

Cambridge  
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# Developing place-based research and innovation policy as part of the industrial strategy

Presentation to the Workshop on Place-based Industrial Strategy



HM Government

# Industrial Strategy

Building a Britain fit for the future

November 2017

*“Our cities, towns and rural areas have competitive advantages that will be essential to shaping our economic future. Yet many places are not realising their full potential.”*

(HM Government, 2017, p. 216)





HM Government

# Industrial Strategy

Building a Britain fit for the future

November 2017



*'We are launching a new competitive £115m Strength in Places Fund to support areas to build on their science and innovation strengths and develop stronger local networks.'*

How can UKRI play an active role in the UK government's commitment through the industrial strategy to reducing spatial disparities in economic performance across the UK?

# INNOVATING PLACES

Investing in Local Research and Innovation to Build Local Industrial Capabilities to Enhance Local Economic Benefits

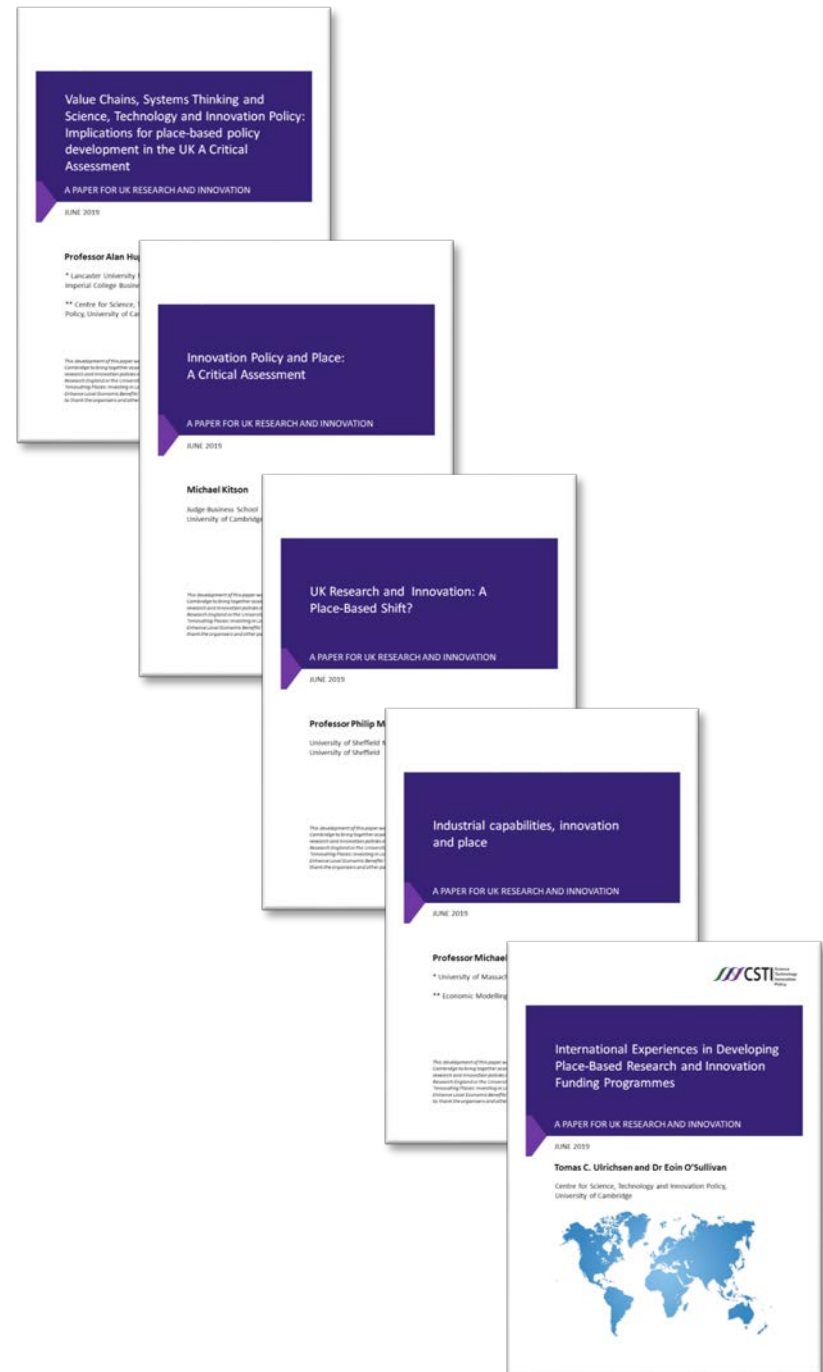
A REPORT FOR UK RESEARCH AND INNOVATION

JUNE 2019

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# UK context: an outlier amongst large industrialised nations

*“The productivity variations within the UK ... are as large as the whole of the Eurozone! Moreover, these enormous variations occur in a country the size of the US state of Wyoming. No other large industrialised country faces such productivity inequalities over such a tiny space.” (McCann)*

