



## Lancashire Enterprise Partnership Limited

**Private and Confidential: NO**

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### Update on Science and Innovation Audits

**Report Author: Professor Mark E Smith, Vice Chancellor of Lancaster University**

#### **Executive Summary**

Government is inviting Expressions of Interest (EOI) from local partners and LEPs with a view to forming consortia capable of undertaking Science and Innovation Audits (SIAs).

This report briefly sets out the policy context and purpose of SIAs, and seeks Board approval for developing Lancashire's approach to developing an EOI submission in early 2016.

#### **Recommendations**

The Board is asked:

- (i) Note and comment on the contents of this report;
- (ii) Agree to nominate Lancaster University, under the direction of the Board, as the lead body for a Lancashire-led Science and Innovation Audit, in consultation with UCLAN, Edge Hill University and Cumbria University;
- (iii) Request the Vice Chancellor of Lancaster University develops Lancashire's case-making, as outlined in section 5 of this report, and submits a further report to the Board to update and agree Lancashire's SIA approach; and
- (iv) Request the Vice Chancellor of Lancaster University submits a funding proposal, with rationale in support of developing Lancashire's SIA case-making, to the next Board meeting.

## **1. Background and Context**

- 1.1 In late November 2015, the Department for Business, Innovation & Skills (BIS) announced their intention to invite organisations throughout the UK with an interest in research and innovation to form consortia and express an



interest in undertaking a Science and Innovation Audit (SIA – call outline attached as Annex A). SIAs are intended to help build evidence of potential global competitive advantage and begin to identify routes to realise that potential.

- 1.2 SIAs are aligned to the Government's commitment to improve competitiveness and productivity through investment in science and innovation and were first detailed in the Productivity Plan and build on the Witty review of universities and growth, that highlighted that places can drive economic growth by focusing on their own research-driven sources of competitive (globally) excellence.
- 1.3 It is intended that the SIAs will also support the delivery of England's Smart Specialisation strategy and boost the work of the new Smart Specialisation Hub. The Hub, to be delivered in partnership between Knowledge Transfer Network (KTN) and the National Centre for Universities and Business (NCUB), was launched alongside the SIA [www.smartspecialisationhub.ktn-uk.org](http://www.smartspecialisationhub.ktn-uk.org).
- 1.4 SIAs are also being viewed as a means to support the development of Strategic Economic Plans (SEPs) of Local Enterprise Partnerships by featuring in Devolutions Deals between city/county-regions and Government. For example, the recently announced Sheffield City Region Devolution Deal secured Government support to undertake a SIA in support of their economic ambitions. However, Government officials are also open to considering SIA consortia proposals which cover more than one LEP area, though this should flow from a coherent evidence-base and economic analysis.
- 1.5 In summary, the Government's approach appears relatively clear, however, in practice, there is still significant work to be done by Government, universities, industrial partners and LEPs, as these audits are required to address a number of complex policy and spatial priorities.
- 1.6 At the LEP Chair's request, this report has been prepared by Professor Mark E Smith, the Vice-Chancellor of Lancaster University, and LEP Director. Subject to Board approval, the Vice-Chancellor has agreed to lead a small project team, including senior representatives from UCLAN and Edge Hill and Cumbria Universities, with support from LEP officers, to advise the LEP and progress Lancashire's SIA case-making.
- 1.7 The purpose of this report is to highlight the range of issues in play and to seek the Board's approval to develop and agree the Lancashire analysis that would need to be considered in a SIA including Lancashire.

## 2. Objectives and Focus

- 2.1 The key purpose of SIAs is described as *“focused around the need to improve the UK's capability to identify and validate where existing and growing (**globally competitive**) research excellence is coupled with emerging innovation strengths. To do this well, links between research and innovation*



*organisations and businesses need to be forged and strengthened, and we need to build a robust and powerful evidence base which can underpin future investment decisions”.*

2.2 The objectives of SIAs are to fully exploit a range of evidence to:

- Identify and validate areas of potential global competitive advantage across the UK;
- Increase access to and use of these datasets with the long term objective of developing a tool to inform the UK’s future science and innovation strategies;
- Provide an evidence base for strategic decision making on local innovation priorities;
- Strengthen future bids for local investment, e.g. science capital bids, private sector, and EU smart specialisation funding; and
- Foster collaboration between universities and local businesses, local authorities and LEPs.

