

# "Until we have built Jerusalem"

The role of Universities in the changing Northern Political and Spatial Geography



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Opening doors







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## "On England's Green and Pleasant Land"

Foreword by Professor Peter Slee

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All good constructs are built on a solid, tried and tested design framework. As the title of this booklet implies, these constructs also begin life conceptually as ontological aspirations or indeed inspirations until they are eventually realised and become tangible.

The changing political landscape in the North through Devolution is creating challenges and opportunities for the wider region. The concept of a Northern economic geography with a combined GNP ranking potential of 10th in the EU , offers real impetus to successfully build a 'Northern Powerhouse' and reap the collective rewards.

The challenge of constructing a successful 'Northern Powerhouse' much like any physical build will be largely down to the strengths of its foundations; the quality of the resources and material used to build it ; and the skills applied in its design. As 'no man is an island' equally no construction stands alone, but rather forms part of its landscape, working with it, and from it.

Places of higher learning have always been the building blocks of knowledge and innovation, and catalysts for social and economic change and political debate and challenge. As anchor institutions, they have a role and responsibility to play in supporting, futureproofing, questioning and challenging changes in their political, economic and spatial geography and importantly setting them in the context of history.

The collection of discourses and monographs in this booklet, contributed from colleagues across a range of academic backgrounds, provide some early markers for laying out the groundworks of a 'Northern Powerhouse'; and offer some design considerations and challenges for the 'Architects' of the North.



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<sup>1</sup>"We've calculated that the economy of the North of England is twice the size of the Scottish economy. If it was an independent country, it would be the 10th largest country in the EU" –Ed Cox, Director of the Institute for Public Policy Research (IPPR) North, November 2015, (Rhetoric to Reality: A business agenda for the Northern Powerhouse, IPPR North, 2015)





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# Leeds Beckett University - a research and enterprise beacon in the Northern Powerhouse of the Leeds City Region

John Shutt, Leeds Business School, Leeds Beckett University

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Leeds Beckett University has a long tradition of contributing to the development of Leeds and its wider City region; indeed it plays a key role in education and training in the North. Its scale and reach is national, European and International, and the University has played a key role in ensuring Leeds is globally recognised and focused at the international level as well as regionally.

With a new Conservative Government in 2015 policies are changing and devolution in England is firmly on the agenda. City regions are to be empowered and devolution deals have already been concluded with Manchester, Sheffield, Liverpool, Newcastle and Cornwall plus more announcements are expected in 2016.

In Greater Yorkshire, a devolution deal has proved difficult to negotiate because of the complex boundary and geographies, and negotiations are ongoing. There has been a reluctance to accept new mayoral models of City region governance and a worry that the devolution offer is not strong enough. A devolution deal however seems inevitable as plans are advanced by the Government for more devolution to Scotland, Wales and Northern Ireland and there is a feeling that England is too centralised.

Leeds City and Leeds City Region are at the heart of the proposals for Growth and Employment and the West Yorkshire Combined Authority has been proposing that the devolution deal should be for the Leeds City Region. Complex though this is for Yorkshire, these Growth and now devolution deals are changing the regional landscape and will have far reaching consequences for both policy and governance and for education and training. At the same time the Treasury is advancing the multi-scalar intra-regional concept of the Northern Powerhouse; to address the worsening North-South divide and as a means of addressing the re-balancing of the national economy. Closer links between Manchester, Leeds and Sheffield and within the North as a whole are anticipated in driving forward the concept at global levels and a new Council of the North has been proposed by some, including local authorities and the IPPR North and the Royal Town Planning Institute (RTPI).

These proposals are related to wider issues of rebalancing the North with large scale infrastructure investments in Transport, Housing, Energy and Climate Change resilience and business development and innovation and skills and to new opportunities for collaboration and partnership across the North designed to bring Combined Authorities together and promote the North in more positive ways. With HS2 and now HS3 connecting Manchester and Leeds being part of this agenda there are clearly major new opportunities opening up as well as new threats to tackle, as the recent floods across the North focus minds once again on sustainable development and resilience measures which need to be introduced as a matter of urgency.

Leeds Beckett has a significant tradition of applied research and policy research across a wide reach of the public sector, and a commitment to improving public sector performance and management and project management. The more formal approach to shared governance which is occurring across Leeds City Region and in North and East Yorkshire is focused minds not only on strategic planning and investments but on the opportunities for shared services financial collaborations and new financial opportunities. Integrating services across boundaries, and developing new cross cutting programmes to deliver services in areas like Health and Housing and Transport and Skills and Education. It is an exciting opportunity and Leeds Beckett researchers cover a wide variety of policy research and plans to assist the new agenda in the period to 2020 and beyond. They are engaged in the changing plans and role of Leeds in the wider devolution arena.

In this booklet, professors and researchers at Leeds Beckett look at a range of issues which need to be considered in the debates about strengthening the Combined Authorities and giving new life to the Northern Powerhouse concept. We look at the scholarly contribution being made and assess the need for future focuses and contributions which the University can make to strengthen regional capacity building across a range of issues from health to culture, urban development and transport, skills and employment and enterprise and business, politics and governance and at the wider issues for research and postgraduate education and training to which the University will need to respond in the period ahead.

The role of the University in a wide variety of partnerships is critical and the essays will look at the research and development opportunities for the University and the inter-disciplinary focus for research and teaching and learning and enterprise which needs developing in the context of the regional impact of Research Excellence Framework (REF) 2020 but also at the distinct contribution which the University can make in the wider Northern England debates and to plans for enhancing local, sub-regional and regional development. Plans for a new cross disciplinary devolution policy research centre are being advanced across the University.

There has never been a better time to examine the development of place based assets and examine the issues surrounding the role of leadership in City and regional development and the changing forms of central and local governance. Experience in Europe and elsewhere shows us that we need both conceptual and empirical inquiry to help develop new sub-regional and intra-regional capacity and frameworks and build capacity to develop the new agenda of devolution in the United Kingdom.





# 1- Powerhouse and Poorhouse: learning from the first 'Northern Powerhouse'

Paul Hayes, Leeds Business School, Leeds Beckett University

"If we were to prophesy that in the year 1930 a population of fifty million, better fed, clad, and lodged than the English of our time, will cover these islands, that Sussex and Huntingdonshire will be wealthier than the wealthiest parts of the West Riding of Yorkshire now are . . . many people would think us insane."

[Thomas Macaulay 1830, quoted in McCloskey 1994: 243]

Thomas Macaulay, shortly to become one of the first two MPs representing Leeds following the 1832 Reform Act, shared the view of many of his time around the North as the fulcrum of future British prosperity. The industrial revolution, fuelled by the coal deposits of the North, had driven the rise of manufacturing and the growth of cities across the North of England by the 1830's. The 1831 Census recorded 55% of national employment in manufacturing as being located in Lancashire and the West Riding of Yorkshire alone (Shaw-Taylor and Jones, 2009), testament to the importance of the North of England to the British economy. The future of the 19th century Northern Powerhouse seemed to Macaulay and many of his compatriots as nothing but bright and the position of northern industry unassailable.

Macaulay's time scale for his prophecy was wildly inaccurate. Even by the 1850's the geography and trajectory of wealth creation in Britain had begun to shift back to the South East (Howell, 2004) albeit significantly fuelled by commerce and empire rather than industry. The rest of the 19th century saw a levelling up of growth and spread of manufacturing across the UK. Relative productivity per worker in Yorkshire fell below the national average from the 1860's onwards to only 89% of the national average by 1911 (Geary and Stark, 2014).