- Significant spatial economic decoupling of UK over past decades
- Even within more ‘successful’ regions, significant variation in economic performance across places
- UK has most centralised, top-down governance system of any large, industrialised country – wholly inappropriate for type of economy
- Distinct lack of governance capability at the sub-national level to design & implement place-based innovation policies
- UK innovation policy historically focused on innovation generation of tech rather than diffusion & use of innovations –



# International Experiences in Developing Place-Based Research and Innovation Funding Programmes

A PAPER FOR UK RESEARCH AND INNOVATION

SEPTEMBER 2019

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**To explore the nature and variety of place-based research and innovation funding programmes in other countries, in order to stimulate thinking about potential options in terms of objectives, instruments, and investment criteria/metrics**

# Emerging key observations

- Approach and focus
- Variety in programmes along range of dimensions
- Practical aspects of programme delivery

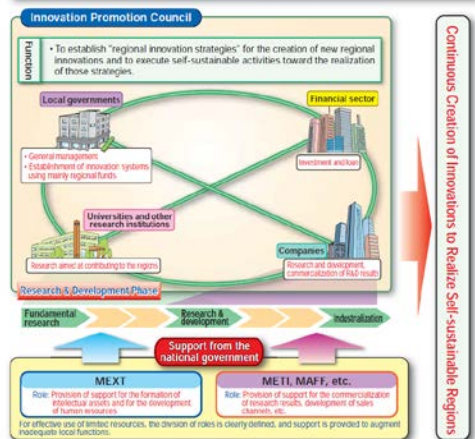


# EPSCoR

Established Program to Stimulate Competitive Research



Regional Innovation Strategies Program  
the Office of INNOVATION and ENTREPRENEURSHIP





# Approach and focus



- Approaches range from *local value creation for local value capture* to *local value creation for national value capture...*
  - Importance of alignment with **local** innovation strategy or **national** technology/sectoral priorities
- **Differentiated programmes for different local economic contexts** (tailored to e.g. capacity building for less-favoured regions, developing leading clusters, securing global position of existing clusters)
- Facilitate / **encourage inter-regional linkages**, particularly where capabilities to unlock local value capture are located elsewhere
- **Efforts to align national and regional programmes** for funding of other necessary activities that are not core focus of primary funder (e.g. aligned technology and workforce development) – requirements can be ‘hidden’ in national programmes

# Variations between programmes



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Local value creation for local value capture	↔	Local value creation for national value capture
Generic regional underperformance in R&I	↔	Targeting particular regional R&I capabilities and industrial opportunities
Research & technology 'push'	↔	Industry innovation needs 'pull'
Building capabilities and critical mass	↔	Connecting capabilities and nurturing 'ecosystem'
Limited to within region boundaries	↔	Facilitating connectedness to other regions
Regional government as administrator	↔	Regional government as applicant / cost share partner
Single agency or ministry	↔	Multi-agency or multi-department
Single mechanism (e.g. research grants)	↔	Multi-mechanism (research, skills, infrastructure, network-building)

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# Regional innovation policies

## Criteria / considerations for effective cluster funding



Cluster funding addresses ‘technology-political constellations’ which are characterised by the following factors:

- The development of technologies to be funded is **marked by a spatial agglomeration of relevant companies** and public research organisations
- The addressed technologies are at a **stage where a technological breakthrough is to be expected** in the foreseeable future
- The clusters to be funded exhibit a **critical mass of relevant innovation capacities** that may be expected to play a major role with regard to the development of the relevant technologies or industries in the future
- The cluster initiative to be funded is supported by **strong commitment of the stakeholders** it represents
- The technologies and industries in question have **significant importance for the total economy**

# Key conclusions from project

- Need to align distinctive innovation capabilities with distinctive local industrial value capture opportunities for spatial competitiveness
  - Importance of shifting to ‘outcomes’ based approach to place-based policy
  - How can we generate necessary evidence for place-based approaches?
  - Need to find ways of linking evidence on innovation capabilities and industrial value capture opportunities in particular place
- Innovation capabilities are more than just technology development...
  - More than just generating new technologies – also about development, diffusion AND use
  - More than just new technologies – requires workforce development, supply chain development...
  - More than just universities... RTOs/Catapults, FE colleges, ...
- Implementation of place-based industrial strategies – how can local strategies take advantage of key R&I funding programmes such as Strength in Places Fund and *assemble & integrate the necessary suite of funding mechanisms* to support the needs of a particular place?



# Key conclusions from the project

- **Local governance capability** to develop and deliver LIS is critical
  - Develop/access evidence to identify place's innovation capabilities, role in industrial value chains, benchmarking,...
  - Align innovation capabilities with local value capture opportunities
  - Manage and deliver place-based strategies

**Major challenge** for UK place-based policy development:

Compared with other large industrialised economies, **UK is significantly lacking in this respect**





*Thank You*

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