The Regional Growth Fund

Institute of Physics submission to a Department for Business, Innovation and Skills; Communities and Local Government; and HM Treasury consultation.

A full list of the Institute’s responses and submissions to consultations can be found at www.iop.org

6 September 2010
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Growth Fund Consultation
St Mary's House
9-11 London Road
Sheffield
S2 4LA

Dear Sir/Madam,

Regional Growth Fund

The Institute of Physics is a scientific charity devoted to increasing the practice, understanding and application of physics. It has a worldwide membership of over 37 000 and is a leading communicator of physics-related science to all audiences, from specialists through to government and the general public. Its publishing company, IOP Publishing, is a world leader in scientific publishing and the electronic dissemination of physics.

This submission was prepared in consultation with the Institute’s Business and Innovation Board.

The Institute welcomes the opportunity to respond to the Regional Growth Fund consultation. The attached annex highlights key issues of concern to the Institute.

If you need any further information on the points raised, please do not hesitate to contact me.

Yours faithfully,

Professor Marshall Stoneham FRS CPhys FInstP
President Elect
The Institute of Physics

John Brindley
Director, Membership and Business
The Institute of Physics
The Regional Growth Fund

1. Are there benefits to be had from allocating different elements of the fund in different ways?

Yes, though clarity of purpose and application should be driving forces; the system should be as easy to use as possible.

2. What type of activities, that promote the objectives outlined above, should the fund support and how should the fund be best designed to facilitate this?

There has been very little objective analysis on the impact of the work of the Regional Development Agencies (RDAs) on innovative, science based business in their regions. As such, it is difficult to assess which activities currently offered through regional structures should be retained, and which discarded. We look forward to the forthcoming White Paper addressing these issues. Additionally, it is not clear from the consultation document what the primary role of the Regional Growth Fund will be, both with reference to existing local and regional structures that it will be replacing, and also in terms of the role that centralised bodies such as the Technology Strategy Board (TSB) will play. The document suggests that the Fund will be the primary source of funding available to the proposed Local Enterprise Partnerships (LEPs). If this is the case, then the need for centralised overview is all the more apparent. Without such a national perspective, there is risk that the Regional Growth Fund will result in similar problems to those encountered by the RDAs. Through *ad hoc* allocations or locally-driven strategies, it could be that LEPS end up in competition with each other to attract businesses. Such strategies may be beneficial to the local area in the short term, but such sub-critical allocations are not the best value that can be obtained from public money, and are not the best way to serve the interests of the full range of science-based businesses in the UK.

The document implies that the Regional Growth Fund, and the LEPs associated with it, will not have a role in innovation strategy. We would agree with this approach – local bodies will likely have neither the necessary broad view, nor the specialist expertise to work with science-based businesses. However, the Institute has been made aware of several applications to the Local Enterprise Partnership Scheme which make strong reference to local innovation strategies, alongside broader business support architectures. Given that those applying to become LEPs, and so looking to apply for funding from the Regional Growth Fund, are not clear on the distinction, we would recommend that a clear enunciation of the roles and remits of all bodies be made soon.

We believe that responsibility for the UK innovation strategy as a whole should reside with central Government rather than each local area charting its own course, with the themes of support set nationally, but delivered locally. If there is to be a role for the LEPs here, we would look to the Technology Strategy Board to steer them, perhaps through matched funding, into areas which don’t bring them into direct competition.
with each other. In this way, the TSB can prevent duplication and confusion being introduced into what is a national set of priorities and, instead, build on the existing capabilities and strengths of the regions. In the same way, one of the priorities of the Regional Growth Fund should then be, working in concert with a National Strategy, supporting areas that drive economic growth such as successful science parks and clusters. There has been significant investment through the RDAs over the last decade in such infrastructure and this investment should not be squandered. Similarly, there are also issues related to whether, and how, LEPs will interact with individual university departments, large scientific facilities and science and innovation campuses, such as those at Harwell and Daresbury – which has had significant engagement with the local RDA.

3. Do you think that these are the right criteria for assessing bids to the Regional Growth Fund?

The criteria as they are described are appropriate, though it may be that taking ‘job creation’ as a measure is too blunt an instrument – one high-level job could in turn create many further, while one low-level job will still count as one, but create no others. As such, there should be a clearly defined framework on how job creation is measured. However, the criteria should not exist in a vacuum; there is a need for a broad plan to allow potential applicants to the Regional Growth Fund to gauge the likelihood of success.

4. Do you think we should operate a two-stage bidding process?

Yes – if it is used to make a simple initial stage, then a well constructed and shaped final stage, this may avoid a lot of wasted time on projects that are clearly unlikely to succeed. It also allows for more joining up of ideas and projects, possibly across different regions.

5. Should a Regional Growth Fund become a long-term means of funding activity that promotes growth?

Yes – the timescales associated with science-based businesses demand that long-term strategies should dominate, without becoming to resistive to innovative new ideas.
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**IOP Institute of Physics**  
76 Portland Place  
London W1B 1NT  

Tel: +44 (0) 20 7470 4800  
Fax: +44 (0) 20 7470 4848  
Email: physics@iop.org  
Website: www.iop.org  
Registered Charity No. 293851