By the beginning of 20th century, although the North continued to deliver significant benefits to the British economy, these benefits were falling away and the pace of relative decline accelerated. By the great depression of the 1930's the North was being seen more as a problem than a boon by the British state. The Barlow Commission, a 'Royal Commission on the Distribution of the Industrial Population' of 1940 was the first of a long line of reports recognising the economic imbalance of Britain and the economic weakness of the North (Garside and Hebbert, 1989). This weakness grew throughout the 20th century with Geary and Stark (2015) estimating that the North West and Yorkshire's combined contribution to national GVA fell from 22.6% in 1901 to 17.8% in 2001.

The first Northern Powerhouse was a moment in British economic history that came and went. Identifying some key themes and weaknesses from its rise and, more importantly, decline can act as a

guide, and sometimes as a salutary warning, to policy makers today.

## The Northern Powerhouse did not deliver 'Good Growth'!

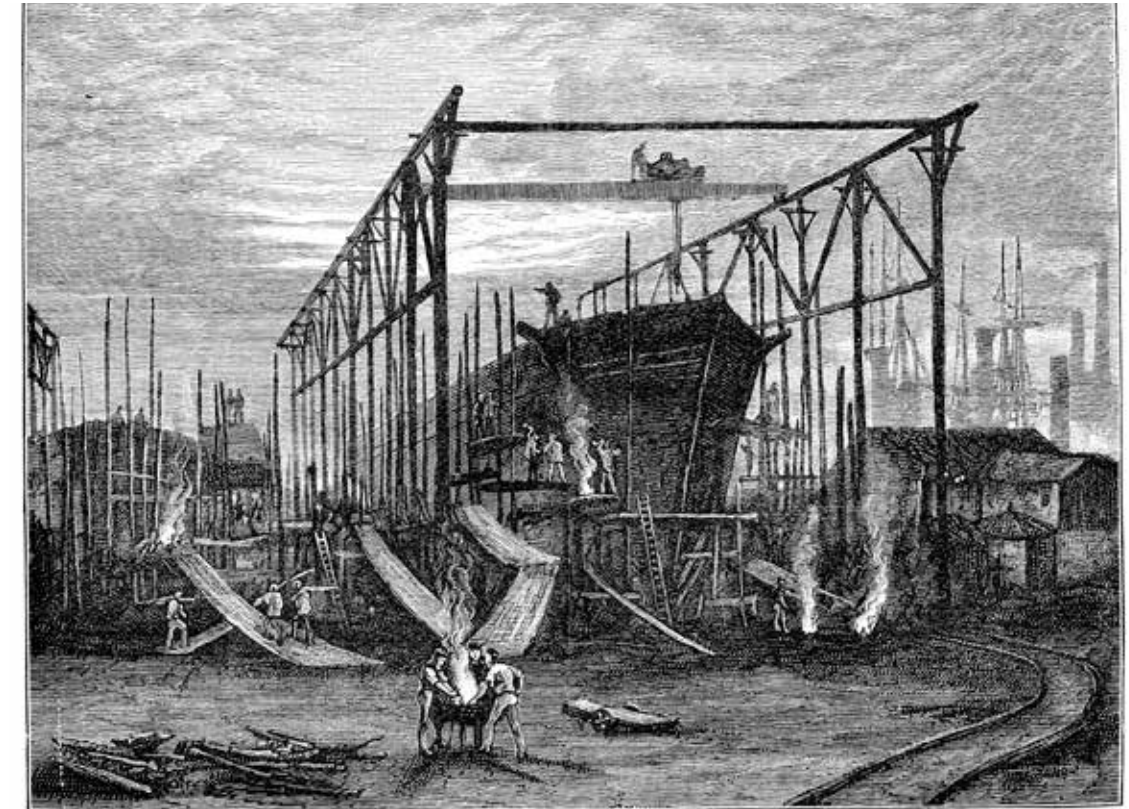
Whilst the industrialisation of the North delivered for the overall British economy, it appears to have widened inequality overall in Britain. Crafts (1987) argues that although overall wages grew during the industrial revolution, living standards rose only slowly (and then only after 1830) and the share of national income received by the poorest began to fall, with the bottom 65% of British earners receiving about 29% of total income in 1760 but this figure falling to 25% of national income by 1860. Nardinelli (1990) also contends that the rapidly rising population in England and a system which brought more women and children into factory labour also worked to suppress overall living standards with wages not keeping pace with prices.

Although wages and living standards rose from the 1830's onwards, poverty and inequality was integral to the 19th century Northern Powerhouse. The poorhouse (introduced in the 1834 Poor Law) was an ever present feature of northern towns and cities of Victorian England. Even at the end of the 19th century Seebohm Rowntree's 1899 study of York (Rowntree, 1901) found that 28% of the population of that relatively prosperous city, around 13,000 people, were living in absolute poverty, struggling to make even the most basic ends meet.

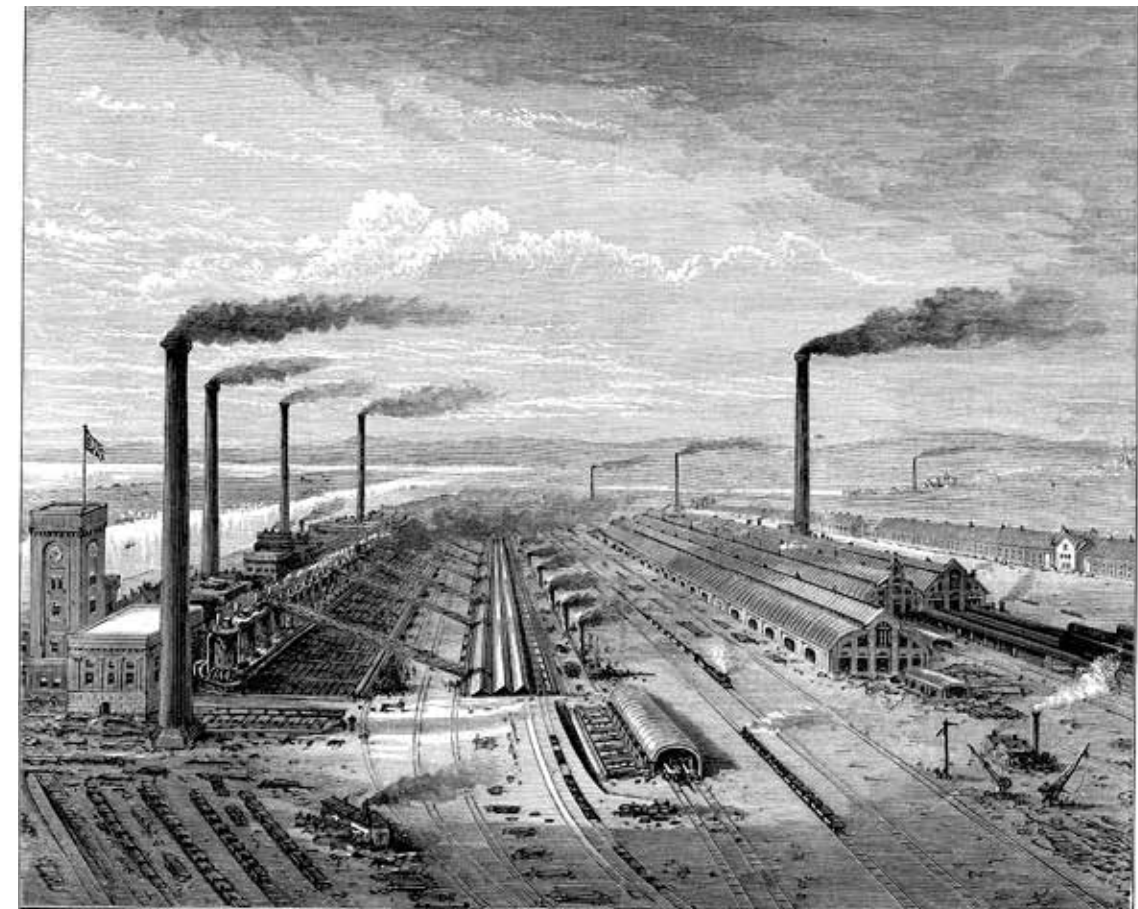
The tensions of both laissez faire industrial growth and poor working practices and conditions also frequently burst into conflict throughout the 19th century north of England. In 1812 alone, at the height of the struggle against Napoleon, more troops were deployed to prevent unrest in northern industrial districts than were serving with the Duke of Wellington in Spain (Reid, 1988) and Britain saw its first ever general strike, triggered by wage cuts in northern mills, spread across the North in 1842 (Jenkins, 1980).

