

Smart Specialisation and the LEP based model across England

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National Context (England) **MM** Government

- Regional Development Agencies (RDAs) (NUTS1) until 2011 drivers of Regional Innovation Strategies & main source of cofinance for c. 30%-40% of all ERDF in current EU Competitiveness Programmes directed towards innovation (2006-13)
- Abolition of all regional structures and policies (including Regional Innovation Strategies) ('10) Perceptions of duplication and 'over ambition'
- Technology Strategy Board (TSB) single UK innovation 'arms length' delivery agency. Annual budget of c.€500m pa with (aspatial) focus only on 'excellence.' (2007 onwards)
- National (UK) (aspatial) Innovation & Research Strategy for Growth (2011) & emergent (aspatial / sectoral) Industrial Strategy supported by '8 Great Technologies' (2013)
- Independent Review of Universities and Growth to include a spatial analysis of sectors in industrial strategy and location of excellence in research base (ongoing)



Local Context (England)

- From 10 regions to **39 'local' areas** each based loosely on broad patterns of functional economies (some with overlapping boundaries, some corresponding to NUT2)
- Local Enterprise Partnerships (LEPs) bottom up voluntary, informal of private& public associations focusing on strategic leadership, but not delivery; variable but growing maturity, scale, capacity & experience to drive innovation
- LEPs to lead preparation of place based growth orientated Single Local Growth Strategies, each to be supported with semicompetitive allocations from x billion pa Single Local Growth Fund
- Decision making on large majority of €6.2 billion ESI funds in England & to be **devolved to partnerships led by LEPs**







England EU SIF Programme 2014-2020





Overall Challenge

To design a framework for investment in innovation that

- raises the bar to drive local economic growth
- secures increased commercialisation from the research base
- embeds a strategic policy framework for Smart Specialisation
- contributes to, and benefits from, national policies & funding programmes for innovation

BUT

which is also sufficiently attractive & accessible to LEPs



Towards a Strategic Policy Framework

for Smart Specialisation

- Our understanding, reasoning, & approach
- Evidence to justify where national policies are sufficiently 'smart' e.g. tax credits for R&D, role of business in entrepreneurial search
- Smart' (qualitative) results indicators
- (Proportionate) use of RIS3 by LEPs; incl. entrepreneurial search, SWOT or similar, local leadership for innovation, limited priorities, basis for collaboration by geography or theme
- Smart' evaluation criteria for LEP EU Investment Strategies
- Proposed Smart Specialisation Observatory for England
- Membership of the JRC Platform



Result Indicators

- Increased number of **businesses actively innovating** to bring new products to market
- Increased levels of business investment in R&D & intangible assets
- Increased volume of R&D investment leveraged from abroad
- Extending & embedding contribution of large scale innovation initiatives into local & wider supply & value chains (smart specialisation indicator) - embeddedness
- Increased value of information, financial & trade flow connections between connected sectors in different places (smart specialisation indicator) - connectedness
- Increasing transfer of technology between related sectors, especially with the use of Key Enabling Technologies or similar (smart specialisation indicator) - relatedness



What help do LEPs & partners need?

- Possible functions of a Smart Specialisation Platform / Observatory for England include:
 - Expert advice
 - Evidence & Intelligence
 - A support resource (e.g. consultancy, peer review, benchmarking etc)
 - Relationship Management (making connections & delivering collaboration)
 - Network facilitator



Work in Progress

- Building a baseline & targets for results indicators within target averse cultures
- Measuring investment levels & performance at sub national level, incl. building a framework for qualitative results indicators
- Developing heat maps to illustrate a spatial analysis of sectors in industrial strategy & location of excellence in research base
- Considering forthcoming revised state aid framework for R&D&I (issues of open innovation & support for larger firms)
- Developing 'Synergies' with H2020 (issues of programming, partnerships, targeting, outputs etc.)
- Exploring large scale research infrastructure (issues of outputs, type of beneficiaries, scale, local availability of EU SIF)



Industrial Strategy - the sectors

Published



Aerospace (March 2013) Aim: Maintain existing UK market share; secure UK employment



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OIL

Nuclear (March 2013) Aim: Increase inward investment in energy supply chain

Oil and Gas (March 2013)

Aim: Increase inward

investment in energy

supply chain



Agri-tech Aim: Developing and exporting innovative technologies e.g. in food security

Offshore wind

supply chain

Information

Economy

Aim: Increase inward

investment in energy

Aim: Optimise ICT

use by business

Education Aim: Grow UK education exports

Summer 2013

Construction Aim: Improve competitiveness and productivity to support increasing exports



Professional Business Services Aim: Export opportunities in developing economies



Automotive Aim: Repatriate supply chain and exploit low carbon technologies

Life Science Strategy (Dec 2011)

Life Science Strategy one-year-on (Dec 2012)



The Eight Great Technologies





Output indicators

- No of enterprises receiving support (only where this is additional to other outputs)
- No of enterprises cooperating with research entities
- Private investment matching public support in inn or R&D projects
- No of enterprises supported to introduce new products to market
- No of enterprises supported to introduce new to products to firm
- No of new personnel directly enabling research & innovation in supported entities employed fully in helping enterprises to bring new products & services to the market
- No of new personnel directly enabling research & innovation working in improved research infrastructure facilities employed fully in helping enterprises to bring new products & services to market



Proposed Activities (1)

- Build collaborative research between enterprises, research & public institutions
- Support businesses, incl. social enterprises, to commercialise Research & Development i.e. bringing new products & business processes to market, incl. those linked to 'key enabling', the 'eight great', & health science technologies
- Physical infrastructure (incl. incubation space & other equipment) to deliver other proposed activities in this Thematic Objective



Proposed Activities (2)

- Innovation activities contributing to low carbon goals, resource efficiency & environ protection, while focusing on business investment in Research & Innovation
- Intermediate, technical & higher level workforce & management skills to support Research, Development, & Innovation
- Limited support to facilitate SMEs involvement in networks of innovative firms



Proposed Activities (3)

Social innovation

- project focuses on at least one of priority themes for social innovation
- active leadership or involvement of civil society at all stages of project design, delivery, & wider adoption
- exchange of knowledge from & to a research centre to develop, adopt & spread use of new products & services with demonstrable social impact
- a final beneficiary that is a **business** or other undertaking acting in a business-like manner
- beneficiary can continue after the project is complete through wider adoption of those new products & services



Specific Evaluation Criteria for TO of Research, Development, & Innovation

Do the relevant proposals within the LEP EU Investment Plan:

- provide sufficient evidence that LEP & partners used a planned & staged approach to developing proposals at least as rigorous as the RIS3 guide? Is the depth of work proportionate to the proposed scale of investment?
- base their plans on robust analysis of local context & genuine potential for innovation ensuring analysis includes:
 - lessons from previous investments; strong evidence base; role of regional assets e.g. technological infrastructures; sectoral linkages with other places; assessment of position of those sectors within the European and global economy?



Thank you for your attention

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