University Alliance response to Invest 2035

Summary

Our consultation response focuses on how professional and technical universities contribute to many of the cross-cutting enablers of a pro-business environment identified in the green paper and how these can be optimised through government policy.

Growth driving sectors
We argue the government should seize the opportunity to utilise the whole higher education sector to deliver the Industrial Strategy, Sector Plans and its wider growth mission and that higher education should be treated a foundational sector offering growth opportunity for the economy and businesses. We also suggest further consideration should be given to how to avoid the Sector Plans creating silos and reducing opportunities for cross-fertilisation, and to how the government's programme of analysis on subsectors can be shared on an iterative basis.

Barriers to creating a pro-business environment
We argue that concerted efforts to improve the cross-cutting enablers of the Industrial Strategy will make the UK more attractive overall and that universities are essential to delivering a highly skilled workforce, research and innovation, international partnerships and place-based approaches. Therefore, the financial sustainability of the higher education sector presents a significant barrier, and the government must tackle the difficult but necessary decisions to put the sector and the impact it generates on a secure footing in the longer-term. Policy stability and clarity is also key to supporting investment.

People and skills
We highlight the numerous benefits of the higher education sector to the broader skills landscape, but also the importance of the diverse range of institutions within it. We argue that whilst there are several benefits that a more flexible Growth and Skills Levy could provide, this should not come at the expense of supporting growth in the number and diversity of higher and degree apprenticeships. We also make the case for a more open approach to consultation from Skills England; reversing the decision to defund level 7 apprenticeships; addressing concerns about reforms to level 3 qualifications; and the need to improve the UK's position as a top destination for international talent.

Innovation
We argue that expanding opportunities for high-potential SMEs to access the innovation expertise and support they need, including to overcome barriers to digital and technology adoption, should be a priority in the Industrial Strategy. We suggest numerous policy interventions that would support professional and technical universities to leverage public investment to drive innovation and how to improve porosity between academia and industry.

International partnerships and trade
We argue that the International Education Strategy (IES) should be embedded as a key enabler of the Industrial Strategy and the government should consult widely on the review of the IES. We also suggest that officials conducting the IES review should be given the necessary cover by Ministers to explore topics that are currently politically challenging, such EU mobility schemes, given the 10-year timeframe for the Industrial Strategy. There is clear potential for EU's 10th Research and Innovation Framework Programme to strengthen some of the cross-cutting enablers of the Industrial Strategy and we argue the government should seek early agreement on the UK's association.

Place
We argue that professional and technical universities should be actively positioned at the heart of place-based approaches in the Industrial Strategy to utilise their position as anchor institutions that also have a national and international presence. We also raise concerns about the potential tensions and trade-offs between some the approaches and objectives in the strategy, including inclusive growth; emphasise the need for integration of research and innovation into Local Growth Plans; and outline examples on the need for effective coordination.

Partnerships and institutions
We suggest the Industrial Strategy Council should include representation from the higher education sector (with expertise on how to best deploy the capabilities and insights of all universities), as well as looking to academia as a source for finding Council members. We also argue that it will be important for the Council to have genuine convening power across government departments to help speed-up decision-making.

Growth driving sectors

What are the most important subsectors and technologies that the UK government should focus on and why?

The government should seize the opportunity to utilise the whole higher education (HE) sector, including professional and technical universities, to deliver the Industrial Strategy, Sector Plans and its wider growth mission. The green paper makes some brief mentions of the HE sector, including references to a "world-class network of universities" and the UK being home to "4 of the world's top 10 universities". Whilst we hope an appreciation of the different strengths and capabilities of the UK's diverse HE sector sits behind this terminology, we too often find that this is not well understood or sufficiently exploited. Universities of all shapes and sizes, in all regions of the UK can play a role in supporting output growth, productivity growth and employment growth.

As large, anchor universities offering a broad range of disciplines, Alliance universities each have a technical and knowledge community that is supporting a rich and diverse network of businesses. This means they are working across all eight growth-driving sectors at different levels of intensity. Whilst there are commonalities in the subsectors Alliance universities support (particularly in health, creative, tech and clean energy industries), as a group of universities from across the UK there is variation depending on geography and specialisms. For this reason, we have not provided an exhaustive list of important subsectors and technologies.