## Migration grew the economies of the cities of the 19th century Northern Powerhouse.

Migration was a major factor in the growth of labour forces of northern cities during the industrial



SHIPYARDS ON THE TYNE.



IRON AND STEEL WORKS, BARROW-IN-FURNESS.



revolution and after. The 1851 census records 214,000 Irish-born residents in the North West of England and 57,000 in Yorkshire, 8.6% and 3.2% of the total population respectively (MacRaild, 2011). Although the Irish famine and its consequences brought many migrants to the North, the factories and workshops of the North had the capacity to absorb this influx, with the additional economic impacts of both underpinning expansion and holding down wage levels.

Whilst the majority of these migrants filled low skilled jobs in mills and factories, migration also brought capital and entrepreneurs into the North. The 'Little Germany' district of Bradford is one surviving testament to this inflow, but the flow of migrants into England benefited its cities both economically and culturally in the mid-19th century (Ashton, 2013).

### Innovation was not embedded into the first Northern Powerhouse.

The industrial revolution in northern England has been argued to have been an historical accident of cheap natural resources meeting the ingenuity of a relatively few inventors and entrepreneurs.

Stahl and Allen (2009), following this argument, note that between 1560 and 1800 output from British mines increased 66 fold and by the end of that period Britain enjoyed the cheapest energy supplies in the world. This cheap energy, coupled with breakthrough inventions such as Hargreaves' Spinning Jenny, and Arkwright's water frame put in place the increases in productivity that enabled the northern factories to out produce and outpace their rivals after 1800 (Zmolek, 2014).

Whilst innovation was the springboard to the development of the 19th century Northern Powerhouse, the laissez faire economics and politics of Victorian and Edwardian England did not permit the development of a structured approach to sustain that innovation lead, which gradually fell away. 19th Century England never established a counterpart to the Prussian national system of innovation first proposed by Friedrich List (List, 1841), which aligned the state, universities, infrastructure and transport policy and employers in a network designed to stimulate and grow primary industries (Freeman, 1995). This system, emulated across Europe, was a major contributor to Britain's continental rivals catching up with technological and process developments in England and, in the case of Germany, surpassing them in many areas in the years before 1914 (Keck, 1993).

More prescient commentators noted this absence. In June 1867 a Leeds Mercury editorial decried, 'the absence of such a system of industrial education as prevails on the continent' (Walsh 2009), however little was done. Leeds University, for example, was not granted its royal charter until 1904 and the fledgling Victorian educational institutions relied on patronage and subscription for their survival and development.

### Infrastructure lagged behind the economy.

The growth in towns and cities in northern England, and the growth of industrial workplaces and workforces, was not matched by investment in public or social infrastructure. Williamson (2002) describes the industrial revolution as being delivered cheaply

and with minimal investment in infrastructure, the consequences of which were to impact on both the economy and society in the decades to come.

In his 1845 Condition of the Working Class in England, Friedrich Engels quotes a number of reports on conditions in cities and towns across the North. This section, taken from a report on Huddersfield, in the middle of Macaulay's 'prosperous West Riding' in 1844, is typical:

It is notorious that there are whole streets in the town of Huddersfield, and many courts and alleys, which are neither flagged, paved, sewered, nor drained; where garbage and filth of every description are left on the surface to ferment and rot; where pools of stagnant water are almost constant, where the dwellings adjoining are thus necessarily caused to be of an inferior and even filthy description; thus where disease is engendered, and the health of the whole town perilled (Engels, 1845).

Although conditions improved later and the town halls of the North from the 1870's onwards acted as visible symbols of civic pride (Hunt, 2005), the local state in northern England, up to the 1947 Town and Country Planning Acts, had a minimal private sector economic role [despite a strong tradition of municipal enterprise from 1900 onwards – including local authority owned companies generating 40% of all domestic gas supplies prior to nationalisation] beyond slum housing clearances and poverty relief. Hunt also notes the strong civic rivalries that prompted many of the increasingly grandiose municipal buildings of late Victorian England, rivalries that, even if local authorities had developed a role in regional economic development, would have severely hampered those efforts.

### Conclusion – learning from the past.

The original Northern Powerhouse came about through a unique set of economic and resource advantages to northern England. Its decline was through the inability to sustain or build on those advantages and to deliver the human and infrastructure capital to ensure that the North could evolve to meet changing circumstances.

Those wanting to build a second Northern Powerhouse lack those economic and resources advantages, and also start from a century of sustained underinvestment and deindustrialisation. What the North can achieve now however is inclusive economic growth that benefits both its communities and the wider UK, and an integrated, collaborative and sustainable economy.

A new Northern Powerhouse may not reach the relative GDP prosperity and economic commanding heights of Manchester and the West Riding of 1830, but it can learn from the lessons of decline. A commitment to innovation, inclusion, education, skills and infrastructure development, collaboration between cities and the public and private sectors in the 1830's could have transformed the 19th century Northern Powerhouse from a moment in Georgian and early Victorian history into the foundation of British prosperity in the long 20th century. If a second Northern Powerhouse is to grow and succeed, those factors need to underpin both its development and its delivery.

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## 2- Closing the Gap? Britain's unbalanced economy and growing the North

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Tackling the regional economic and prosperity imbalances and, through economic growth, addressing their wider social impacts across the regions and communities of the UK have been identified as a deliverable from the Government's Northern Powerhouse policy agenda. The ambition of Government both nationally and within the region, is that the North can grow, prosper and become a net contributor to UK PLC and ensure its communities and people feel the benefit of that growth.

For progress to be made against any ambitions for the North; two key questions need to be answered in terms of both feasibility and delivery of those ambitions. What are the scale of the challenges the North faces? And what types of partnerships and structures need to be in place to drive delivery of those ambitions?

