

20 October 2022

The Rt Hon Simon Clarke MP
Secretary of State for Levelling Up, Housing and Communities
2 Marsham St, London SW1P 4DF

CC: Dehenna Davison MP, Parliamentary Under Secretary of State for Levelling Up, Housing and Communities.

Dear Secretary of State

We are writing to you on behalf of Universities UK, the representative body of 140 UK universities, and GuildHE the representative body of 56 UK higher education providers including both universities and further education colleges, to seek your support in addressing the loss of important university business support and enterprise activity following transition of local funding from EU programmes to the UK Shared Prosperity Fund (UKSPF).

UK universities welcomed the government's commitment to replace EU structural funding, however it is now clear that uncertainty around implementation of the UKSPF, and lower levels of investment available, seriously threatens many university projects that are directly supporting local employers and communities.

These projects are particularly impactful as they were designed to deliver growth, and have been shown to do so. They leverage in private funding and are present across all regions and nations of the UK, particularly in those local areas that are most in need of economic growth. Many projects support local small and medium-sized enterprises (SMEs) with business advice, skills development and recruitment. SMEs are the backbone of employment and economic growth in many local areas where there are no large employers.

As European structural funding comes to an end, the valued university projects that this supports will also cease, leaving experienced staff that should be underpinning successful growth in local areas across the country at risk of redundancy and undermining universities' ability to support innovation and skills.

There are currently 162 projects in England whose funding is due to end in the next 12 months, supported by £362 million of ERDF funding providing high quality skills training, supporting local employment and productivity growth. There are a further 53 in Wales, with £300 million investment from ESIF.

The transition from EU funding must be better supported to ensure the UK doesn't lose hundreds of jobs, huge talent, and local innovation and skills capability.

Universities across the UK are ready and able to play our full part in the national growth strategy, and are effective at bringing together local partners, including colleges, schools, local leaders, employers or communities. However, in order to do so we need help and support to keep our business engagement and innovation services running.

Investment priorities such as the UKSPF must enable universities to contribute through business support, research and innovation, and skills development.

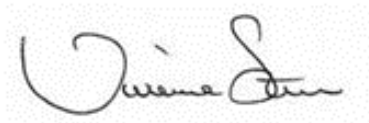
It is vital that funding is available for this important work to continue, and keep our business engagement services running.

We are asking for bridging funding to allow universities to continue projects that provide innovation and skills support for local businesses, and wish to work with your Department to develop a clearer system of local funding to support university contributions to local innovation and skills, which will play a critical role in supporting the government's economic growth agenda. Evidence shows that investment in the higher education sector creates more jobs per pound than equivalent investment in construction, the manufacture of computers and electronics, public administration and defence or health sector.

As membership organisations, we are in a strong position to help engage universities and can rapidly and effectively share information with and work with our members across the UK.

Thank you in advance for your time and consideration. We look forward to hearing from you at your earliest convenience.

Yours sincerely



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Annexe

Examples of projects where funding is due to end

- The FLEXIS App project, led by Cardiff University, is generating green and economic growth across Wales through industrial partnerships collaborating on the commercialisation of research to decarbonise future energy supply. The project has received most of its funding, almost £3 million from the ESIF programme, which runs out in November 2022.
- Productivity Through Innovation (PTI) is a project delivered by Nottingham Trent University, University of Nottingham and University of Derby to help around 200 local SMEs increase turnover, competitiveness and profitability. The project is receiving £3.5 million from the ESIF - half its total funding - which runs out in March 2023.
- The Materials and Manufacturing Academy (M2A) delivered by Swansea University aims to create the future leaders of Welsh industry through industry sponsored postgraduate research. The M2A focuses on industrial research projects in computational modelling, functional coatings, materials & manufacturing. M2A is a £25.5m project part funded by the European Social Fund, with funding due to end in December 2023. With the loss of European funding, knowledge exchange between industry and academia within materials and manufacturing will be dramatically reduced. There will be fewer opportunities for Swansea University students to work alongside industry, secure jobs as a result and remain in Wales, leading to a loss of skills and talent.
- The Gloucestershire Growth Hub is a business support service delivered through a partnership between the University of Gloucestershire, the GFirst Local Enterprise Partnership (LEP), and other partners. Since 2017, half of its funding has come from the ESIF, around £3.4 million, which runs until March 2023, and it has received matched funding from the University of Gloucestershire in partnership with GFirst LEP. It is estimated that the Growth Hub, located in the university's business school, has supported Gloucestershire businesses to create 1,200 jobs, £155 million Gross Value Added (GVA) and boosted turnover by £400m since 2014.

- The University of Newcastle’s Arrow initiative is designed to de-risk, speed-up and strengthen innovation activity in regional SMEs, by linking up businesses with the University’s expertise and resources. Arrow has supported over 120 businesses to develop new products and services, with 95% of businesses surveyed reporting greater impacts as a direct result. Current projections, based on an interim independent evaluation, is that over the next three years, it will lead to the creation of 143 new jobs, 53 new products or services developed for the market, £2.6m private investment raised and £16.9m growth in turnover for those SMEs involved. Funding of £1m per annum from EU funds is due to expire in March 2023.
- The University of Manchester’s Bridging The Gap programme, delivered by the Graphene Engineering Innovation Centre (GEIC), accelerates the adoption and commercialisation of graphene and 2D materials. The programme has engaged with more than 200 SMEs, generating new products and jobs, and has enabled a thriving start-up community. The project is receiving £1.9m from ESIF, which will end in December 2022.
- The Sheffield Innovation Programme (SIP) is a regional initiative – led by Sheffield Hallam University, the University of Sheffield and Sheffield City Region Growth Hub – which aims to stimulate business growth and promote the development of long-term relationships with SMEs, providing access to a broad range of academic expertise and university facilities. Support is all at no cost to the business. Since 2016 the programme has provided innovation support, in the form of bespoke research and innovation-based consultancy, workshops and other events, at zero cost to more than 350 SMEs. SIP is part-financed by the European Regional Development Fund, which is due to end in June 2023.