2.3 SIAs will also help Government and local organisations examine how investment in science and innovation leads to local productivity improvements. Areas of focus include:

- Excellence in science and research, highlighting areas of world-leading and internationally-competitive strengths;
- Strengths in innovation activity;
- Science and innovation assets and capability, including institutes and facilities;
- Local industrial strengths and capacities, especially in nascent industries and emerging disruptive technologies;
- Local ability to work collaboratively across the science and innovation landscape;
- Levels of engagement between the research base and the business community;
- Coherence with other existing or planned activity to support research and innovation including the development of local infrastructure; and
- The comparative strengths on which to build future innovation, growth and prosperity.

2.4 Undertaking a SIA will be an invaluable exercise and provide a timely analysis to advance the development of Lancashire's SEP with the potential to inform a range of key policy initiatives and funding frameworks, including Growth Deal and ESIF.

### **3. SIA Process**

3.1 Interested consortia are being asked to submit an Expression of Interest (EOI – attached as Annex B) that requires the consortium to set out its geographical extent and its "preliminary hypotheses" about local business,



innovation and research strengths that could be investigated and evidenced through an audit.

3.2 Consortia are expected, as a minimum, to include:

- At least one Higher Education Institution (HEI), Research Institute or other organisation eligible for public funding for research;
- Relevant innovation organisations (e.g. Catapults) or Public Sector Research Establishments;
- At least one Local Enterprise Partnership; and
- Relevant business and/or business and sector representative groups

3.3 EOIs will be considered against the following criteria:

- The Government's objective of achieving broad coverage of the UK as well as appropriate scale;
- The creativity and ambition of the hypotheses put forward and the consortium's potential to achieve global comparative advantage;
- World leading research excellence and the potential to drive growth through innovation and advancing disruptive technologies;
- Commitment and extent of collaboration of a broad range of relevant partners; and
- Alignment of the consortium with identified areas of strength.

3.4 BIS expect local consortia to come together to propose audits in their geographical areas, but they are not being specific on what might constitute an appropriate geography for an SIA, suggesting that although some audit areas may map onto cities, other audits may focus on looser and larger groupings of LEP areas which cross existing boundaries (both economic and regional). There will be multiple rounds of SIAs, with the likelihood that no more than ten will be initiated at any one time, making it a highly competitive process.

3.5 Across the North, city/county-regions are looking to agree a SIA as part of their Devolution Deal. With this in mind, SIAs represent an important opportunity to position Lancashire and our globally significant science and innovation assets as critical to the success of the Northern Powerhouse and beyond. Furthermore, a Lancashire-focused SIA could strengthen and enhance emerging Lancashire devolution proposals as well as the continued development of SEP priorities.

3.6 Wider thematic research areas beyond the traditional sciences are stated as being acceptable on the basis that a case is made for the links between research excellence and innovation potential.



#### 4. SIA Timetable

Date	Event
29 January 2016	First Wave EOI deadline
March 2016	Decisions on highest priority SIAs
April – June 2016	Completion of First Wave SIAs
Summer 2016	Second Wave EOI opens

- 4.1 Applications need to set out how local consortia will resource and conduct their SIA. BIS will appoint an analytical contractor to support consortia, but beyond this BIS will not fund consortia to undertake SIAs. The analysts will provide support and independent analysis of the various datasets and will work with the selected consortia to validate, explore and publish the hypotheses proposed. They will also ensure comparability between the different audits. BIS officials will work with the consortia to help them develop their ideas and composition.
- 4.2 An expert group formed to develop the national Smart Specialisation Strategy will be asked to scrutinise EOI submissions and advise Ministers on which proposals to support.