The government should consider how all universities can be engaged in the development of the Industrial Strategy and the Sector Plans. One approach within a wider engagement plan could be bringing them together on geographical bases, using both the boundaries for Local Growth Plans and the high-potential clusters. This could also help with linking the 'successful sectors' and 'successful places' outcomes of the strategy, which are at risk of being disjointed.

Further consideration should be given to how to avoid the Sector Plans creating silos and reducing opportunities for cross-fertilisation. Identifying dependencies in foundational sectors and technologies will go some way towards this, particularly in terms of driving efficiencies, but this will not be enough on its own. Professional and technical universities work across the boundaries of innovation systems and sectors at a local, regional, and national level. They can add value by helping to identify where innovations are taking place at the intersection of sectors and how cross-sector capabilities could be accelerated. They are also well placed to identify barriers and solutions to joining-up policy

and activity at different levels. Understanding their interdisciplinary teaching and learning, applied research and innovation services, which are often driven by the needs of the industries they work with, could help support effective design and delivery.

Consideration should be also given to how higher education is treated as sector in and of itself in the Industrial Strategy given its role in delivering cross-cutting enablers for a pro-business environment (as outlined throughout our response to this consultation) and its contribution to the UK economy and international exports. The combined economic impact across all of the UK HE sector's core activities in 2021-22 amounts to £265.35 billion, which is a significant benefit-to-public-cost ratio (public funding associated with these activities in 2021-22 is estimated at £18.54 billion). Based on the definition of foundational sectors in the green paper, higher education is providing "critical inputs" to the growth-driving sectors, and it is also a sector where "policy can address barriers to growth". **Higher education should be treated a foundational sector offering growth opportunity for the economy and businesses**.

Given the eight growth-driving sectors were identified based on aggregating a selection of subsectors, it would have easier for many respondents to identify gaps and priorities for the upcoming Sector Plans if these had been published alongside the green paper. Whilst we understand the government might have wished to avoid prejudicing responses when more analysis will be conducted, an indicative list could have been treated as such and prompted more informed feedback. **Consideration should be given to how the programme of analysis on subsectors can be shared on an iterative basis** to inform input into the Sector Plans and more immediately into Skills England's autumn engagement, which is based in part on the eight growth-driving sectors.

Creating a pro-business environment

What are the most significant barriers to investment?

Our consultation response focuses on how professional and technical universities contribute to many of the cross-cutting enablers of a pro-business environment identified in the green paper and how these can be optimised through government policy.

Concerted efforts to improve these cross-cutting enablers will make the UK more attractive overall and help guard against the challenges of identifying future growth sectors at an early stage. Universities are essential to delivering a highly skilled workforce, research and innovation, international partnerships and place-based approaches. This is one of the reasons we argue that higher education should be treated as a foundational sector in the Industrial Strategy, but it is also why **the financial sustainability of universities presents a significant barrier.**

In November the Office for Students (OfS) said "it is clear that the financial context for the sector is becoming even more challenging" based on estimates that in aggregate both UK undergraduate entrants and non-UK entrants are lower than the sector's forecasts for 2024-25. The increase to undergraduate tuition fees and maintenance loans at the RPIX inflation rate for 2025/26 is a welcome step. However, the OfS estimates the annual income this represents for the sector will be less than the additional costs from 2025-26 onwards of the increase to employer National Insurance contributions announced in the Budget.

There are some additional interim steps they could take to support the transformation and cost-saving efforts already being undertaken or planned by most universities. These include **signposting the UK as a welcoming environment for international students** and giving universities greater **flexibility to set their pension arrangements** by reviewing HE participation in the Teachers' Pension Scheme and removing the requirement for HE

corporations in England to offer access to the Local Government Pension Scheme to new employees. **Means-tested maintenance grants** should be reinstated to end the perverse phenomenon of the least well-off students graduating with the most debt.

Universities will continue to take all possible steps to protect the quality of their offer to students whilst also shoring up their sustainability. Inevitably though, cost-savings will impact many of the cross-cutting enablers that will support the Industrial Strategy, elements of which require universities to have the capacity and resources to take calculated risks, make upfront investments and cross-subsidise. **The government must tackle the difficult but necessary decisions to put the higher education sector and the impact it generates on a secure footing in the longer-term**.

Policy stability and clarity is also key. The first Skills England report highlights that "colleges and universities lack the certainty they need to invest in future skills needs".