### Mind The Gap: the North and the UK economy.

Despite the frequently stated intention of the Coalition Government of 2010-15 to rebuild manufacturing and rebalance the UK economy (e.g. Cameron, 2010, Cable, 2014) latest available evidence indicates that the gap between London and the South East and northern regions continued to widen and that the North continues to perform significantly below the national average, even after the financial crash of 1997. Between 1997 and 2014 GVA in London grew 28.9% and in the South East by 22.6%. In contrast this figure was 14.2% for the North West and 12.2%

for Yorkshire and the Humber (Fenton, 2015). The North also continues to underperform in terms of productivity per worker, with latest The Office of National Statistics (ONS) statistics estimating the North West is currently 85.4% of the UK average and Yorkshire and the Humber producing just 80.7% of the UK average.

Recovery from the financial crash of 2008 has also been slower and less pronounced in the North than in the South. Figures on insolvency clearly illustrate this. Between 2008 and 2013 insolvency rates fell nationally by 10% overall and by 18% in London. The North however, was only the part of the UK where those figures rose, up 5%; in the North East, from 29.1 to 30.6 per 10,000 people, and 4% in the North-West, from 24.5 to 25.6 per 10,000 people (Willmont, 2015).

### The mountain to climb?

Underperformance of the economies of the northern regions of England has also been a long term phenomenon. Geary and Stark (2015) argue that regional gaps have been constant in the UK throughout the 20th century and that inequality has worsened, and catch-up stopped since the early 1970's; with an increasingly marked divergence between the South East from the rest of the UK from 1991 onwards. Travers (2015) also notes that regional economic imbalance in the UK is wider than in any comparable country and that the UK's high levels of

fiscal centralisation in comparison to other countries makes it hard to address this through either raising or directing revenues at a regional level.

A broader pattern of long term public underinvestment and public spending continues to impact on the North. The IPPR 'Tax, Spend and Northern Productivity' report (Raikes, 2015) found that in total, the average London household received £899 more value from public services annually than the average household in the North through central Government spending and subsidy patterns. This included £610 more per head on education, £110 more on bus travel subsidy, £70 more on rail travel subsidy, £40 more on housing subsidy, £60 more on school meals and Healthy Start vouchers and £80 more on the NHS. Ward (2013) also argues that the post 2010 austerity policies hit northern regions relatively harder, with 20% and 18% falls in Government spending per head between 2010-12 in the North West and Yorkshire and the Humber respectively, as opposed to 13% in the South East.

Low productivity and underinvestment in the North has also led to both long term social issues and demands for public services. Office for National Statistics (2014) household incomes data shows only 3 out of 32 areas in the North (Cheshire East, Cheshire West and Chester and North Yorkshire) with above average incomes, with areas such as Blackpool and Kingston upon Hull markedly below the average. Buckner et al, (2013) analysing long term demographic trends, argue that an ageing population, coupled with disproportionately greater needs and deprivation, will impact more adversely on infrastructure and services (as such, public funding) in the North than in the South East of the UK.

The gap is recognised and initiatives are underway. However, has the North been here before?

### Have we been here before? Regional Development Agencies and 'The Northern Way'

"But being in Government isn't just about tax and spend. We have also used our time to transform Britain for the better. We've devolved power down to local communities. I've axed quangos like the Regional Development Agencies, the Standards Board, the Tenant Services Authority, the Government Offices for the Regions, the interfering Audit Commission, the Regional Assemblies. The whole tier of regional Government has gone. Have you missed it? Has anyone noticed?"

Eric Pickles MP, Secretary of State for Communities and Local Government, 2014

Regional economic imbalances and the need for a response to those imbalances have long been recognised as a key issue for the communities of the North of England, however the geographic level, nature, value and impact of those responses, as can be seen from the quote above (Pickles, 2014) has been open to debate.

Mawson (1983) traces the rise of economic planning in the former West Yorkshire Metropolitan County

Council as being driven by the need to respond to both this imbalance and the wider shock of the 1973 oil crisis on the UK economy. However, Metropolitan County Councils (including West Yorkshire, South Yorkshire and Greater Manchester Councils) were abolished by the Thatcher Government in 1986 with much of the economic capacity in local Government refocused into responding to the 1980's recession and consequent wide scale numbers of job losses at a district and neighbourhood level. Until the creations of Regional Development Agencies (RDAs) in 1998, levels of regional strategic economic capacity were relatively low (Almond et al, 2015).

The stated purpose of RDA's was to:

*further the economic development and the regeneration of its area, to promote business efficiency, investment and competitiveness in its area, to promote employment in its area, to enhance the development and application of skills relevant to employment in its area, and to contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so.* (Regional Development Act, 1998)

The Labour Government were strong supporters of RDA's. Between 1999/2000 and 2006/07 RDA's spent a total of £15.1 billion, an average of £1.9 billion a year. Of this spending 32% was spent on regeneration activities, 17% on business development and competitiveness and 8% on labour market and skills interventions (Larkin, 2009). However, this spend did not halt the growing imbalance in the UK economy.

Previously, the 1997 Labour Government also established the development of Regional Spatial Strategies with unelected Regional Assemblies composed of local authority leaders and 'social and economic partners' charged with scrutinising these strategies (Sandford 2013). Following the 2007 Brown Government's Sub National Review, these Regional Assemblies were replaced by 'Leaders Boards' solely consisting of local authority leaders.

The 'Northern Way' was an integral part of the Labour Government's plans for rebalancing and growing the British economy. Launched by Deputy Prime Minister John Prescott in 2004 as a collaborative, strategic coordination partnership between the three northern RDA's, the Northern way was an explicit attempt to tackle perceived economic regional imbalances through cross sector partnership and taking forward pan-regional collaboration through a shared concept of 'the North' amongst stakeholders, including central Government (Liddle, 2009).

The Northern Way was underpinned by a vision of the North in 2025 as:

*Together, we will establish the North of England as an area of exceptional opportunity combining a world-class economy with a superb quality of life.* (Northern Way 2004)



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Work towards the achievement of this 20 year vision for was cut short by the Coalition Government after 6 years.

Liddle and Ormston (2015) in their analysis of the legacy of the Northern Way, argue that the legacy and value of the Northern Way, lay in its areas of focus, in particular innovation, transport, investment, city regions, strategy and policy and research and analysis, rather than its achievements in addressing the gap. As a short lived creation of Government however, the Northern Way did not have the time or space to redress the balance between the North and the economy of the South East. Goodchild and Hickman's (2006) prediction that: 'Other than for its initial grand vision, the Northern Way will be gradually forgotten' appears to be turning out to be accurate.

The Coalition Government of 2010 dismantled the New Labour regional apparatus, including both RDA's and the Northern Way. Their replacement by Local Economic Partnership's (LEPS), being seen as a shift away from remote and unaccountable bodies, to the functional economic areas that were the actual drivers of economic growth.

For the present Government the strategy for delivery of the Northern Powerhouse and wider economic success appears to be through the growth potential of the larger cities of the North, delivered through the benefits of agglomeration economics.

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To quote Chancellor George Osborne:

"Modern economists have spoken about the economic benefits when a critical mass of people, businesses and infrastructure are brought together in a large city. The whole is then greater than the sum of its parts. Our great northern cities represented here individually are quite small on the global stage - but combined they rival in size London or New York or Tokyo." Osborne (2014)

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Leadership of this economic growth agenda is to be driven through the establishment of directly elected 'Metro Mayors' for urban conurbations/functional economic areas'. Government has recognised that some strategic issues need to be addressed at a pan northern level, hence the establishment of 'Rail North' as a partner in strategic rail franchising for the North, but at time of writing there has been suggestions that the Government seeks to replicate either the structures or overarching strategic framework of the Northern Way.

