



# Universities Scotland submission to the Business, Energy and Industrial Strategy (BEIS) Committee's Industrial Strategy inquiry

September 2020

As the representative body of Scotland's 19 higher education institutions (HEIs), Universities Scotland welcomes the opportunity to provide evidence to the BEIS Committee's Industrial Strategy inquiry.

Scotland's universities are a success story, driving economic growth in their communities and for the UK, be it through the development of talent; the creation of companies; the partnership with local and global companies; or the attraction of investment.

The Industrial Strategy has both a UK-wide application and some content that is focused solely on England, with the devolved administrations pursuing their own policies for training etc. Our comments reflect on the application of the UK-wide elements of the Strategy in Scotland and complement those from Universities UK.

## **The relevance of the Industrial Strategy and its priorities**

The underlying challenges identified in the Industrial Strategy White Paper - raising levels of investment in R&D; enhanced translation of ideas into commercial products and service; building R&D excellence across the UK; and remaining a world leader in global science and innovation collaboration – remain relevant.

All sectors are impacted by the economic and broader shocks of the pandemic and how each of these challenges might be addressed will change. We have set out how universities in Scotland might contribute to the post-COVID-19 recovery in our submission to the Scottish Government's Advisory Group on Economic Recovery<sup>1</sup>.

As we explore below in answering the Committee's questions, the relevance of the Industrial Strategy will vary by sector and by the scale and capacity of companies to engage. Akin to many parts of the UK, Scotland's economy is characterised by a high proportion of SMEs. Many of these are highly innovative however their scale introduces a barrier to engaging with the mechanisms deployed to date for shaping calls, applying to them and the expectations for scale of projects.

We also consider more fully the prominence of 'place' in the operation of the Industrial Strategy. Strength in Places is an excellent vehicle for high quality, place-based investment and universities in Scotland have been successful in the phases to date. For example:

- **Precision Medicine Living Lab: University of Glasgow**  
The University of Glasgow has been awarded £38m to create the Precision Medicine Living Lab, an internally leading project focused on translating cutting-edge science and innovation into a real-world clinical setting for the benefit of patients. The facility will have unparalleled interactions between academic, industry and the health service. The Living Lab is projected to deliver 446 high-value jobs and £136m GVA over an 8-year period.
- **The Global Open Finance Centre of Excellence: University of Edinburgh**

<sup>1</sup> <https://www.universities-scotland.ac.uk/briefing-evidence/universities-scotland-submission-to-the-advisory-group-on-economic-recovery/>

The unique collaboration between the University of Edinburgh, the Financial Data and Technology Association, and Fintech Scotland has been awarded £22.5m to harness financial data for societal and economic benefit. The Global Open Finance Centre of Excellence will be an independent collaboration between governments and regulators, the financial services, industry and academia. The Centre will draw on expertise from across Scotland to establish ethical standards, train new talent, and build new partnerships.

Nevertheless, the very welcome 'Strength in Places' initiative is a small fraction of the overall Industrial Strategy investment and it remains unclear how 'place' is reflected in broader decisions on the allocation of resources. We strongly believe that all investments must be founded on excellence and their potential for impact. Through the marriage of this with a clear focus on 'place', there can be a reduction of regional productivity differences and a boosting of vital earning power across the UK.

In Scotland, universities, business organisations and government agencies are all active in raising awareness of research excellence and impact across Scotland's business opportunities under the Strategy. Universities in Scotland have been successful multiple calls beyond the Strength in Places initiative. For example:

- **Medicines Manufacturing Innovation Centre (MMIC): University of Strathclyde**  
The Medicines Manufacturing Innovation Centre (MMIC) is a unique £56m state-of-the-art facility offering transformative solutions in small molecule and fine chemical manufacturing. £13m of the funding was awarded through the UK Industrial Strategy Challenge Fund. The centre is a collaboration between the University of Strathclyde, CPI, UKRI, Scottish Enterprise and founding industry partners, AstraZeneca and GSK. The facility and infrastructure project is projected to create up to 80 high value jobs by 2023 and attract £80.5 million of R&D investment by 2028.
- **UK Robotics and Artificial Intelligence Hub for Offshore Energy Asset Integrity Management: Heriot-Watt University and University of Edinburgh**  
Funding awarded to Heriot-Watt (£7.3m) and the University of Edinburgh (£1.9m) will support an EPSRC-funded centre to develop the most cost effective, safe methods and business models for the inspection, repair and maintenance of topside and marine offshore infrastructure. The innovations will support both the UK supply chain and be exported internationally.

## IS Delivery

The Industrial Strategy is a combination of policies and investments across both the UK-wide and the devolved setting in England. A stronger focus on this would be welcomed. We note that there is a route for analysis of investment and impact across England through the work of the Industrial Strategy Council. However, there is no published systematic analysis of the operation of the Industrial Strategy in Scotland, nor of the levels of investment being deployed.

Our understanding (from data presented at conferences in 2019) is that as at April 2019 Scotland had attracted a total of £88m of investment under the Industrial Strategy Challenge Fund, around 7% of the UK total at that point. In contrast, universities in Scotland have secured a 13-15% share of competitive investment by the UK Research Councils over recent years. We note that the same 2019 conference data indicates that London and the South East of England had secured 40% of the total Industrial Strategy Challenge Fund investment. Working with industry partners we are ambitious to

increase the share of Industrial Strategy Challenge Fund investment which, if at 7%, is below population share. To support this, a full and ongoing analysis is essential, particularly if the provision for 'place' is to be delivered and assessed by the Industrial Strategy.

Moreover, it is sometimes unclear which investments under the Industrial Strategy are UK wide and which are focused solely on England whilst generating a Barnett consequential for the devolved administrations. Whilst it will be for Ministers in those administrations to decide how to deploy that consequential resource, it is important to understand these flows of resources, particularly if UK-wide Industrial Strategy investment is assumed to be founded on a complementary investment at the devolved level.

Within Scotland, supporting the engagement and success of businesses and universities under the Strategy is a priority of the Strategic Board for Enterprise and Skills which has oversight of the Scottish Government's agencies that are focused on skills and innovation. Its Strategic Plan<sup>2</sup> notes a need:

- for developing stronger support for, and greater agility in, accessing the Industrial Strategy Challenge Fund is key and should be incorporated within agencies' strategic and operational plans (page 34); and
- to support Scotland's businesses to respond to challenges by leveraging maximum funds from the Industrial Strategy Challenge Fund (page 11).

### **IS Grand Challenge Missions and IS Sector Deals**

We see continuing relevance of these missions, although a review of their focus and the potential addition of others to meet the challenges of a post pandemic economy would have merit. Similarly, Deals may need reviewed to support businesses through a period of stabilisation and adaptation to new circumstances.

In addition, the construction of Deals would benefit from a consistent focus on a truly UK-wide perspective, recognising that some of their content relates to devolved issues in England. The pace of the formation of the first Deals did not support sufficiently a consultation across all parts of the UK and different scales of businesses. The process subsequently has been enhanced, however, there needs to be a constant eye to securing diverse voices within sectors, not least given that those businesses most affected by the economic shock of the pandemic (e.g. SMEs) might have least capacity to engage.

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<sup>2</sup> <https://www.gov.scot/publications/working-collaboratively-better-scotland/>