

LABOUR PARTY CONFERENCE FRINGE MEETING

How will Labour deliver Innovation led Growth?

Learning the lessons from the Innovation Accelerator Pilots in Greater Manchester and the West Midlands

Held Monday 9th October

NON-VERBATIM MINUTE

INTRODUCTION - MATT WESTERN MP, SHADOW MINISTER FOR HIGHER EDUCATION

- Welcomed all to the fringe meeting, introduced himself and said he was delighted to be joined by:
 - Chi Onwurah MP, Shadow Minister for Science, Innovation and Technology
 - Rebecca Riley, Associate Professor Enterprise, Engagement and Impact, West Midlands Regional Economic Development Institute, University of Birmingham
 - Professor Richard Jones, Vice-President for Regional Innovation & Civic Engagement, The University of Manchester
 - Ed Cox, Executive Director of Strategy, Integration and Net Zero, West midlands combined Authority
 - Daniel Zeichner, MP for Cambridge and Chair of the APPG for Universities
- Explained that a recent seminar convened by City-REDI in partnership with the Universities of Manchester and Glasgow sought to identify early lessons from the three Innovation Accelerator Pilots in the West Midlands, Greater Manchester and Glasgow. Each were awarded [£33 million over three years](#) earlier this year.
- Outlined that the fringe meeting therefore aims to explore the five main questions that were identified:
 1. When should **funding for existing** Innovation Accelerator Pilots (IAPs) **be fully devolved** to Combined Authorities rather than the current nationally controlled model? And should funding be increased from £100million and made available over five not three years?
 2. How and **when to roll out the innovation acceleration process further across the UK?** Is there a case for an early second wave which might include Liverpool City Region, West Yorkshire, South Yorkshire and the North-East as well as Belfast and Cardiff?
 3. How should **Innovation Accelerator Pilots be re-engineered** so they have a beneficial impact on jobs and productivity in the wider economy beyond technology-driven cluster development? In particular, how can IAPs **better respond to local demand**?
 4. How can **innovation be more clearly linked to the Levelling-Up / inclusivity agenda** in addition to the growth and net zero ones?
 5. How and **when should the Government commit to the innovation accelerator process long term?** Constant piloting means nothing is embedded despite the fact that innovation acceleration needs to become business as usual.

- *Remarked that the meeting would also look at Labour's general approach to innovation led growth*

KEYNOTE ADDRESS - CHI ONWURAH MP, SHADOW MINISTER FOR SCIENCE, INNOVATION & TECHNOLOGY

- *Place based innovation led growth is an absolute priority for me and the frontbench. Labour's first priority mission is to create the highest sustained level of growth in G7. We believe science and innovation is key to growth and changing lives for the better.*
- *Science and innovation affects everyone and should benefit everyone. Also critical for the transition to net zero.*
- *In contrast to the Conservatives, Labour will take strategic approach as per Labour's Industrial Strategy launched last year. For example, Labour is clear Government has a role to play in empowering entrepreneurs and investing for the long term*
- *Applaud ambition of Steve Rotheram, Metro Mayor of Liverpool city Region, to increase R&D to 5% of LCR GVA by 2030.*
- *Labour will take a long-term approach. Public R&D in the East of England, South East, and London was £34.4bn in last year – only £11.2bn in north. Cambridge has more R&D jobs than in the whole of north*
- *New regional clusters will be developed to create self-sufficient regional economies. Need to look at each town and city and then realise that potential – not one size fits all*
- *Universities do have a key role in driving forward this policy agenda. In particular, Labour see the need for, and benefits of, partnerships between private sector and universities*
- *Accelerator Pilots do align with Labour's ambitions so the lessons learnt from them are critical for a Labour Government. Keen to know how we can improve the IAPs as noted that currently a number of issues eg bureaucracy, lack of diversity of funded projects and engagement with SMEs*

Q&A

- *Questions were raised regarding:*
- *The difficulties in securing support for place-based innovation in rural areas. **Chi replied** that farmers are data and science driven these days and rural dimension is hugely important*
- *The benefits of bespoke research institutes (such as WMREDI, Policy at Manchester and the Heseltine institute) to support innovation and Combined Authorities. **Chi replied** that the civic engagement role of universities was very important and she was sure that regional Mayors appreciate the support of bespoke institutes.*
- *Whether the UK is falling behind China and Africa in innovation especially with regards to semi conductors? **Chi replied** that this raises a set of complicated issues and pointed out that the Overseas Aid budget for science in Africa had been cut by the Government*

- *If Labour would commit to increasing funding for research outside the Greater South East by 40% as the Conservatives have done? **Chi replied** that the current Government's promises were not reliable as they had also said they would double spending on R&D. She said that Labour would announce its own spending commitments in advance of the General Election.*