People and skills

What UK government policy solutions could best address which relate to people and skills (including issues such as delivery of employment support, careers, and skills provision)?

The role of a diverse higher education sector

The first Skills England report highlights the numerous benefits of the higher education sector to the broader skills landscape: businesses and economy is dependent on skills gained in three year degree courses; future job projections suggest that professional occupations (those typically requiring a degree) are expanding; increases in skill levels and high-skill occupations lead to employment and productivity growth; and on average students completing a degree will be £100k or more better off. Analysis by the Tony Blair Institute suggests that if seven in ten young people completed higher education, this would significantly raise the rate of productivity growth and boost the size of the economy by almost 5 per cent over the next generation compared to allowing educational attainment to stagnate.

Our higher education system – its institutions, students, staff and graduates - is a jewel in the UK's crown. It is vital that the public and prospective students understands that this includes, but is certainly not limited to, research-intensive universities. A recent report by CBI Economics, which surveyed employers to better understand their perceptions of UK graduates, found that **the type of institution graduates attended was one of the least important factors in recruitment**, valued by just 8% of employers. Where there was a preference for a specific type of university, employers placed most importance on institutions with specialisms relevant to their business.

Professional and technical universities not only make their degree courses **responsive to the needs of industry** (for example by incorporating employers in curriculum design, embedding practical teaching and learning approaches and providing opportunities for vocational experience), they support the upskilling and reskilling of the existing workforce through higher and degree apprenticeships, higher technical qualifications and tailored CPD courses.

Growth and Skills Levy

There are several benefits that a more flexible Levy could provide, including in the context of rapidly upskilling the workforce to support digital and technology transformation. However, it is vital that this flexibility does not come at the expense of supporting growth in the number and diversity of higher and degree apprenticeships. **Skills England should allow enough time for an open consultation, in addition to direct engagement with priority sectors,**

to ensure input from a wide range of stakeholders on what non-apprenticeship training should be accessible through the Growth and Skills Levy.

The first Skills England report highlights the success of degree apprenticeships as a significant development in the skills landscape – "since their introduction in 2015, degree apprenticeships have grown rapidly and are now seen as a vital pathway for students seeking both education and employment opportunities". Sustained positive destination rates for apprenticeships over the last five years have remained stable at 93%, which is substantially higher than other types of further education and skills provision.

Apprenticeships are helping to plug gaps caused by the decline in both employer investment in training and affordable options for adult education. Mature students are much more likely to study part-time at all levels, but **part-time student numbers have collapsed since 2011/12**. In addition to "depriving individual workers of the chance to improve their skills and increase their earnings capacity" (and the associated lost opportunities for productivity gains), this has had serious implications for expanding opportunity given "part-time students are more likely to come from under-represented groups and non-traditional backgrounds". According to the Office for Students (OfS) "the decision to go into higher education is often a more challenging one for [mature students] to make, and the consequences of it greater, than for young students".

The Institute for Fiscal Studies (IFS) has warned there is a "significant risk" deadweight costs (i.e., subsidising training that would have taken place anyway) from allowing employers to use subsidies for non-apprenticeship training through the Growth and Skills Levy, based on past experience with schemes such as Train to Gain in the late 2000s. On the other hand, a 2021 study for the Centre for Vocational Education Research found "no associated decrease in the provision of other forms of (non-apprenticeship) training as a consequence of the implementation of the Levy". Their findings show that "enterprises paying the Levy generally experienced a positive trend in starts relative to non-Levy enterprises of similar size and sector" and that "there is no evidence that this increase is at the expense of other forms of (non-apprenticeship) training".

In addition to being a point of convergence for multiple policy areas and government departments, the skills system is a complex balance of overlapping private (including investment from employers and individuals) and public systems. **The direction of the Lifelong Learning Entitlement ahead of its implementation in January 2027 could also have significant implications and the sequencing of other reforms to take account of this should be considered.**

Level 7 apprenticeships

We are deeply concerned about plans to defund level 7 apprenticeships, which are helping to provide the skills needed for occupations in growth-driving sectors outlined in the green paper and to educate and train clinical staff and managers in the NHS. **The Department for Education and Skills England should publish their rationale and evidence-base for this decision and then allow the time and process necessary for a range of stakeholders to provide expert analysis.**

The NHS Long Term Workforce Plan (LTWP) aims to provide 22% of all training for clinical staff through apprenticeship routes by 2031/32, up from just 7% as of June 2023. Level 7 apprenticeships are being used to educate and train nurses and advanced clinical practitioners. Medical Doctor Degree Apprenticeships are also being piloted by four medical schools and the first 200 apprentices are due to begin their learning this year and in 2025. According to the CMI, 60% of level 7 management apprentices are in public services such as the NHS, social care and local government. **Leadership and management skills are also important for business growth in the private sector** – as the green paper highlights

“there are weaknesses in management and leadership skills, particularly in small businesses”.