The City Deals programme, precursor to the current devolution agenda, is also delivering freedoms and flexibilities to local and sub-regional areas. O'Brien and Pike's (2015) analysis of the existing City Deals in England initiated by the Coalition Government however, contends that this process has in fact led to the risk of 'highly imbalanced and inequitable outcomes across the UK' and increased territorial competition between cities and regions in the UK as English regional policy increasingly evolves into the making of deals between central Government and local areas; and that securing additional resources for sub national economic investment are highly dependent on the politics and quality of those deals.

The New Economics Foundation (NEF), in their analysis of wider published recent literature around devolution in England also argue that tackling regional inequality is a long way behind delivering wider overall economic growth for the UK economy as a narrative, and that the risks of continuing and widening the gap remain. NEF found that on average; just under half of all arguments for devolution refer to its role in stimulating economic growth. Improving the effectiveness of public services came second, featuring in 23.7% of arguments, while the potential to tackle inter regional inequality was only mentioned in 7.4% of arguments (Lyll, 2015).

### Conclusion.

Despite the emphasis placed on regional economies by post 1997 British Governments, the evidence indicates that the gap between London, the South East and the rest of the UK in terms of wealth and economic productivity has continued to widen. Indeed Ernst and Young's December 2015 UK City and region economic analysis and forecasts argue the London and the South East will continue to widen the GVA gap with the rest of the UK through to 2018, and that, even with sustained interventions, rebalancing the UK economy will be a long process (Ernst and Young, 2015).

Whilst the focus on, and commitment, to rebalancing the British economy and growing the North through the Northern Powerhouse project is welcome, the scale of the task should not be underestimated and timescales of its ambitions need to be clear and long term. Also if a northern economic voice is to be established, it needs to be built from the bottom up, through local collaboration leading to regional and pan regional; a North that is the construct and voice of its parts, defining its own priorities and accountable for its actions to those who live and work within its boundaries.

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## 3- Key Policy Challenges for the North over the next 25 years

### 3a- Why does devolution matter for public health?

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Devolution is high on the political agenda. It is heralded as reform which can deliver a new model of local governance and drive economic growth in regions outside of London. Some major potential then, but what could it mean for the health and wellbeing of people living in Yorkshire? We know that place matters for health, so any significant shifts in decision making powers are relevant to the public health agenda.

This population perspective was advocated in the 2014 publication 'Due North' by the independent inquiry on health equity in the North. It brought together a body of evidence showing the extent of the North-South health divide, including significant differences in life expectancy with an estimated 1.5 million excess premature deaths compared to the rest of the country since 1965<sup>1</sup>. These inequalities are primarily the result of social-economic differences between and within regions, but the inquiry was also critical of the way that "Northern regions have had limited collective influence over how resources and assets are used and this has hindered action on health inequalities" (p.11). 'Due North' recommended greater devolution, with the power to make a difference at the right spatial level and help to narrow the health gap between North and South.

The Northern Powerhouse agenda was initially conceived as one focused on driving local economic growth but the control of a combined £6.2 billion health and social care budget across Greater Manchester has shifted some focus onto what can be achieved in health services. Devolution has since been presented as a means of addressing some of the 'wicked issues' in the health sector such as financial sustainability, avoidable hospital admissions and integration of services<sup>2</sup>. Cornwall, Surrey and Greater London are among the 24 others who have followed suit with submission for greater control of health in their 'devo bids'<sup>3</sup>. These bids focus on requests to Government for control over deficit regimes, transformation funds and new regional health bodies<sup>4</sup>. However, it is important

to remember that there is insufficient evidence from the devolved nations to draw conclusions on whether devolved health planning at a macro level delivers better outcomes<sup>5</sup>. There is no doubt that devolution opens up new opportunities for technical changes in health services management, but we need to question what the added social value of devolution is, for whom and with what impact. The main drivers of health inequalities and rising healthcare costs are social, not technical, problems after all.

The NHS England Five Year Forward View set out a blueprint for future health services with a focus on prevention and the 'renewable energy' of communities and patients<sup>6</sup>. There are three main ways which devolution can contribute to creating these healthy, sustainable communities; decision making which is place-based, decision making which is closer to people and promoting health in all policies. Taking a future focus, these aspects of devolution are now considered in turn.

For place-based decision making, devolution of budgets at a local level offers scope to develop integrated service provision that looks at issues 'in the round' and draws on community support systems<sup>7</sup>. The financial sustainability of the health and care system relies upon integrated working and collaboration between organisations. Local alignment of funding streams and integrated decision making across a population have been consistently recommended by the King's Fund<sup>8</sup>. However, a recent briefing cautions that the current devolution deals are more about delegation than devolution and moreover the 'prizes' of improvements in population health are not dependent on formal devolution deals signed with central Government. A more co-produced way of commissioning and providing services in partnership with local communities can be achieved without radical reform of governance structures.

Secondly, devolution means bringing decision-making closer to citizens. To date the voice of the public has largely been absent from debates

which focus on budgets and service configurations. Devolution should offer an opportunity for citizens to have greater control of local resources and more chances to shape the conditions that determine health<sup>9</sup>. For decision making which is closer to people, participatory budgeting is an example of a holistic, devolved approach at neighbourhood level that has been evaluated positively<sup>10</sup>. This can be stretched further. Barnes and Coelho<sup>11</sup> contrast public involvement in health in England with Brazil's system of participatory governance where 5000 health councils operate at municipal, federal and state level. There needs to be greater emphasis on the opportunities that devolution presents to grow more connected, cohesive and empowered communities, in line with recommendations of the Marmot review<sup>12</sup>. Public participation and democratic accountability is therefore a necessity for successful outcomes from English devolution.

Finally, and perhaps most importantly, is the contribution that devolution can make to promoting health in all policies. What makes life better tends to make health better. So where devolution may have the most health impact is not through health service reform, but through local Government having greater collective powers for strategic planning to connect

economic development, transport, housing and health. Addressing the North-South health divide effectively will mean working on these wider determinants of health at a regional level, taking a 'Health in All Policies' approach<sup>13</sup>. A World Health Organization report on the role of local Government and the built environment notes that "local councils arguably can have their most important long-term effects on health through the decisions that they take about spatial planning"<sup>14</sup>. Transport strategy is another area linked to the health of the public; the London Mayor's transport strategy for example prioritises health impacts including levels of physical activity<sup>15</sup>.

In summary, devolution matters for health. But if devolution is limited to using delegated powers to shift organisational boundaries and manage services better, then it is unlikely to achieve the desired impact on population health. The real opportunity is for devolution to underpin a whole-of society, whole-of-Government approach to improving health at regional, local and neighbourhood levels.

While there is much excitement about potential gains, without ensuring the connectivity between place, citizens and democracy, devolution will fail to live up to its promises.



<sup>1</sup>Inquiry Panel on Health Equity for the North of England. Due North: the report of the Inquiry on Health Equity for the North. Liverpool: University of Liverpool, Centre for Local Economic Strategies, 2014.

<sup>2</sup>McKenna H, Dunn P. Devolution: what it means for health and social care in England. London: The King's Fund, 2015.

