



3rd May 2013

Sir Andrew Witty's Independent Review of Universities and Growth

The Government has invited me to undertake an independent review to explore how universities can support growth by working with organisations such as Local Enterprise Partnerships (LEPs), as the local bodies responsible for setting strategies to drive economic growth across the country.

The purpose of the review is to focus on how universities can drive growth in their areas and for the benefit of the wider UK, and to disseminate knowledge and best practice. It is a good time to examine this question: the Government has recently brought forward its industrial strategy, identifying sectors and technologies likely to be central to our economic future, and I intend to focus in particular on what will enable these sectors and technologies to derive the fullest benefit from universities to drive economic growth.

Our universities have a worldwide reputation and make a valuable contribution to innovation and economic growth through a wide range of activities. They are one of the major sources of knowledge generation for the UK and are national and local assets supporting innovation and growth. They have a fundamental value in the creation and transmission of knowledge. Added to this they can act as centres of economic activity in their own right, often being among a region's biggest employers, and supplying the local and national economy with thousands of skilled workers each year.

I come to the Review with two hypotheses: first, that the strongest basis for regional economic growth is activity rooted in a sound understanding of a locality's comparative economic advantage; and second, that much of the UK's comparative economic advantage in the twenty-first century could be derived from our universities, and in particular from world class research in fields relevant to the Industrial Strategy sectors and technologies. I want to test these hypotheses during the Review.

I use these terms broadly. I include excellent publicly funded research taking place in institutions which are not universities, including for example on our Science and Innovation Campuses and other Research Institutes. I will take account of the wider range of innovation and business related activities that universities undertake to support economic growth. I also take it as read that local economic strength is frequently based in activities not confined to one place – ours is a relatively small country with interconnectivity across geographical areas, and collaboration across these areas is important.



There has been a significant body of work undertaken in this area recently, notably the reviews by Lord Heseltine and Sir Tim Wilson. I will take the findings of these reviews and the Government's responses to them into account, but I do not intend to re-examine the questions already covered in them. I will be making recommendations on how we can maximise the broader contribution of our universities to innovation and growth in their own regions, and how incentives and support systems could be aligned with the Industrial Strategy to ensure the best outcome for the UK as a whole. I will also explore how EU structural and investment funds can spur the contribution to economic growth of universities working with businesses and how we can raise our game in securing the commercial benefits of breakthroughs in UK universities for the UK.

I would welcome evidence on these issues and on the role you think universities can play in supporting growth in their local areas and at a national level taking account of the Government's industrial strategy. The main focus of the review and its recommendations will be on England; however there may be useful lessons to be drawn from Scotland, Wales and Northern Ireland and, indeed, wider afield, and I would welcome any contributions from outside England.

I will publish my report later this summer.

I attach a list of questions on which I would welcome contributions. I would also be interested in views on my hypotheses and would welcome any other evidence you believe we should consider. I am grateful to Universities UK who have kindly agreed to assist me by coordinating the participation of universities in this consultation, and by collating and analysing responses from universities. Other organisations or individuals are invited to contribute and should send their responses direct to the address below.

The full terms of reference of the review are attached at Annex A for reference.

Please send your responses to universitiesandgrowth@bis.gsi.gov.uk by 31 May 2013.

Sir Andrew Witty



Questions

If you have quantitative data that backs up your views, and you would be willing to share it with the review team, we would be grateful to receive it.

We would be particularly interested in any strong case studies that illustrate examples of good practice or successful ventures in any of the areas set out below.

Universities and the industrial strategy

1. In what ways are universities contributing to the sectors and technologies in the Government's industrial strategy?
2. Are there ways in which they could contribute more?
3. What more could be done to maximise the associated benefits to local economies?

Universities, comparative advantage and local plans

4. How can we ensure that LEP strategic growth plans take account of the opportunity to derive global comparative advantage from world class research in some universities?
5. What connections need to be in place between LEPs, industry and universities to ensure regions can exploit the opportunities offered by comparative global advantage?
6. How can universities best work with LEPs and other local actors to drive economic growth, based on their own strengths or the industrial or commercial strengths of the region?
7. What are the types of connections and collaborations that have most impact for regional economic growth?
8. How can EU structural and investment funds spur the contribution to economic growth of universities working with businesses?

Collaboration and coordination

9. How can we ensure that there is collaboration and coordination in LEP strategic growth plans where that is mutually beneficial?
10. How can central Government best promote effective collaborations while building on local leadership of the local economic growth agenda? What incentives could be added to the current range of programmes?

