

Round table discussion – Should R&D policies and budgets be devolved to English regions?

On 23 October 2024, a round table discussion meeting was organised by the Foundation for Science and Technology, in collaboration with the University of Liverpool. The meeting discussed the potential for greater devolution to English regions, specifically in the areas of R&D policies and budgets.

Professor Richard Jones (University of Manchester) prepared a briefing note which formed the starting point of the discussion.

The discussion was held under the Chatham House rule – that the points made can be reported but not who made them.

Below are some of the key points made during the discussion.

Evidence shows a significant imbalance in R&D intensity across different regions of the UK. The key policy question is “does this matter?”. It matters because private sector R&D drives growth, and public sector R&D attracts private, though the correlation is not uniform. There is variation across regions of the UK – some with strong private compared to public and some vice versa. Some are strong in both, some weak in both.

Place is important, and there have been initiatives to support place-based R&D. These include UKRI Strength in Places funding, the Innovate UK Launchpad programme, the STFC Cluster Programme and the Innovation Accelerators Programme. Decisions on the locations of large research facilities such as the Diamond synchrotron in Harwell and the Crick Institute in London have led to clustering and economic benefit in the region chosen.

DSIT have recently completed a mapping of industry clusters across the UK which provides useful data, though there are some issues and challenges with the data used. In the past, previous cluster maps have been more aspirational than reflecting true clusters.

Options for addressing the imbalance in R&D intensity include more placed-based R&D funding initiatives, placing new large facilities in regions of lower R&D intensity, and devolving some innovation funding to cities and regions.

However, devolution in England is quite variable, with different structures in different places, and the capacity to make good decisions on R&D funding within English devolved bodies is also variable.

One of the biggest variations is in healthcare research, with the whole of the north of England receiving less healthcare research funding than some individual laboratories in the south.

The Levelling Up White Paper from the previous government gave UKRI the strategic objective to give greater consideration to place, and this has led to some of the initiatives mentioned, but further culture change is needed within UKRI to embed place as a key driver. A start has been made but recognising that paradigm shifts in culture require sufficient time.

Ideally, national and local/regional expertise could be brought together. Such co-creation relies on good relationships between individuals and organisations.

In some locations, at the city-region level there are now increasingly robust institutions—notably mayoral combined authorities—that could be a strong anchor for a much more place-based approach to public R&D investment. This could be a major strand in driving economic growth in key cities (regions) with more equitable R&D allocations than seen under current arrangements.

It is recognized that no single model will fit all given different devolution models in different areas, but agreement on the basic strategy and a more significant funding stream are key.

At a national level, the science budget ring fence has helped protect potential R&D investments being siphoned off for other priorities. Regional and local bodies also have multiple priorities and there is a similar danger of R&D money being used for other things unless there is a similar level of protection.

Significant clustering has occurred at the Harwell Science Campus in Oxfordshire, but required a change of culture from STFC and others to bring this about. The same approach has begun in Daresbury, for example with the formation of the North West Space Cluster.

Departure from the EU has meant the loss of Regional Development Funds, which some English regions had used to invest in R&D capacity.

Regional inequalities have become worse over the last 20-30 years, and previous interventions have been too small, with devolution leading to a number of too modest funding streams. This leads to local bodies making lots of bids for small pots of money – which is inefficient and not strategic. Putting pots together to reduce “salami slicing” would have a bigger impact. Building on existing schemes and increasing their funding

may be preferable to wholly new schemes. RPIF could also be more regionally distributed.

However it is done, the relatively small scale of recent/current place-based R&D/innovation funding initiatives is not commensurate with place-based innovation playing a transformative role with respect to the government's economic growth mission.

In taking this forward, there is a need to link the various programmes together to generate a coherent flow of activities from funding new R&D to creating the surrounding ecosystems which enable growth and make it sustainable.

The UK's "Second Cities" underperform in comparison to similar cities in other countries, but innovation is becoming more the language of local politics than it was. There is a strong case for more devolution but cities and local areas need to work together (Liverpool and Manchester combined might be considered one single area). Bringing people together on this is crucial – but challenging.

Any devolution has to be to the right "unit of size" – the Local Enterprise Partnership areas were too small, but the Regional Development Agency areas were too large.

There is a need to develop collaboration ecosystems. The ecosystem includes partnerships across schools, FE, HE, industry and regional policymakers.

Venture capital is even more concentrated in London and the golden triangle than R&D spending, and this is a problem in driving innovation in English regions.

When it comes to investment by large multinationals in the UK, a devolved funding mechanism that is confusing and divided could be a real problem, so care is needed in how things are set up.

The Government is shortly to publish a budget, and this will be followed by a spending review in 2025. It is likely to be a tough settlement for R&D, though indications suggest ministers are well disposed towards Innovate UK, and we should be arguing for putting more money into existing mechanisms. To make that argument we need metrics – outcome metrics are difficult so we should seek persuasive output metrics.

In all cases, for England, one size does not fit all given the variability in devolution in England.

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