

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

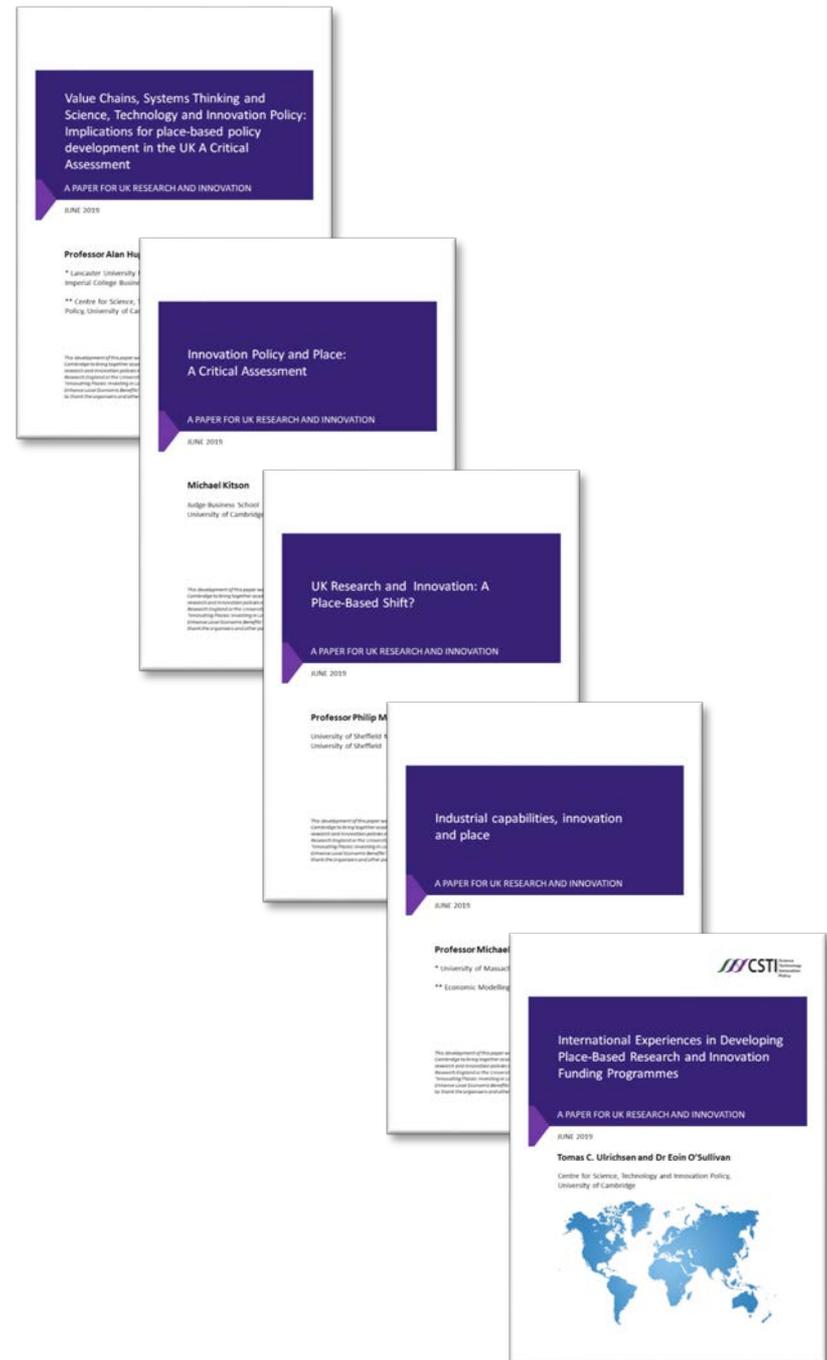
A REPORT FOR UK RESEARCH AND INNOVATION

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

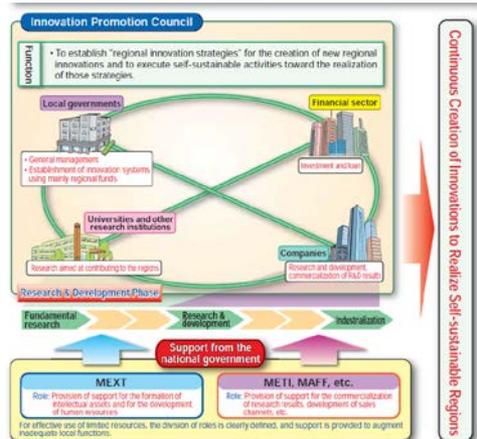


EPSCoR

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



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)

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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