#### 5. Developing Lancashire's Approach to the SIAs

- 5.1 The Chair of the LEP has asked Professor Mark E Smith, Vice-Chancellor of Lancaster University, to act as the lead LEP Director on establishing Lancashire's approach to the SIAs, subject to Board approval.
- 5.2 Timescales are short and there are rapidly evolving and dynamic discussions on possible SIA consortia approaches. Professor Smith will also focus on gathering the emerging intelligence, and on making strategic recommendations to the LEP on the ultimate shape of consortia for Lancashire. To this end, early informal discussions have been had with the Vice Chancellors of Liverpool, Manchester and Sheffield Universities, as well as the wider N8 Network, for example.
- 5.3 The key decisions as regards Lancashire's approach to the SIAs will be: the optimal sectoral and geographic focus, with regard to the latter potential scenarios include a Lancashire only approach as well as possible partnerships with partners in neighbouring LEP areas, and/or with other areas with shared and complementary strengths; whether to lead a SIA or partner on broader SIAs, or both; and the constitution and leadership of any consortia that follows.
- 5.4 There is a need to focus on excellence and for Lancashire's analysis to fully include key partners with a contribution to make, whilst also working to further the LEP's priorities. The innovation framework developed to support of the SEP provides a useful reference which can be updated and improved as the Lancashire SIA input develops (see Annex B). To this end, the Vice-Chancellor will provide leadership to a small team to advance this work



involving senior representatives from UCLAN and Edge Hill University with support from LEP officers.

- 5.5 In November, it is worth highlighting, Lancaster University hosted a visit by a very senior BIS official who suggested SIAs in Lancashire and the wider North West could look to focus on inherent strengths in advanced manufacturing, energy, health life and data sciences. The need to demonstrate excellence and competitiveness by international comparators was also highlighted. This advice also chimes with SEP sector and innovation priorities, as well as the likely key pan-Northern sectors to be identified by an independent economic review commissioned by Transport for the North, on behalf of all Northern Powerhouse partners, which is due to be published in early 2016.
- 5.6 LEP officers have also been contacted by Government's Smart Specialisation Hub with an offer to undertake an Innovation Review Workshop to inform SIA thinking. These workshops are designed to identify existing research and innovation strengths and translate them into distinctive competencies; help highlight local barriers to innovation; and consider how best to take advantage of opportunities for growth in a rapidly globalising economy. A Lancashire-focused workshop is proposed for early January 2016.
- 5.7 In making a decision on a Lancashire SIA approach, it is critical that Lancashire is best positioned to highlight our significant economic and productivity contributions to the broader economy and to attract investment in our globally competitive research, science and innovation assets.

## **6. Next Steps**

- 6.1 Subject to Board approval, Professor Smith will direct a small team, involving senior representatives drawn from Lancaster, UCLAN, Edge Hill and Cumbria University, with support from LEP officers, to scope Lancashire's approach to taking forward its SIA analysis and advising on possible consortia arrangements.
- 6.2 This work stream will also provide the opportunity to refresh the LEP's current innovation framework which was developed in support of the SEP. In the meantime, the initial views of the Board on the key strengths and assets for consideration in the development of Lancashire's SIA analysis are welcome.
- 6.3 If required to advance this work stream, Professor Smith will submit a funding proposal, drawing on available LEP Core Funding, for future Board consideration and approval.
- 6.4 The Board may need to hold a special meeting in late January to consider an update report and agree the preferred way forward, as the next Board meeting is scheduled for 2 February. The deadline for first wave SIA Expressions of Interest is 29 January.
- 6.5 It is proposed Lancashire submits a first wave EOI by the deadline. Engagement with Government officials and advisors will intensify over the



coming weeks, with soundings taken on our potential to secure access to the first or second wave of SIAs.

- 6.6 In parallel, the Lancashire SIA approach will be positioned with local authority partners as an important feature of Lancashire's emerging Devolution Deal with Government.