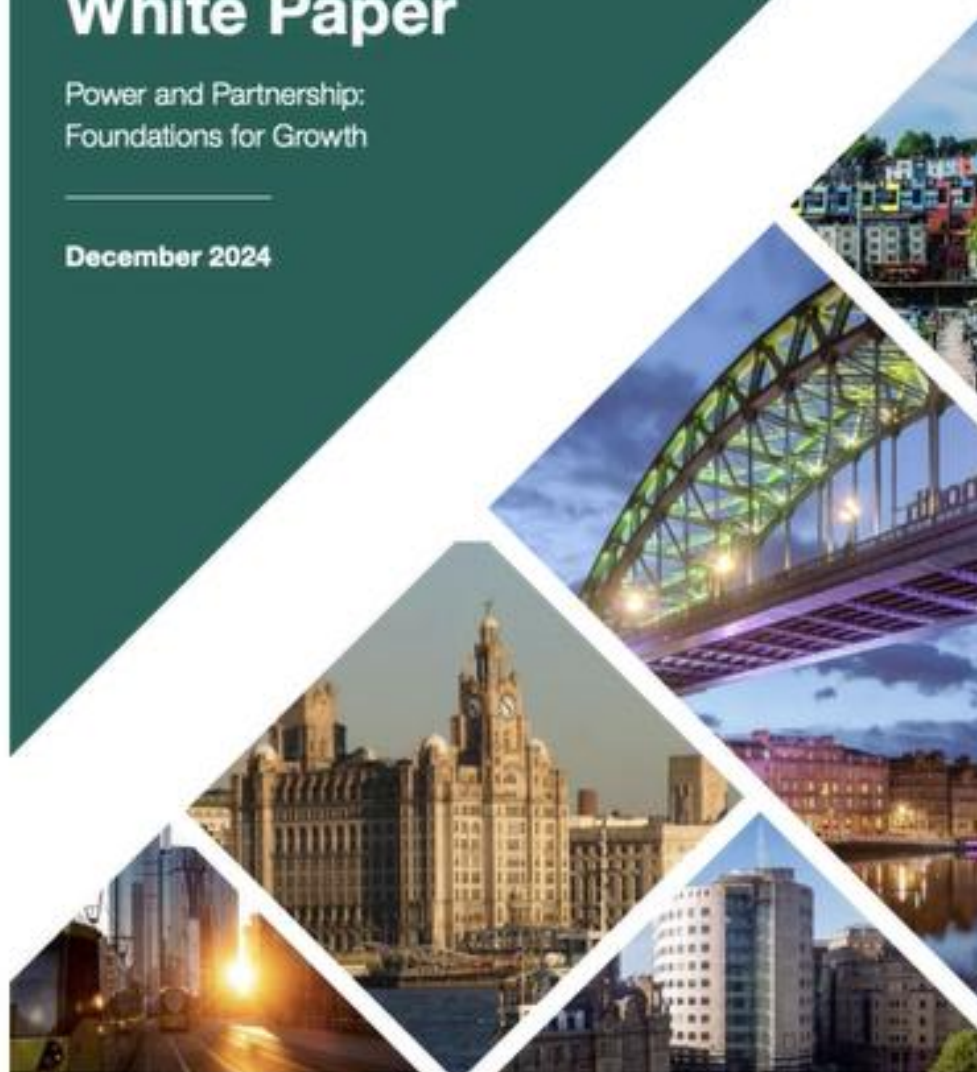
The University of Manchester

  
Ministry of Housing,  
Communities &  
Local Government

## English Devolution White Paper

Power and Partnership:  
Foundations for Growth

December 2024



### Strengthening local innovation ecosystems

A strong local network of public and private institutions focused on R&D, innovation, and the diffusion of ideas is one of the factors which sets highly productive local economies apart. We want to support more local leaders, working in partnership with businesses and universities, to unlock their regions' innovation potential – ensuring everyone benefits from innovation-led growth.

The government will build on existing commitments to support effective innovation partnerships by empowering regional innovation decision-making through stronger direct connections with UK Research and Innovation. This will include:

- Building on the lessons learned from the successful innovation accelerator pilots, we will work with Established Mayoral Strategic Authorities to develop a future regional innovation funding programme as part of the second phase of the Spending Review. This will allow local leaders to develop bespoke innovation support offers for their regions and deliver these in partnership with UK Research and Innovation, based on their capability and the maturity of their local innovation ecosystems.
- UK Research and Innovation extending its regional partnerships and network of embedded points of contact with Mayoral Strategic Authorities that are committed to work collaboratively on innovation, ensuring they are strategically involved in the development and delivery of future strategies and investments.
- Innovate UK collaborating with all Mayoral Strategic Authorities to produce joint plans that shape long-term innovation strategies and investments in places.
- Publishing UK Research and Innovation data on the location of investments to help Strategic Authorities to understand publicly supported innovation activity in their region and how to best take advantage of it.
- Establishing annual engagement between the Mayors of Established Mayoral Strategic Authorities and the Science Minister, plus more regular senior engagement with UK Research and Innovation senior leaders.
- Consulting with Established Mayoral Strategic Authorities on the development of relevant Department of Science, Industry and Technology and UK Research and Innovation strategies.



## Questions...

- Doubling down on the growth agenda...
  - Growing already productive places:
    - OxCam Arc
  - Or sorting out our unproductive 2<sup>nd</sup> cities?
    - How many?
    - What about the “Red Wall”?

## Possible ways forward

- No significant change to current funding arrangements, perhaps with small measures to increase connectivity between regions.
  - Here, the reality is that doing the same thing will produce the same result, with no significant impact on regional economic imbalances.
- Create and scale-up new place based funding instruments in UKRI
  - Here there will be inevitable tensions to be managed between place based funding and preserving a focus on “excellence” – perhaps with some reconsideration needed of the different dimensions of that slippery term.
- Build regional capacity with new capital investments
  - This may be difficult in a fiscally constrained environment, and in any case there needs to be careful consideration of the match between the aims of new institutions and the needs of regional economies.
- Devolve some innovation funding to cities and regions
  - This needs to cope with the patchy nature of the English devolution settlement, in which the capacity to make good spending decisions on innovation funding varies widely, and to ensure mechanisms to avoid unnecessary duplication and ensure that investments contribute optimally to the overall UK R&D landscape.