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 aimed at Higher Education professionals planning ESIF projects. To find out more, visit

yuta.yorkshireuniversities.ac.uk
Why should universities work with local partnerships to deliver ESIF strategies? The central benefit of engaging with ESIF is complementing investment in core activities which can attract Research Council and Horizon 2020 funding, along with demonstrable impact in REF terms. The new programme offers important new opportunities through the European Social Fund to invest in postgraduate skills, knowledge exchange, employability and widening participation, enabling universities to strengthen their offer to students, local employers and local communities. Finally, the new programme has made some real strides on simplification, addressing problems that have discouraged universities from working with ESIF in the past.

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 investors in supporting regeneration

How should local partnerships and universities work together?

The mindset with which universities and local partnerships approach the ESIF dialogue is critical. Relationships where the universities are trusted partners in a local growth strategy are invariably more effective than those which operate on a transactional, buyer-seller basis. Universities which can demonstrate their ambitions to contribute to local economic growth, rather than simply to seek additional sources of funding, are also more likely to find favour with funders.

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 research expertise in local economic development and can second staff to local partnerships, an effective way to build relationships and understanding.

Universities are also major investors in their local areas and can be an important source of match funding for local ESIF delivery. This could put universities in a strong position as the programme develops if, as expected, it proves difficult to find other sources of public match.

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 ESIF partnerships and the delivery organisation. Yorkshire Universities’ good practice guide identifies five particular types of ESIF project in which universities have a proven track record:

- **R&D centres** collaborate with industry to create and strengthen clusters of commercial excellence, particularly aligned with local Smart Specialisation priorities. Examples include the Graphene Institute at the University of Manchester, the Environment and Sustainability Institute at the University of Cornwall and several centres which are part of the Advanced Manufacturing Research Centre in Sheffield.
- **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, J. M. Birkbeck Innovation Centre in Huddersfield, Danesbury Science and Technology Park, the Cornwall Innovation Centres and Re:Centre at Bradford.
- **Collaborative PhD and Masters programmes** support research projects specified 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.
- **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: examples include 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 opportunities for local partnerships and universities to work together to deliver a broader range of development activity including

- Social innovation
- Developing the low carbon economy
- Higher level skills
- Widening participation to drive social inclusion
- Developing students’ enterprise and employability skills

How can senior players maximise the impact of ESIF for their institutions, their partners and their local economies?

- Identify your strategy for institutional engagement with ESIF and how it will impact on your institution.
- Create a small number of key priorities for the activities you want to offer. Embed this in your institution’s strategy and communicate this with staff and partners.
- Develop strong and multi-layered relationships with local LEPs, as board members and on working groups for innovation and skills; if these groups don’t exist, consider helping to create them. Could you second university staff to LEP/ESIF teams?
- Support and encourage academic and professional staff to engage with ESIFs. Promote thinking beyond traditional technology and research activities: competitions or awards could encourage fresh ideas.
- Think clearly about how your institution spots opportunities, develops bids and manages projects. Is your infrastructure up to the task? How could it be strengthened?
- How does ESIF sit alongside other funding streams such as HEIF and Catalyst? How can they be used together? How can staff be encouraged to think more broadly about the opportunities?