<sup>3</sup>Local Government Association. Summary analysis of devolution bids 2015. Available from: [www.local.gov.uk/documents/10180/6917361/3/Summary+analysis+of+devolution+bids/4241e0cb-b513-41e1-a1c6-21d5e1d65aa2](http://www.local.gov.uk/documents/10180/6917361/3/Summary+analysis+of+devolution+bids/4241e0cb-b513-41e1-a1c6-21d5e1d65aa2)

<sup>4</sup>Dormon F. English devo bids: healthy or not? Blog post, 10 September 2015.: The Health Foundation; 2015. Available from: <http://www.health.org.uk/blog/english-devo-bids-healthy-or-not>

<sup>5</sup>Bevan G, Karanikolos M, Exley M, Nolte E, Connolly S, Mays N. The four health systems of the United Kingdom: how do they compare? London: The Health Foundation and the Nuffield Trust, 2014.

<sup>6</sup>NHS England. NHS Five Year Forward View. London: NHS England; 2014.

<sup>7</sup>House of Commons Communities and Local Government Committee. Community Budgets. Third Report of Session 2013-14. London: House of Commons, 2013

<sup>8</sup>Barker KC. A new settlement for health and social care: Final report London: The King's Fund, 2014.

<sup>9</sup>Cox E, Raikes L. The state of the North 2015. Manchester: IPPR North, 2015.

<sup>10</sup>SQW Consulting. National Evaluation of Participatory Budgeting in England: Phase 1 Main Report 2010.

<sup>11</sup>Barnes M, Coelho VS. Social participation in health in Brazil and England: inclusion, representation and authority. Health Expectations. 2009;12(3):226-36.

<sup>12</sup>The Marmot Review. Fair Society, Healthy Lives. The Marmot Review. The Marmot Review, 2010.

<sup>13</sup>Leppo K, Ollila E, Pena S, Wismar M, S C, editors. Health in All Policies. Seizing opportunities, implementing policies. Copenhagen: European Observatory on Health Systems and Policies; 2013.

<sup>14</sup>Grady M, Goldblatt P, editors. Addressing the social determinants of health: the urban dimension and the role of local Government.

<sup>15</sup>Copenhagen: World Health Organization Regional Office for Europe; 2012.

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## 3b- Planning and the Leeds City Region: some issues for planning as a devolved public sector service

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### Emerging issues for planning in a devolved setting.

The National Planning Policy Framework<sup>1</sup> (NPPF) was introduced in 2012 and sets out planning policies for England and how these are to be applied by local authorities in their plan making process and in dealing with planning applications. The NPPF was designed to help simplify the planning system making it less complex and more accessible to the public and developers. The NPPF has brought with it a number of changes to the way the planning system operates and functions in England. These changes have also been part of a broader process of 'localism' and a general movement towards the decentralisation of power(s) from central Government towards local Government and local communities and neighbourhoods.<sup>2</sup> This process of decentralisation has brought with it a number of key issues. Some of these include:

The role and scope of new city powers, civic leadership, and a focus on the long term economic and social prospects of cities – all set against a backdrop of financial austerity and economic and social complexity in how cities fare against each other.

The problems of scale and organisation in governance – neighbourhood, City, City Region, LEP, combined authority – competition, cooperation, integration, coordination.

For the Leeds City Region these issues are particularly important to consider, and especially so when one considers the economic context of the North of England. For example, some of the latest data shows that the North of England<sup>3</sup> underperforms on several economic and social indicators in comparison to other areas of the country. For example, its shares of economic output, jobs and household income fall below its share of the population. The North of England also has lower labour productivity than other regions. Economic data also suggests that the North has been subject to slower economic growth than the rest of England over the last 20 years. However, if one excludes the high rates of economic growth in London over this period the gap between growth rates in the North of England and the other English regions is small.<sup>4</sup>

Moreover, within the North, five Combined Authorities<sup>5</sup> based mainly around the North of England's largest cities have been authorised to take on economic development functions.

These combined authorities cover 65.0% of the North's population, account for 64.3% of the North's output, 64.2% of employment and 63% of household income (63.0%).<sup>6</sup> While there is much to suggest that the Leeds City Region fares well in comparison to the economic profile of other parts of the North (for example it is the largest city region economy outside London, generates over £60 billion in economic output, has the largest financial centre outside London and is the largest manufacturing centre in the UK)<sup>7</sup> its drive to become the economic powerhouse of the North is crucially connected to its role in the wider Northern Powerhouse agenda and the outcome of its devolution 'asks'.<sup>8</sup>

The devolution process raises some important issues for the planning of city futures, not least in terms of the role cast for planning as a key agent in local and national growth and recovery agendas. Clearly, the last 5-6 years has seen the trajectory of planning move towards an engagement with the localism agenda and in particular towards neighbourhood and community level planning. Equally over this period planning has not been strategic in orientation, but rather it has tended to be incremental and piece-meal in orientation and moving along project by project.

How is the planning world responding to the devolution process and the impact of recent changes in the planning system? What questions and issues is it asking? At a recent RTPI conference on devolution and planning the following questions and issues were foregrounded:<sup>9</sup>

- Where are/will planning decisions be made – what is/are the appropriate scale(s)?
- How will planning be coordinated and by whom?
- The importance of place, identity and distinctiveness.
- The importance of networked governance with non-hierarchical, overlapping and interacting forms of governance.

<sup>1</sup>Department for Communities and Local Government (2012) National Planning Policy Framework, DCLG, London.

<sup>2</sup>The Stationary Office (2011) The Localism Act. See also: Cities and Local Government Devolution Bill [HL] 2015-16.

<sup>3</sup>BIS/ONS define the 'North of England' as the three most Northerly former Government Office Regions: the North East, North West, and Yorkshire and The Humber' [BIS/ONS, 2014, North of England Economic Indicators, p1].

<sup>4</sup>BIS/ONS, 2014, North of England Economic Indicators, p.2).

<sup>5</sup>Combined Authorities are described as two or more local authorities that can take on responsibility for transport and economic development functions. In the North these are the North East, Greater Manchester Liverpool City Region, West Yorkshire and Sheffield City Region [BIS/ONS, 2014, North of England Economic Indicators, p.2].

<sup>6</sup>BIS/ONS, 2014, North of England Economic Indicators, p.2).

<sup>7</sup>Leeds City Region Enterprise Partnership (2015) Small Report of Big Impact, 2011-2015.

<sup>8</sup>Leeds City Region Devolution Asks, Proposal to the Commercial Secretary to the Treasury, 4th September 2015. This document focused on a set of 27 fiscal, transport, housing, business, skills, and public service devolution proposals to the Treasury.

<sup>9</sup>Critical Perspectives on Devolved Governance: Planning and Governance in the 21st Century, RTPI, London, June 2015.

The emerging discussions around the development of what has come to be termed the Great North Plan (GNP) are useful in thinking about how the city region will have to orient itself to address some of these legitimate concerns of the planning profession. What is clear is that some of the embryonic discussions around a putative GNP raise issues that are crucially important for the future of the Leeds City Region, not least because it will form a major element of the spatial scale and territorial area of any future GNP.<sup>10</sup>

Following consultation on the prospective elements of a GNP, a number of key issues are beginning to emerge. Transport infrastructure and transport connectivity<sup>11</sup> within and beyond the North, is central to these debates.