PANEL RESPONSE 1 - REBECCA RILEY, ASSOCIATE PROFESSOR ENTERPRISE, ENGAGEMENT AND IMPACT, [WMREDI](#)

- *Fair to say the new approach was bumpy, and each area took a slightly different approach which reflected the governance and structures locally. However, by the end of the process it was seen as a positive way forward on how to fund and organise innovation investment which benefits place.*
- *Wider work from City-REDI has shown that there are limited levers at a local level to invest in economic development and growth, even with Combined Authorities.*
- *Having a guaranteed allocation pot for places to collaborate around enables them to tackle some of the issues, this process enabled a change in working relationships between local and central government. The process enabled a collaborative, co-created approach to prioritising the interventions. It gave local policy makers a greater influence over the decision making so local economic needs were better addressed.*
- *Universities are finding themselves in a position of stitching together funding to create programmes on behalf of partners. Universities deliver a large proportion of business support, especially around innovation, R&D and skills development on behalf of growth hubs.*
- *They also develop more and more of the evidence base for investment as research functions have shrunk in Local Government. Yet their seat at the table can be adhoc and transactional. Universities are key anchor institutions, employers and public service providers they have strategic roles to play.*
- *It is still difficult to align wider funding pots, due to inconsistency in government funding, timescales and outcomes. This is made worse by competitive tendering/bidding processes. Which incidentally Treasury do not approve of and is discouraged in the green book, as processes should be fit for purpose and efficient.*
- *It is very difficult to find match funding, especially in short timescales. The loss of regional development funds, European funds, reduction in local authority budgets (especially in economic development) and the inflation/cost pressures on businesses mean match funding is tight and difficult to find and align with the project ideas.*
- *Initial responses to the processes were positive, so how does any future government scale this up? £33m in innovation terms is small so pots need scaling to at least £100m and need to be distributed to other others nationally.*
- *There also needs to be a long-term funding plan agreed and devolved budgets for innovation activity that is linked to wider funding portfolios i.e. wider academic and research council funding, business support, skills development, and net zero transition.*

- *Funding should look to the future of places, helping sectoral assets become more resilient to change and investing in high-risk new investments that give places new growth paths*
- *IAPS should address wider place need, not just GVA but jobs, well-being and net zero. The strategic case for invest should be about creating sustainable futures for places and investing in the local assets.*

PANEL RESPONSE 2 - PROFESSOR RICHARD JONES, VICE-PRESIDENT FOR REGIONAL INNOVATION & CIVIC ENGAGEMENT, THE UNIVERSITY OF MANCHESTER

- *My perspective begins with the report that I wrote for NESTA – the Missing Billions – which showed that 40% of R&D investment is concentrated in areas with only 21% of the population.*
- *In total £4billion is missing – in other words if the rest of the UK received the same level of R&D investment as the Greater South East then there would be £1.6 billion more invested in the north; £1.4 bn in the midlands; £500m in the south west and £600million in Scotland, Wales and Northern Ireland*
- *It was clear that the obvious way forward was to devolve funding however the response from civil servants and others was that the capacity to manage these funds was not present outside London. That is why Greater Manchester set up innovate GM. This brings together 5 universities with the FE sector, businesses and the Combined Authority (which then brings in links to transport and health policy plus democratic legitimacy).*
- *In Greater Manchester focus is on the city centre innovation district and also on poorer areas such as Rochdale and Oldham*
- *Need to learn from Cambridge which is an excellent example of innovation acceleration – and also from other IAPs in the West Midlands and in Glasgow*
- *Need to think about the scale of funding. Steve Rotheram’s ambition is getting the scale right. The IAPs are in effect getting £15m in each of two years.*
- *The IAP process was not entirely comfortable – short notice to get started and then just two years for us to prove success is a bit crazy. Innovate UK also wanted to force us into a competitive approach – we preferred more collaboration*
- *What Labour should do: three pilots need to be extended, more local control and trust and more appreciation that cities understand their economies. I would be very disappointed if Labour did not have a dozen IAs in England by the end of its first term. To do this in some areas there will need to be capacity building but Labour should do this.*

PANEL RESPONSE 3 - ED COX, EXECUTIVE DIRECTOR OF STRATEGY, INTEGRATION AND NET ZERO, WEST MIDLANDS COMBINED AUTHORITY

- *The importance of innovation eco systems and clusters cannot be overstated and as needs to be spelt out and as Professor Mazzucato has pointed out public investment in private sector is critical for the success of the overall economy. International comparators also show innovation critical.*
- *Innovation in different areas needs to be based on existing local strengths – needs to be some historical foundation which is built upon.*
- *If get innovation right, it creates a virtuous circle but if not happening in some areas they will be further left behind. However, there is a problem that there are huge vested interests who will not want to see the current Government’s levelling up target for R&D being met*
- *West Midlands Combined Authority has a plan for growth: 8 clusters and 4 enabling factors. It also encompasses the 3 catapults and 6 universities including the two research intensive ones*
- *Focus is on advanced manufacturing, green tech, med tech and there are three key innovation investment zones – in Coventry, in Wolverhampton and in Birmingham knowledge quarter.*
- *As devolution “trailblazers” West Midlands and Greater Manchester will in future receive a “single settlement” - a pot of money for five years which can be locally allocated including to innovation. This is a very positive development.*