Reaping the benefits

11. How far is it true that the commercial benefits derived from breakthroughs in UK universities often go outside the UK?
12. If so, what measures, incentives or support systems would secure more of the commercial benefits for the UK?



For information

The 11 Industrial Strategy Sectors and their aims are:

1. Aerospace: to maintain existing UK market share and secure UK employment;
2. Civil Nuclear: to increase inward investment in the energy supply chain;
3. Oil and Gas: to increase inward investment in the energy supply chain;
4. Offshore Wind: to increase inward investment in the energy supply chain;
5. Agri-tech: developing and exporting innovative technologies e.g. in food security;
6. Education: to grow UK education exports;
7. Information economy: to optimise ICT use by business;
8. Automotive: to repatriate supply chain and exploit low carbon technologies;
9. Construction: to improve competitiveness and productivity to support increasing exports;
10. Professional business services: targeting export opportunities in developing countries; and
11. Life Sciences: Strategy already published in December 2011; one-year-on report in December 2012

The eight great technologies are:

1. Big data and energy-efficient computing
2. Synthetic Biology
3. Regenerative Medicine
4. Agri-Science
5. Energy Storage
6. Advanced Materials and Nano-technology
7. Robotics and Autonomous Systems
8. Satellites and commercial applications of Space technology.



**Independent Review by Sir Andrew Witty of Universities in their Local Communities:
Enabling Economic Growth**

Terms of Reference – April 2013

The purpose of the review is **to focus on how universities can drive growth in their areas and for the benefit of the wider UK and to disseminate knowledge and best practice.**

The review should build on the Wilson Review of Business-University Collaboration, taking into account developments since the Wilson Review was published including:-

- a) the development of the Government's industrial strategy;
- b) developments in the local economic landscape including the Government's response to the Heseltine Review;
- c) developments in the EU's approach to structural funds including "smart specialisation".

It should explore the range of ways that universities contribute to their local economies including as agents of research and innovation, as providers of skills, employers, purchasers of goods and services, and as facilitators bringing people together. It will explore the link between global comparative advantage, regional excellence and how to create an integrated strategy between the local and national players – all building on the already established industrial strategy.

It should take into account the ways in which university collaboration with both large businesses and SMEs can contribute to their local economies.

Questions the Review Might Wish to Explore:

The questions below are intended to provide a guide to the areas the Review might wish to explore.

1. Where universities provide the UK with global comparative advantage, how can we make sure that local economic development plans reflect these strengths?
2. What are the strengths of universities and how can we harness the diverse contributions that universities make?
3. Taking account of their diversity, how can universities best work with LEPs and other local actors to drive economic growth?
4. How can central Government best promote effective collaborations while respecting local leadership of the local economic growth agenda?



Regional scope

The main focus of the review and its recommendations should be on England; however there may be useful lessons to be drawn from Scotland, Wales and Northern Ireland and, indeed, wider afield. The review team is encouraged to engage with the governments of Scotland, Wales and Northern Ireland.

Reporting

The report findings will be presented to the Business Secretary and Economic Affairs Committee, in the summer, to ensure that the findings can inform LEP strategic plans and EU investment plans.

Background

The Wilson Review of Business-University Collaboration included a chapter on *Universities in their local communities: enabling economic growth*. A key finding was that LEPs have a key role to play in local economic growth and have the potential to be invaluable in helping universities improve their collaborative relationships with business, especially in supporting ambitious SMEs, a market that many universities find challenging. The report stated that the potential of LEPs needs to be realised if universities are to contribute to local economic development in an optimal manner.

Since the Wilson Review, the Government has further developed its approach to industrial strategy, emphasising the importance of partnership working between government and industry with an initial focus on 11 sectors and eight technologies in which Britain has the potential to be globally competitive.

On 18 March 2013, Government announced that LEPs are being tasked with taking on a much greater role in driving economic development. Specifically, they will develop multi-annual strategic plans for their area and will have access to greater resources and levers decentralised from Whitehall. A majority of the EU structural funds for England in 2014-20 will be nominally allocated to LEPs, who will develop EU investment plans as part of their overarching strategic plan. The plans will have to address the key EU funding priorities, a major one of which is innovation, through the lens of an EU-wide approach to 'smart specialisation'

The review is therefore a timely opportunity to build on previous work, in the light of the significant new role that Government envisages for LEPs from April 2015.