

Summary Report

Smarter Regions Smarter Britain: Boosting regional growth through universities

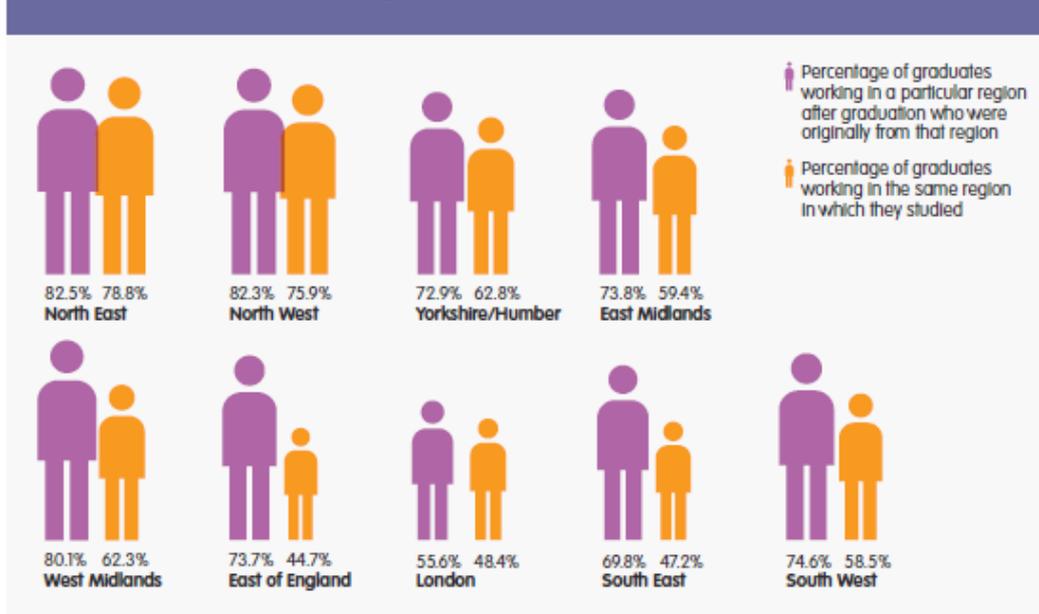
Smarter Regions Smarter Britain published by the university think-tank million+, sets out a manifesto to tackle the sharp variations in regional growth in the UK. The report argues that a new strategy is needed to harness the existing strength and potential of universities to boost growth in the regions and calls on the government to:

- develop strategies to tackle variations in regional educational attainment and participation in higher education
- use receipts from the sale of the student loan book to boost work-based university courses, opportunities to study part-time and to fund 50,000 additional postgraduate places linked with professional, industry and public-service based programmes
- introduce a system of tax credits and vouchers to enable businesses to better use the talents of students and recent graduates
- establish a new fund for translational research to be accessed by universities receiving lower levels of public research funding
- provide all universities that have research degree awarding powers with funding for research infrastructure
- ensure that innovation voucher and Knowledge Transfer Partnership schemes are responsive to the needs identified by small businesses in their regions, rather than centrally determined priorities
- increase the value of the Higher Education Innovation Fund and change the criteria to ensure all universities benefit
- create a new Small Business Agency with a regional focus that reports directly into the Department for Business, Innovation and Skills
- use the new Business Bank to raise equity and debt finance within the regions to increase investment in university-business collaboration
- evaluate the effectiveness of Local Enterprise Partnerships to ensure coherent coverage and activity across regions, increased university representation on LEP Boards, and promotion of university-business collaboration

Increasing participation at university

There are stark variations in university participation across the country (in some areas the proportion of people with graduate level skills is less than 35%), but by analysing graduate destinations *Smarter Regions Smarter Britain* confirms that universities play a key role in their regional economies. Despite these differentials in attainment, in regions outside of London and the South East, significant numbers of graduates live and work in the regions in which they studied. For example, in the North West 76% of graduates in employment studied in the region; in the North East this rises to 79%.