The first Skills England report makes a compelling case for why **the UK must ensure that more people of all ages are fully active in the labour market and qualified throughout their career stages**. This means boosting education and training opportunities for young people, whilst also addressing the need to upskill and retrain people already in the workforce, who will make up over 71% of jobs in 2035. Creating the conditions to reverse low business investment in the UK, including the decline in employer expenditure on training, will take time and coordinated effort. In the meantime, delivering on the ‘youth guarantee’ by shifting and storing-up problems elsewhere in the skills system will not deliver the high-skill, high-productivity workforce the UK needs. The ‘kickstarting economic growth’ and ‘opportunity’ missions can and should be mutually reinforcing.

We are also struggling to see how a decision to reduce choice under the banner of ‘greater flexibility’ will motivate employers to invest more, especially when the OBR forecast shows an £800 million gap in 2024/25 between receipts from employer contributions to the levy and the apprenticeship programme budget - more than three times the cost of level 7 apprenticeships in 2021/22. These receipts should be strategically reinvested into the skills system. **The government should increase the apprenticeships budget in line with the cost of funding level 7 apprenticeships in growth-driving sectors, high-potential SMEs and public services.**

Level 3 qualifications reform

University Alliance was the first higher education group to join the Protect Student Choice campaign, a coalition of 28 organisations concerned about the reforms that would remove funding for the majority of Applied General Qualifications (AGQs), including BTEC qualifications which combine the development of practical skills with academic learning and support progression to higher education. Analysis by the campaign found that **at least 155,000 young people would be left without a suitable study programme from 2026 if the previous government’s plan to scrap most AGQs and replace them with T levels was implemented**. In July, the CBI also joined the call for the government to pause and review the reforms “with a view to maintaining courses with a strong track record of helping learners progress their careers”.

Following the government’s disappointing decision not to honour the pledge made in opposition to pause the defunding of AGQs and instead to conduct a short review by the end of 2024, **the Protect Student Choice campaign has three easy-to-implement recommendations for this review**: retain funding for 21 level 3 AGQs in key subjects such as Applied Science, Health and Social Care, IT, and Engineering; confirm that students can enrol on these AGQs up to and including the 2026/27 academic year; and do not introduce constraints on combining different types and sizes of qualification.

Immigration policy

International students bring many economic, social and cultural benefits to the UK. In 2021/22, the gross benefits from just one cohort of overseas students amounted to £41.9 billion (£37.4 billion net). However, the number of international students applying for visas dropped by 16% between 2023 and 2024, with applications falling to 359,600 from the previous year's 428,100, which will have significant implications for the financial sustainability of higher education. Whilst there has been a swift and welcome change of tone on international students from the Department for Education, **the government must go further with a proactive approach to ensuring the UK remains competitive as a top study destination.**

The immigration system is presented in the green paper as supporting one of the UK's significant strengths – "a strong, diverse and highly skilled workforce". **Explicit alignment of immigration policy with the needs of the research and innovation community in the UK is vital for attracting global talent at all career stages.** The UK's immigration fees are some of the highest in the world, reducing the UK's attractiveness and ability to retain international researchers. Visa fees should be substantially reduced to a level similar to other countries such as the USA and Germany.

Innovation

What UK government policy solutions could best address barriers which relate to RDI and technology adoption and diffusion?