This is particularly the case in relation to how transport planning is to be integrated with economic development and the need to develop key transport hubs. Indeed, the future of transport infrastructure for the city region is key issue. The Leeds City Region growth deal has already secured £600 million of Government funding to create a £1 billion transport fund "to direct investment towards those transport schemes that will have the biggest impact on growth and prepare our region for HS2."<sup>12</sup> Certainly there are a number of major challenges that face the city region in this respect. For example policy makers will need to overcome what has been described as a lack of consensus and narrative about how, why and where infrastructure should be delivered, and where policy makers will need offer clear assessments of the benefits that transport led infrastructure development will bring to both the city region and to those areas where the schemes will be implemented.<sup>13</sup>

A more integrated and cooperative approach to the delivery of what are often large-scale and disruptive schemes will be essential to their success and it is here that the city region partners and stakeholders can play a key role working to achieve and develop a legitimacy around the common benefits of transport infrastructure projects.<sup>14</sup>

Another key issue is the scope and inclusivity of a GNP, both in relation to the role of cities and the relationship of cities with their hinterlands and how this might be represented through a broader plan for the North of England. Relatedly is the connected issue of the relationship of the GNP to statutory plans, with the GNP being seen as something that could 'bring together' local plans with other strategic documents and plans such those for transport of the recently established strategic economic plans. Perhaps more significant is the widespread belief by those consulted on the GNP that any future plan could "offer additional direction and consistency by providing a strategic

level 'between' local plans and national frameworks, and bringing together...all the good intentions' of other documents".<sup>15</sup> Finally, the GNP is seen as something that could act as a focal point for the Northern Powerhouse project, such that it becomes its 'spatial expression' or functions as a coordinating and advocacy document for an emergent and newly devolved political landscape for the North.

### Planning and devolution: a concluding comment.

So, what does current debate about planning (and for that matter the debate about a future Great North Plan) suggest might happen to planning in a devolved city region environment?<sup>16</sup>

Firstly, planning cannot be a completely devolved activity – supra-local forms of networked governance will be necessary in any new devolved (financial or political) system. Secondly, planning in a devolved context will need to be more spatial, with better development and use of local intelligence data and information (the GNP could have a large role to play in setting the spatial vision for the city region). Thirdly, effective planning outcomes will probably be those that have been actively promoted both city-region wide and local community engagement processes.

Planners will thus have to be able to work at multiple scales in ways that while part of their present role, will be significantly enhanced. And fourthly, planning and planners will need to better understand and analyse the inter-relationships between different sectors of the economy, particularly focusing on how socio-economic processes that occur locally might be connected to broader extra-local patterns of development and change.



<sup>10</sup>The following is taken from IPPR North (2015) Towards a Great North Plan: A summary of responses to the call for evidence.

<sup>11</sup>The development of more integrated digital connectivity of the North is seen as critical to future economic success (IPPR North, 2015).

<sup>12</sup>Leeds City Region Enterprise Partnership (2015) Small Report of Big Impact, 2011-2015, p.60.

<sup>13</sup>RTPI (2014) Transport Infrastructure Investment: Capturing the Wider Benefits of Investment in Transport Infrastructure, Policy Paper, London, p.2.

<sup>14</sup>RTPI (2014) Transport Infrastructure Investment: Capturing the Wider Benefits of Investment in Transport Infrastructure, Policy Paper, London, p.3.

<sup>15</sup>IPPR North (2015) Towards a Great North Plan: A summary of responses to the call for evidence, p.3.

<sup>16</sup>For a more extensive debate about the role of planning in developing city futures in a devolved context, as well as the role of universities in this process see Tewdwr-Jones, M., Goddard, J. and Cowie, P. (2015), Newcastle City Futures 2065: Anchoring universities in cities through urban foresight, Newcastle Institute for Social Renewal, Newcastle University, Newcastle.



## 3c- Realising the potential of Anchor Institutions in the Northern Powerhouse to address poverty

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"It's always easiest to do business as usual"

Participant in the Anchor Institution Procurement Initiative in Newark, USA

### Introduction.

The development of local 'common' agendas and a sharing of inter-institutional objectives and resources has been seen as one way of boosting the position of the city in regard to an increasingly competitive environment (Raco, 1998). This approach to economic development is based on an understanding of global-local relations which argues that successful urban areas flourish as a consequence of institutional thickness, which create powerful local nodes of economic activity (Amin and Thrift, 1992). More recently, the Organisation for Economic Cooperation and Development identified a key challenge to create institutions that foster linkages among the private, public and education sectors (OECD, 2012). In the United States, one response has been the mobilisation and integration of what are termed Anchor Institutions (AI) into City Region development processes with multi-stakeholder collaboration by public services or not-for profit institutions such as Universities and hospitals supporting the creation of place-based economic, social and environmental value.

### Context.

Urban poverty is a global problem. For the first time in history more than half the world's people live in urban areas. The World Bank estimates that over 90 per cent of urban growth is occurring in the developing world, adding an estimated 70 million new residents to urban areas each year (Baker, 2008). The economies of scale and agglomeration in urban areas attract investors and entrepreneurs which contribute to economic growth and urban areas continue to provide opportunities for many, particularly the poor who are attracted by greater job prospects and the availability of services. Many of those who live in urban areas in both the developing and the developed world benefit from the opportunities that economic development brings but many others, often those with low skill levels, are left behind and find themselves struggling with the day to day challenges of city life. Many of the problems of urban poverty are rooted in complex resource and capacity constraints, inadequate Government policies at both the central and local level, and a lack of planning for urban growth and management. Given the high growth projections for most urban areas, the challenges of urban poverty will only worsen in many places if current trajectories and approaches to economic development are maintained.

In a report for the World Bank, Ravallion et al. (2007) estimate one third of all urban residents worldwide are poor, which represents one quarter of the world's total poor.

Many of these are in small urban areas and towns where the incidence of poverty tends to be higher than in big urban areas. While these proportions have not changed dramatically in the last ten years, with continued urbanisation, the numbers of the urban poor are predicted to rise and poverty is set to be an increasingly urban phenomenon.

Ravallion et al. note some shortcomings in their analysis due to differing definitions of urban, as well as differing definitions of poverty at the country level (though this would be true of any such effort due to the lack of cross-country standardization in data and definitions). Nevertheless this analysis is seen to take us much closer to a well-founded approximation of the nature and scope of urban poverty which remains a constant feature in the developed and developing world (Baker 2008). A recent report by UNICEF estimates that 2.6 million children have sunk below the poverty line in the world's most affluent countries since 2008, bringing the total number of children living in poverty in the developed world to an estimated 76.5 million (UNICEF, 2014).

In the UK, urban areas are increasingly seen as the drivers of the national economy, and the UK Government is devolving new powers to the largest and fastest-growing City Regions. In a review of the evidence associated with cities, growth and poverty a team of researchers found that between 2001 and 2008, the UK urban areas with the strongest economies at the beginning of the period enjoyed the highest growth rates and became even stronger relative to other urban areas (Work Foundation/IER/ LSE 2014). They noted that poverty in many of the most economically successful urban areas stayed stable or increased, even during periods of economic growth. Within a city, some neighbourhoods with high concentrations of poverty remain persistently deprived through periods of growth. At the same time, we need to balance this area-based view to reflect the changing nature of poverty particularly in relation to the labour market. In more recent times, the nature of poverty has shifted from workless to work with just over half of those in poverty living in working families (JRF, 2015). This brings new challenges as policy recognises that whilst getting into and progressing in work can be a significant factor contributing to the alleviation of poverty, a body of research in the United Kingdom and other European Union nations shows that entering work does not provide a sustainable route out of poverty if the quality of the job is not also addressed (e.g. Brewer et al., 2012; Peña-Casas and Latta 2004).