Q&A

- *A number of questions and points were raised:*
- *The report references the difficulty in developing inclusive innovation. It was pointed out the Connected Places Catapult have had an Inclusive Innovation programme running for over a year and its West Midlands Innovation Accelerator project – DIATOMIC - will create [a tool kit](#) to share. Also Innovate UK will be launching a platform 6th December - **No Limits** – which is to capture and share inclusive innovation projects and assets. So there is a recognition of the importance of enlarging the innovation ecosystem so that everyone benefits.*
- *Problem is that people move so innovation is too light in some areas: how create equity between places? A number of responses were provided: there is a real question regards retaining students. There is a need to develop eco systems with porous borders. There is a need to link skills and innovation more closely and to look forward to economy of the future. DfE and BEIS are on different planets – but, at the city level, skills and innovation can be joined up.*
- *Suggesting that it is the golden triangle vs a place-based approach is a false dichotomy. Cambridge, Oxford and London are places which benefit from innovation led growth. However it should be noted that every £ of public R&D investment in the north brings £4.8 from private sector. In the golden triangle £1 leads to 67p private investment only.*
- *The principle that currently guides Whitehall’s approach to devolution is earned autonomy – this is a pernicious barrier. It means that HMT still control local decisions as for example they had to sign off business cases that IAPs provided for investment decisions*
- *Research funding used to be over 8 years but has got progressively less. Needs to be long term. There is a lack of capacity in some places so some areas will need support to transition to a better approach that has local collaboration at its heart. IAPs have shown some success and a way forward.*

FINAL SPEECH - DANIEL ZEICHNER, MP AND CHAIR OF THE APPG FOR UNIVERSITIES

- *The APPG for Universities brings together Vice Chancellors and MPs to discuss issues of common concern. It does not have a settled view on innovation but as MP for Cambridge I can give a perspective*
- *First, the Cambridge model is excellent and certainly nothing should be done that holds it back. That said Cambridge is overheating so I'm delighted to hear that the Universities of Cambridge and Manchester are working together*
- *I don't think the Cambridge model can be simply replicated elsewhere but it is right to use universities to create hubs of innovation – lesson is that you can get huge economic benefits if get universities and private sector working together. The endless prevarication on horizon has been very debilitating.*
- *To compete on innovation – to attract best minds and developers - it will be important that places provide excellent quality of life (transport/housing) as they will not be competing on pay.*

FINAL COMMENTS

- *Richard Jones said Cambridge is very special with fantastic spin out companies. The problem for UK plc is that when Cambridge's innovations are manufactured this often takes place in Leipzig or China. The challenge is getting inter regional connections to work so when an innovation scales up from design to production the manufacturing takes place in the UK. It is not enough for University R&D to earn 1% from its intellectual property – UK also needs the jobs and growth from manufacturing the end product.*
- *Rebecca Riley thanked all speakers and attendees for an excellent meeting and discussion.*

ATTENDEES

Hilary Gyebi-Ababio	Jisc
Bernard Hay	Creative PEC
Alex Cousins	Connected Places Catapult
Louise Wren	AMRC
Steve Foxley	AMRC
Chris Peters	LSTM
David Oakensen	Oakensen Chartered Accountants
Jack Naylor	Tameside MBC
Dimas AlMaruf	City-REDI
Noah Froud	MHP Group
Sumaya Aktar	Demos
Andrew Phillips	Demos
Pyla Garside	LSE
Chris Russell	FSB
Campbell McDonald	Ownership at Work
Barney Jones	DeHavillard

Dan Bestwick	Precision Health Technology Accelerator
Dr Nicola Headlam	Red Flag
Megan Barker	Red Flag
Arthur Wakeley	Celadon Pharmaceuticals
Professor Richard Black	University of Liverpool
Robin Bisson	Research Professional News
Damian Waters	CBI
Clare Hayward	NP11
John Hudson	University of York
Mark Heley	Glass Pharms (BPA)
Conor Burke	Bullpen Strategy Group
Angus King-Davies	Teneo
Tim Young	Colchester City Council
Kat Williams	Rolls Royce
Joe Piercy	Universities UK
Dan Wright	Chi Onwurah's Office
Lisa Dale-Clough	GMCA
John Holden	University of Manchester
Dr Renu Marley	Phoenix Green