Supporting high-potential SMEs

SMEs accounted for 61% of employment and 53% of turnover at the start of 2023. However, in 2020-2022, 50% of large businesses were innovation active, compared to only 36% of SMEs. For businesses to have the confidence to take the necessary risks to innovate, they require the absorptive capacity, budget, time resource and know-how. **Expanding opportunities for high-potential SMEs to access the innovation expertise and support they need should be a priority in the Industrial Strategy.**

Sir Paul Nurse described the "diversity and quality" of UK universities as "positive characteristics of the UK RDI ecosystem". Whilst they support and partner with businesses of all sizes in the UK and internationally, **Alliance universities specialise in equipping high-potential SMEs with the capabilities they need to innovate and grow at scale.**

One of the many ways they do this is through physical spaces that provide co-working and collaboration arrangements for entrepreneurs, spin-offs, start-ups and SMEs, and where they can access innovation support services. These services are designed to help a range of businesses and social enterprises deliver better products and services, improved customer experience and increased sales, and can include specialist training, workshops, and consultancy. This is in addition to providing access to their specialist facilities (e.g., labs, studios and simulation suites), specialist equipment (e.g., high-end printers, computers and machinery) and the expert technicians needed to operate them. **The government should consider how to incentivise greater demand and capacity for universities and businesses to co-locate, in order to drive efficiencies and growth through access to facilities, equipment and expertise.**

The green paper acknowledges the UK has emerging strengths in new technologies, systems and processes and that the cross-cutting enablers of R&D, innovation and skills will be essential for capitalising on these. **Supporting SMEs to overcome barriers to digital and technology adoption should be a priority in the Industrial Strategy.** Slow technology adoption by SMEs compared to large businesses reduces competition, efficiencies and productivity. Alliance universities add value by supporting SMEs with digital and technology adoption through a range of different innovation-led activities, some of which we have already mentioned. **Mechanisms targeting the application of technologies in subsectors should recognise professional and technical universities as 'diffusion institutions' and involve them at an early stage**.

Leveraging public investment

The green paper states the government will "harness research and development (R&D) investment to build strong regional innovation ecosystems". The UK should be a leading country in the G7 on R&D investment, but we are currently lagging commercially successful research-intensive nations. There should be **sustained, real-terms growth in the R&D**

budget including Quality Related funding, accompanied by a focus on how R&D can support inclusive economic growth within every region.

Universities receive the largest proportion of public RDI funding and are a major strength of the UK RDI landscape. The economic impact associated with the higher education sector's research and knowledge exchange activities in 2021-22 was estimated at £62.84 billion, consisting of £54.11 billion of impact in relation to HE providers research activities and £8.73 billion of impact generated by knowledge exchange activities.

The dual support funding system is essential to the health of the RDI ecosystem. However, some existing mechanisms for project-specific grants, such as working with priority institutions and using rear-view algorithms or restricted lists to allocate funds, are uncompetitive and need to be addressed. The rear-view approach stifles competition and does not recognise that different strengths exist in different places and industry partners choose to work with a variety of universities to suit their needs. **Excellence should be funded wherever it is found**. These mechanisms are often justified based on cost-savings, but this could be a false economy if the outcomes do not achieve the maximum societal return and limit opportunities to leverage investment from other sources. Representation on peer review panels should be broadened to embed expertise in research impact and interdisciplinary research further in assessment processes.

The Higher Education Innovation Fund (HEIF) represents excellent value for money and is a tried and tested way of increasing economic benefits from the work of universities. The National Wealth Fund has a target of attracting £3 of private investment for every £1 of public investment; the return on investment ratio for HEIF is £8.30 for every £1. **HEIF should be scaled-up and its scope protected**. Whilst there are tweaks that could be made to help drive what is required from universities to support the delivery of the Industrial Strategy, the government should avoid hypothecating the use of HEIF on IP and spinouts at the expense of other important forms of innovation and entrepreneurialism that lead to commercial success.

In addition, the data informing allocations of knowledge exchange funding in England, Wales and Scotland should **capture deeper insights on how universities support workforce planning and upskilling**. The links between innovation and skills needs to be better understood and reflected within both policymaking and delivery.

Professional and technical universities have **a practice based academic network that is connected to industry and the latest practice**. This not only enables their hands on, practical approaches to teaching and learning, but is exploited to deliver specialist innovation offers that are also cognisant of the wider upskilling requirements within a sector. Many universities are utilising the growth in their delivery of higher and degree apprenticeships and the associated employer partnerships as a gateway to support them with longer-term workforce planning, provide upskilling and reskilling through other forms of CPD, and to address their business needs through innovation-led activity. This is also just one example of how **the scope of 'teaching intensive' universities strengthens the RDI landscape, in ways that should be manifest to more policymakers**.

