

Smart Specialisation: building on the past, whilst breaking with the past

On Thursday 28 June more than 50 people from around the UK gathered in Cardiff University for the UK's first country event on Smart Specialisation Strategies. With speakers from DG Regio, the EU's Smart Specialisation Platform, the UK Government, CEA in France and representatives of authorities from Northern Ireland, Kent and Scotland, it proved an energizing forum for sharing ideas and discussing ways forward.

Regional Innovation Strategies for Smart Specialisation (RIS3) are proposed as an ex-ante conditionality for future Structural Fund Programmes. However, the choice as to whether these should be prepared at a regional level or a national level rests with the Member State. Across the UK there is, as yet, no consistent approach with the devolved administrations of Northern Ireland and Scotland both preparing strategies as is the County of Kent. Both Kent and Northern Ireland are members of the EU's Smart Specialisation Platform, developed to assist members in developing their strategies, whilst Scotland is receiving guidance separately through DG Regio support.

Smart specialisation, innovation and competitiveness are amongst the leading priorities in the Position Papers currently being developed for the negotiations on the future shape of Cohesion Policy. It fits well into the wider objectives of delivering smart, sustainable and inclusive growth set out in EU2020 and should also reflect the aim of EU policies to reap policy synergies through more integrated approaches. It is clearly not only about Cohesion Policy but should also reflect other EU programmes, such as Horizon 2020, and national and regional approaches. This move towards more integrated approaches focusing on innovation and competitiveness was suggested to be stretching the Structural Funds in new and slightly uncertain directions.

Smart Specialisation Strategies reflect the Commission's encouragement of developing territorial (or place-based) approaches through Cohesion Policy and are intended to address local weaknesses as well as exploit local and regional strengths. This was a recurrent theme throughout the examples of regional approaches presented by our speakers and was summed up as 'building on the past, whilst breaking with the past'. It is a search for new directions and opportunities for innovation and growth, working with the grain of what already exists.

Importantly, smart specialisation does **not** mean that an economy should necessarily specialize in a limited range of activities or sectors. But it is about making choices. Speakers from the regions noted that this could be a difficult process at times, but that making these choices did not mean that no support could be offered to businesses in other areas of activity.

One example of how smart specialization can work in practice is in the field of Key Enabling Technologies. These are technologies which underpin manufacturing processes and products across a range of industries. Losing competitive position in these industries places the EU in a weak position

globally, exacerbated by the EU's reluctance to allow public assistance to be provided to firms, in contrast with the situation in the US and Asia. As the products of these advanced manufacturing industries can be used in a variety of markets, and across sectors, they offer a more robust model for development than simple sectoral approaches.

A challenge for Smart Specialisation Strategies will be how they weave together EU, national and local approaches into a coherent strategy. In the UK, the TSB and Horizon 2020 both provide examples of where aspatial programmes can have strong spatial affects. Making linkages to these sectoral investments – whether within a region or outside it – will be crucial considerations.

The notion of outward looking and networked regions emerged as a strong theme of the discussions. It was suggested that national and regional authorities can act to encourage connections, to shape the terms of engagement and to help knowledge to 'stick' to a region. The proposed ability to spend up to 10% of a Structural Fund Programme on non-local activity might offer opportunities here. Connectivity was a particular interest to rural regions, where knowledge might be more dispersed and where strategies might be more focused on developing an innovation culture rather than promoting particular products or sectors.

Another recurring theme is the need to involve businesses in the development of strategies and their delivery. This has often been a failure in the past. Smart Specialisation Strategies do need to be more **demand-led**. However, the challenge of engaging businesses is well-recognised and acknowledged. Meeting this challenge is essential as it was repeatedly stressed by our regional speakers that the process of developing a strategy is as important as the strategy itself. One of the real benefits of the approach is its encouragement of holding 'conversations' with actors involved in the regional economy to identify where the 'niche' strengths and interests lie.

The capacity of organisations to engage with the smart specialization process was highlighted. This is clearly an issue for the business community. But it is also an issue for many local authorities and, in England, the Local Enterprise Partnerships. As the Commission hopes that Smart Specialisation Strategies will be prepared in the next 9 months this is something of a concern to many. Scotland highlighted the importance of their developing a 'One Scotland' approach combining resources from a variety of agencies. In Northern Ireland too the range of actors and expertise involved was noticeable.

All of the regional representatives stressed that, in their view, this was an exercise worth doing. Preparation of an evidence base allowed them to challenge old concepts or preconceptions, it helped them to identify niche competencies and to consider new approaches, such as innovative financing mechanisms. Encouraging debate was also important, and the external critique provided could be very positive. But in each case this was something that they had wanted to do. And more importantly, as one speaker put it: this matters. It is not an academic exercise but something which underpins real jobs and real incomes of those living within an area. The risks of not doing this, others

stressed, are very high, even if the positive results may take some time to emerge. As this is so significant it is important that we get beyond dry debates on the appropriate architecture and really get to grips with what needs to be done.

Smart Specialisation Strategies are evolving across the EU at the present time. It is important that we learn from the experience of others and that we consider potential shortcomings or concerns with the approach. There may still be a tendency to try to 'pick winners'; the appropriate scale of strategies is an open-question with the notion of 'fuzzy boundaries' being promoted, and integrating a range of programmes and varied interests is not a simple process.

However, the workshop demonstrated a real appetite for the approach and a willingness to engage in sometimes difficult discussions in an open and transparent manner. This bodes well for the practice and promotion of innovation to realize social and economic benefits in the UK in the future, which is what Smart Specialisation is really all about.

Support and Advice

The Smart Specialisation Platform offers members access to Mutual Learning Platforms. Peer Review Workshops are currently being held across the EU, but these are already oversubscribed. A series of Thematic Workshops will be launched in the Autumn of 2012.

It was recognized that there was no facility for such mutual learning in the UK at present. A proposal that a UK focused Mirror Group and platform be established to bring together expertise and practitioners was widely welcomed. How to take this forward remains an open question.

Thanks

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Hosts

Adrian Healy and Kevin Morgan
School of City and Regional Planning
Cardiff University

Contact: Healya2@ Cardiff.ac.uk

Co-chairs

Kevin Morgan, Cardiff University
Agnes Lindemans, DG Regio

Speakers

Michael Ralph, DG Regio
Xabier Goenaga, Smart Specialisation Platform
Gabriel Crean, CEA
Sue Baxter, Department of Business, Innovation and Skills
Michael Lilley, DETINI
Alison Munro, Scottish Enterprise
Ron Moys, Kent County Councils

Closing contributions

Sue Brownlow, Combined Universities of Cornwall
John Goddard, University of Newcastle
Adam Price, Harvard University

Presentations attached