Figure 2: Graduate destinations by region



¹⁶ million+ / London Economics What's the value of a UK degree? Jan 2013

¹⁷ million+ + analysis of HESA UK domiciled leavers in employment within the UK by level of qualification obtained, region of institution and region of employment 2011/12

The regional economic benefit of graduates: How graduates can boost regional growth

Using new modelling the report illustrates the link between graduate supply and regional growth and highlights the economic impact in each region arising from the graduates who obtain employment in the region in which they have studied. Importantly it confirms that the majority of the economic impact generated by universities through the education of graduates in the regions takes place in the regions.

For example, per year, from a single cohort of graduates, universities in the North East generate £1.7 billion, and £1.3bn – or 80% of this – is generated by those who obtained employment in the North East after graduation (Figure 3). This economic impact is achieved despite the lower regional participation and attainment rates already noted. Incentivising and encouraging participation in higher education in the regions is therefore likely to have positive outcomes in terms of regional growth as well as having wider positive spill-over effects for employers and regional economies.

Figure 3: Total economic impact generated by Higher Education Institutions (£million p.a.)

	Location of HEI								
	North East	North West	Yorkshire/Humber	East Mid	West Mid	East of England	London	South East	South West
Impact on									
North East	1,377	113	237	51	32	54	343	89	26
North West	98	3,324	308	145	211	104	552	164	70
Yorkshire/Humber	151	469	2,151	332	163	176	703	201	76
East Midlands	29	139	239	1,478	314	311	889	324	85
West Midlands	14	132	69	179	1,650	135	553	237	133
East of England	11	31	33	71	37	1,113	919	191	34
London	20	55	50	70	75	328	5,027	679	101
South East	17	50	45	84	106	330	1,890	2,305	273
South West	14	48	44	63	151	142	941	523	1,411
Total	1,731	4,361	3,176	2,473	2,739	2,693	11,817	4,713	2,209
% of income generated retained in the region	80%	76%	68%	60%	60%	41%	43%	49%	64%

Source: London Economics' analysis of Labour Force Survey and Destination of Leavers from Higher Education ©EuroGeographics for the administrative boundaries.¹⁹

Increasing the numbers of highly skilled graduates

The government should set regional goals to improve the number of people with high level qualifications and use receipts from the sale of the student loan book to promote work-based university courses, new opportunities to study for a degree later in life and fund 50,000 additional postgraduate places linked to part-time courses with a professional, industry or public service focus.

Promoting regional growth through translational research

Smarter Regions Smarter Britain calls for regional growth to be boosted by a new stream of funding for translational research and points out that despite the government cash-limiting the budget for university research at the same level since 2010, a small minority of universities received 1.4% more funding in 2012 than in 2009, while all other universities suffered reductions.

The report concludes that this is limiting the potential for universities to work with employers and the not-for-profit sector and is undermining regional capacity to support high quality near-to-market research. The report also proposes that the government emulate the policy of some Nordic countries and guarantee that all universities with research degree awarding powers receive funding for research infrastructure.

Boosting demand

The report argues that it will not be enough for the government to boost the supply of highly qualified people in the regions and that it will be important to stimulate demand and support small businesses and the creative industries as well as larger companies.

The report criticises current innovation voucher and knowledge transfer partnership schemes for being 'centrally directed' through the Technology Strategy Board. It proposes that new schemes for tax credits, innovation vouchers and knowledge transfer partnerships should be established to support employer provision of paid internships and graduate placements, university-business collaboration and allow universities to respond more quickly to the needs of local businesses.

Maximising the contribution of regional organisations

Following the abolition of the Regional Development Agencies and the creation of 39 Local Enterprise Partnerships (LEPs) since 2010, *Smarter Regions Smarter Britain* concludes that there is a strong case to review the effectiveness of the LEPs and promote more collaboration.

The manifesto also supports the setting-up of a Small Business Agency modelled on the agency established in the US by the Obama administration which has a clear regional focus and also recommends that the new Business Bank should have a regional remit.

A fairer, smarter Britain

The manifesto for the regions outlines the measures that government should adopt to tackle regional variations in attainment, promote innovative partnerships and translational research and support businesses to grow. It shows how the government can use the strength and potential of universities to boost regional growth and unlock the talent and ambition to create a fairer, smarter Britain.