Collaboration and porosity

Alliance universities have repeatedly found that multi-disciplinary and multi-partner approaches are key to problem solving and innovation and that collaboration is essential to optimising existing capacity in the RDI ecosystem. **Collaboration should be further incentivised through thematic network-based competitive funding programmes**.

Alliance universities are continually exploring and investing in ways to **increase porosity between academia and industry**, such as shorter-term Knowledge Transfer Partnerships

(KTPs) that bring skilled graduates into industry in a more agile way. Many are also aiming to extend the volume and range of Professional Doctorates (including in health, education and engineering), which are studied part-time and focus on applying research to a professional setting. **Most Professional Doctorates are not eligible for UKRI doctoral funding, which should be reviewed and addressed through their 'new deal for postgraduate research'.**

We also recognise that the HE sector needs to continue grappling with how its own culture and models present barriers to increasing porosity. For example, one of the challenges is the potential impact on the careers of academic staff if they step off and on the academic ladder. Through an EPSRC funded project, Oxford Brookes University, in collaboration with the University of Oxford, observed a perception that academic entrepreneurship and commercialisation of research may not be properly recognised in academic promotions. Another challenge is that academia values volume of output in the public domain, whereas the opposite is usually true in industry, and means universities are often forced to work at a lower technology readiness level.

A separate and final point is that it would be helpful, in both signalling and practical terms, if the language used to describe innovation in the Industrial Strategy is inclusive of **social and behavioural innovations**, particularly given a key objective of the strategy will be to support the transition to net zero.

What are the barriers to R&D commercialisation that the UK government should be considering?

There is untapped capacity across the UK to grow the commercialisation of research and we are pleased to see several professional and technical universities involved as partners in the successful bids to the Research England shared technology transfer office functions pilot. In 2023 we conducted a review of UA member institution's commercialisation capacity and this revealed several barriers that could be addressed collaboratively by taking a **shared Technology Transfer Office (TTO) approach**, which would need pump-prime funding to establish. These barriers included lack of capacity, resources and people who can support the spinout process; access to skilled mentors, specialist advisers and investors; the need for more institutional innovation friendly policies; and the need for more efficient, effective and timely processes to create spinouts.

We are currently working with Innovate UK on how it can broaden its footprint through the ICURe Programme and ensure more applicants and participants are coming from non-research-intensive universities.

International partnerships and trade

How can international partnerships (government-to-government or government-to-business) support the industrial strategy?

On the basis that international partnerships are considered in the green paper to be "crucial to increasing growth by opening up investment and export routes", the International Education Strategy (IES) should be embedded as a key enabler of the Industrial Strategy. In addition to generating economic value (in 2021 total UK education related exports were estimated to be £25.50 billion and UK TNE activity was estimated to be £2.4 billion) the IES highlights that "education exports also bring value in the collaboration and partnerships they foster, helping to forge soft power and global relationships". In 2022–23 606,485 students across 228 countries took part in TNE provided by 173 UK HE institutions.

The government should consult widely on the review of the International Education Strategy and use it as an opportunity to promote the contribution of UK higher education as a major source of income, exports and soft power. The review should also seek to achieve greater policy alignment and coherence across relevant departments, including the Home Office.

Given 'Invest 2035' will be a 10-year strategy, the review should look at extending the IES to this timeframe or beyond. With this timeframe in mind, officials conducting the review should also be given the necessary cover by Ministers to explore topics that are currently politically challenging. For example, a cost-benefit analysis of the UK joining the next Erasmus scheme (or creating reciprocal arrangements for overseas students and staff through the Turing Scheme) and developing an EU mobility scheme (mirroring the arrangements the UK has with other countries) could be published to encourage informed and more open debate. This analysis could look at a range of indicators, including the UK's attractiveness and soft power.

The government should seek early agreement on the UK's association to the EU's 10th Research and Innovation Framework Programme (FP10) and we are pleased to see them already signal the UK's interest. There is clear potential for FP10 to strengthen the UK's competitiveness and some of the cross-cutting enablers of the Industrial Strategy; as the government's own policy paper on FP10 sets out, it has the potential to be "transformative for R&D across the European continent and beyond" and will "need to support industry-led applied R&D designed to address the shared societal challenges we face".

