

# PLACES MATTER: THE ROLE OF UNIVERSITIES

## Recommendations:

- ➔ **Strengthen the voice of universities and colleges in regional strategic planning for better local growth and regeneration**
- ➔ **Harness the full diversity of higher education providers to address skills barriers and low productivity**
- ➔ **Reform the regional research and innovation funding system to be fit for purpose**

**Places matter. Strong local communities and economies ensure that all parts of the country share in the cultural and economic wellbeing of the country and help develop a sense of community pride. Supporting and enhancing their locality is at the heart of the missions of GuildHE member institutions. These distinctive higher education providers have deep connections with their local communities developed through strong public engagement activity, training the public sector workforce, developing creative enterprise and cultural hubs, and providing strong support services to local businesses.**

## **RECOMMENDATIONS:**

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- 2 Harness the full diversity of higher education providers to address skills barriers and low productivity**
- 3 Reform the regional research and innovation funding system to be fit for purpose**

## **STRENGTHEN THE VOICE OF UNIVERSITIES AND COLLEGES IN REGIONAL STRATEGIC PLANNING FOR BETTER LOCAL GROWTH AND REGENERATION**

Empowering local communities and regions through more devolution, with suitable funding, will enable these regions to take charge of their destiny. Effective place-making starts with a truly collaborative approach to strategic planning across all local civic actors, including universities and colleges. Local and regional devolved administrations must be supported and empowered to bring together key stakeholders to co-create their local growth and regeneration plans coherently. This must involve the full diversity of higher education providers that understand the breadth and specificity of the needs of their communities. All too often local initiatives don't effectively engage higher education providers in their plans or only invite the largest higher education provider in the area. All universities and colleges should be encouraged to lead or participate in place-making plans that purposefully and meaningfully address their specific local challenges.

The current government's Levelling Up policies do not effectively maximise the full potential of universities as employers, conveners, educators and collaborators in their places. We need to ensure that the transformative impact of higher education effectively makes and regenerates places for a better and more equal society.

Creative specialist providers, for example, contribute to the economic and cultural significance of their places through arts, design and performance. They nurture creative enterprise through fostering startups and freelancers to enter the local economy, contributing huge value to the regeneration of deprived areas. These providers need sustainable investment to continue to build the cultural capital of towns, regions and left-behind areas.

**We recommend that the next government:**

- **Ensure there is a joined-up and coherent approach to place-making with universities included as significant contributors**
- **Support all higher education providers to engage in public and community engagement to drive fair and purposeful growth and regeneration**
- **Target investment into creative education and enterprise to enhance local cultural regeneration and attract the creative industries**

## **HARNESS THE FULL DIVERSITY OF HIGHER EDUCATION PROVIDERS TO ADDRESS SKILLS BARRIERS AND LOW PRODUCTIVITY**

Regional inequality of opportunity is high in the UK compared to other developed countries. Higher education is paramount to social mobility and the growth and regeneration of towns, cities and places – all of which contribute heavily to the UK's ambition to close inequality gaps and boost local economies. GuildHE has published a dedicated [Skills Manifesto](#) document that outlines the strong capability of our member universities to deliver high quality, distinctive, technical and practice-based qualifications, across a vast range of professions and disciplines.

Many universities directly educate and train their local workforce using curricula co-created with local businesses. This helps create, maintain and foster the local talent pipeline and support the social and economic growth and prosperity of the region. Many GuildHE member institutions are in places not well serviced by other higher education provision, offering a vital skills service to local communities and greater choice and opportunity for students. Partnerships between universities, colleges, schools and employers should be integral to local skills strategies and higher education must be embedded in long-term plans to tackle deprivation and disadvantage. Making the most of the power universities have to train, improve and retain skills in their area should be a central priority for the next government.

**To tackle skills gaps, productivity barriers and regional economic inequality, we ask that the next government:**

- **Establish local skills partnerships between universities and local authorities**
- **Strengthen the role of higher education institutions in current schemes such as Local Skills Improvement Plans (LSIPs)**
- **Embed universities in long-term strategic plans to tackle unemployment, skills shortages and pay disparity in deprived areas of the country**
- **Incentivise local skills retention such as introducing grants for local graduate and student startups, or provide support for local employment partnerships schemes between universities and businesses to reduce brain drain**

## **REFORM THE REGIONAL RESEARCH AND INNOVATION FUNDING SYSTEM TO BE FIT FOR PURPOSE**

Consideration of local context in research and development (R&D) funding was a welcome introduction with the [Regional Innovation Fund \(RIF\)](#). The recognition that funding for research, innovation and knowledge exchange is impacted by disparate local economies, and has a direct effect on its growth and development, is a step in the right direction. However, the RIF uses the formula funding model from the Higher Education Innovation Funding (HEIF) which does not recognise the impact of smaller or more specialised institutions and explicitly excludes many through its income threshold. This allocation model uses income as a proxy for impact. The concept that the more income that is generated – in other words the richer a university is getting – is equivalent to its desirable impact on society fails to capture the breadth of social and cultural value. The work that many smaller and more specialist universities and colleges undertake collaboratively with small and medium-sized enterprises (SMEs), communities and the public to co-create solutions to social issues are at a disadvantage in receiving funding under this model. We highlight the issues with the HEIF model in our 2023 report [Expertise in Action](#).

Projects that are designed to engage directly with the public for free or with charities, small businesses or industries with lower financial capital, such as the creative industries, are left out of strategic funding. Using the HEIF formula for RIF allocations assumes that there is an exclusive correlation between a region or place that is economically or socially disadvantaged and a larger, often research-intensive, university which is very often not the case.

A more constructive area of focus for regional growth through innovation-led practice is collaboration with SMEs. GuildHE institutions in particular are responsible for a greater share of collaboration with the SME community than the sector as a whole<sup>1</sup>. The role of smaller and specialist institutions in supporting the SME community is labour-intensive and requires a high degree of support, although many institutions are undertaking this without the benefit of sustainable funding. An incoming government should recognise the disproportionately high amount of support given to the SME community by providers with disproportionately fewer resources and develop a fairer approach to funding to reflect this.

University Enterprise Zones (UEZs) fund universities and local businesses to work together to create distinctive hubs of knowledge and practice in their places. UEZs provide the right flexibility for universities and businesses to focus on their specialist strengths in relation to the needs of their area, boost productivity and address some of the inequities in the RIF model. However, currently no specialist universities have been included in UEZs.

**Therefore, we recommend that the next government:**

- **Remove the HEIF formula from the funding allocation model for the Regional Innovation Fund (RIF) and consult the sector to build a robust model that targets regions and areas of the UK that really need investment**
- **Provide sufficient funding and support for initiatives that facilitate the co-creation of research and knowledge exchange projects that are designed to address the unique challenges of different regions**
- **Provide capacity-building funding for innovation-led regional growth projects that do not require match funding in order to truly reach areas with lower economic security**
- **Establish a University Enterprise Zone (UEZ) at every university to recognise and reward the scaling up of successful partnerships that smaller universities have developed with SMEs**

<sup>1</sup> Between 2019 and 2022, GuildHE institutions represented 1.5% of the sector's qualifying income for HEIF but 3.1% of the QI drawn from SMEs.

GuildHE is an officially recognised representative body for UK higher education, championing distinction and diversity in the sector.

Our 60+ members include universities, university colleges, further education colleges and specialist institutions, representing over 150,000 students.

Distinction and Diversity  
in Higher Education

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