Place

How should the industrial strategy accelerate growth in city regions and clusters of growth sectors across the UK through local growth plans and other policy mechanisms?

Anchor institutions

Alliance universities are anchor institutions and take the associated responsibilities aligned with this reputation very seriously. This role is informed by, but also extends beyond, their historical connections to their places and current presence in the built environment, as largescale employers and their proportion of local students; part of their mission is to be **'in, of and *for*' their places**, actively working to benefit their local communities and populations.

In the latest iteration of the Knowledge Exchange Framework (KEF), "large universities with a broad discipline base" increased their local growth and regeneration performance on average relative to the rest sector. Professional and technical universities should be actively positioned at the heart of place-based approaches in the Industrial Strategy to **utilise their position as anchor institutions that also have a national and international presence**.

Inclusive growth

The green paper lists 'inclusive' amongst the type of economic growth it wants to achieve (alongside long-term, sustainable, and secure growth). Whilst we understand the Industrial Strategy is not a catch-all for every government policy intervention, including those that could help to secure inclusive growth (such as improvements to health and social care), it is important that not only is the policymaking on sectors, city regions and clusters brought together coherently, but that this does not lead to exacerbating inequalities in towns, rural and coastal areas.

The Industrial Strategy should acknowledge the potential tensions and trade-offs between some of its approaches and objectives, including inclusive growth. It should

include an analysis of how these can be mitigated, either through the Industrial Strategy or in other ways.

Integration of research and innovation
There was a missed opportunity to adequately embed research, innovation, and support for SMEs in the UK Shared Prosperity Fund, which was a far cry from both the design of EU Structural Funds and the further integration of research and innovation into regional economic development recommended in independent advice commissioned by the government in 2019. The government should **rectify this through funding directed to achieve Local Growth Plans**, focussing on improving skills, driving innovation and encouraging investment in each region's growth sectors. The leveraging of EU Structural Funds, alongside significant co-investment from universities, played an important role in increasing private sector investment in R&D and the loss of this funding stream impacted the availability of regional innovation programmes and infrastructure.

Coordination
The green paper goes further than we have seen in other relevant publications (such as the first Skills England report, which does not mention Local Growth Plans either) in suggesting there will be a future for "tailored Local Skills Improvement Plans" (LSIPs) when they expire in 2025. LSIPs currently do not explicitly align with the high-potential clusters, which will need to be addressed. **There should be an independent evaluation of LSIPs and the Employer Representative Bodies**, which should include an assessment of how well universities were integrated into the process and delivery of actions.

There is more work needed to encourage **large businesses and frontier firms** to build strategic, long-term partnerships with the higher education sector. The opportunities to support these businesses to build or strengthen their **domestic supply chains**, as they look to derisk their exposure to global supply chains, will likely extend beyond the boundaries of Local Growth Plans and LSIPs. There needs to be effective coordination and foresight at a national level to spot these opportunities and deliver the necessary skills and innovation solutions, including with professional and technical universities who can bring to bear their regional, national and international footprint.

More broadly, there needs to be coherence and sequencing between the various overlapping plans, strategies and interventions in the pipeline (including LSIPs, Local Growth Plans, the Industrial Strategy and Sector Plans, the post-16 education strategy, the Youth Guarantee, plans to simplify and devolve adult education, and flexibilities to the Growth and Skills Levy). A **policy roadmap** should be clearly communicated to help stakeholders marshal their expertise and resources effectively to maximise their contribution.

The place-based approach to policy in the Industrial Strategy should be **coordinated and aligned with the Department for Education's five priorities for reform of the higher education** system, one of which is universities playing a "greater civic role in their communities".

Partnerships and institutions

How should the Industrial Strategy Council interact with key non-government institutions and organisations?

The Industrial Strategy Council should include **representation from the higher education sector** (with expertise on how to best deploy the capabilities and insights of all universities), as well as looking to academia as a source for finding Council members with other sectoral, leadership and delivery expertise. It is also vital that the Council builds effective mechanisms for eliciting information from a range of universities on an ongoing basis, to stay ahead of the

new barriers and opportunities that will inevitably emerge over a 10-year period and in a dynamic environment.

Given the range of cross-cutting enablers and their importance in delivering the Industrial Strategy, it will also be important for the Council to **have genuine convening power across government departments to help simplify the process of providing input for stakeholders, identify interdependencies and speed-up decision-making.**

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