Faced with complex problems such as poverty and uneven economic development what role is there for institutions at the local level? For some, the institutional paradigm would almost appear to be something of a silver bullet. North (1990) suggests that they are the underlying determinant of the long-run performance of economies. Others go further, saying that the quality of institutions trumps more traditional factors such as geography and trade in determining levels of income and growth prospects (Rodrik et al 2004). The concept of Anchor Institutions has emerged as a way of thinking about the role institutions play in developing communities and local economies. While most studies of Anchor Institutions have focused on the United States (Maurasse 2001; Perry and Wiewel 2005; World Business Chicago 2014, CLES 2015), anchor institutions exist worldwide and research documenting their development, their impact or their best practice lessons is emerging in Brazil, South Africa and the UK (Costa-Martins and Sawaya-Neto 2006, Bender 2008, Work Foundation 2010, CLES, 2015a). However, understanding their role in relation to poverty is relatively unstudied and in need of some development.

### The Role of Anchor Institutions in the urban context.

The AI label was developed in 2002 by Harvard Professor Michael Porter in a report for CEOs for Cities where he called on college and university leaders to create an explicit urban economic development strategy focused on surrounding communities.

The United States think-tank, Anchor Institutions Task Force (AITF) has suggested that as urban problems worsened, deindustrialisation, globalisation

and the rise of neo-liberal policies undermined the domestically-owned manufacturing sector and created the space for new institutions to emerge as anchors of their communities.

AITF argue that Higher Education Institutions in particular can no longer avoid the problems of their local communities and need to contribute towards socio economic challenges which lie beyond their core educational remit. Whilst there is no universally recognised definition of AIs, they are generally viewed as very large employers that are fixed in a local economy and make a significant contribution through procurement, employment and strategic development to the growth of the local economy.

The concept of the AI, particularly in relation to Higher Education Institutions (HEIs) has proved to be international in nature. For example Boucher et al. (2003) draw on case studies in fourteen regions of seven European countries to analyse the roles of universities in their regions. They found that Universities that actively share knowledge have more of an economic impact than those that do not. Bender (2008) explored community engagement by HEIs in South Africa and noted that whilst community engagement is a major priority both institutionally and at a national policy level, there is a lack of assessment, funding, and guidance for policy planners and practitioners. In the UK, research to explore how Universities can support disadvantaged communities in the UK identified a number of policies and action areas for HEIs that are directly relevant to poverty and are summarised in Figure 1 (Robinson et al 2012).



Figure 1. Illustrative examples of University policies and practices to support disadvantaged communities.





Individual AIs such as HEIs can exert considerable influence on local economies in their own right. However, it is in collaboration with other AIs where this approach can make a material difference to a local economy.

For some time, hospitals have been recognised as an anchor for community and economic development, with the power of 'Eds and Meds' (Bartik and Erickcek 2008, Ehlenz et al. 2014) forming a key element of local economic development strategies in several US cities. The anchor concept has subsequently been extended to include a variety of other organisations including libraries, sports clubs and major companies. In Cleveland, Ohio for example, a group of anchor institutions influenced by the cooperative model (including University Hospitals, Case Western Reserve University, and the municipal Government) and led by the Cleveland Foundation launched the Evergreen Initiative in 2008 to create living wage jobs in six low-income neighbourhoods in an area known as Greater University Circle (GUC).

Working together, the Greater University Circle area anticipated \$1.5 billion of institutional developments and the evergreen collaboration is held up as an example of using investment to create place-based businesses, local employment opportunities and the power of procuring on a local footprint.

Another example of an AI influenced intervention is in Newark, New Jersey where in a Community-Wealth initiative, a range of AIs have worked together to shift over \$425m of procurement towards local suppliers. The Chicago Anchors for a Strong Economy (CASE) is a network of leading AIs - hospitals, universities, cultural institutions, corporations, and others - committed to putting their purchasing power to work to accelerate growth. CASE seeks to create economic opportunities for local suppliers by fostering strategic relationships with anchor institutions and perhaps crucially, equipping smaller enterprises with the necessary tools to successfully compete for contracts.

### Current Developments in the Northern Powerhouse.

The potential power of AI influenced economic development is increasingly recognised in the UK. In 2010, the Work Foundation undertook an evidence review exploring the relationship between growth and poverty in UK urban areas. The researchers suggest a number of potential policy focuses for urban areas, the first one being to make the best use of their existing assets, and in particular, anchor institutions such as major companies, hospitals, universities and sports teams. One of the first examples of such an approach is located in the Northern Powerhouse in the Lancashire town of Preston where the Centre for Local Economic Strategies has been working with the City Council and other partners to encourage the development of an approach to promote economic democracy and create a good local economy (CLES, 2015a).

In the Leeds City Region, the More Jobs Better Jobs partnership between the Joseph Rowntree Foundation, Leeds City Council and the Local Enterprise

Partnership is supporting a collaboration between Leeds Beckett University and York St John University in an Action Research Project to explore the potential to maximize the role of AIs to address poverty. Working with twelve AIs drawn from different sectors of the economy and different parts of the Leeds City Region, the research is identifying a range of opportunities to make a difference to poverty at the local level. Initial analysis of procurement activity has revealed that just seven of these AIs spend in excess of £1.3bn on the procurement of goods and services and whilst a large proportion is already spent in the Leeds City Region, shifting just 10% of this spend would be worth an additional £640-£780m to the Leeds City Region economy once multiplier effects are factored in.

Whilst this substantial increase in spending would be a welcome boost to the Leeds City Region economy, research continues to suggest that that relying on trickledown economics is not sufficient to meet the needs of those in poverty. New and innovative approaches are required to reach those in poverty and one such approach is to look to use commissioning and procurement to achieve wider social objectives. One way that this can be achieved is to encourage the targeted procurement of local goods and services and the development of more and better jobs in AI supply chains. This is already happening in some sectors to varying degrees through for example the use of targeted training initiatives by those commissioning and procuring goods and services (ACS and Macfarlane 2014).

This is a very useful approach however we argue that AIs need to go further if they are to develop more and better jobs. AIs participating in the More Jobs Better Jobs action research are considering the adoption of a much broader framework to connect better jobs with procurement activity that includes levels of pay, fringe benefits, job security, training, progression and processes to support employee engagement.

Whilst the research partners started by considering this approach to achieve social objectives and to improve the quality of work for low paid workers, those involved in the research are becoming increasingly aware of the potential of this approach to improve the economic competitiveness of local suppliers through the encouragement of better human resource management and development practices in the supply chain.

### A call for action.

Is AI collaboration a silver bullet to address the wicked problem of poverty in urban areas? Probably not in itself - but the potential of AIs to contribute to the development of a Northern Powerhouse economy with more and better jobs appears to be immense. In the LCR alone initial mapping of AIs suggests that there are ten local authorities employing over 100,000 people and with Total Service Expenditure exceeding £4bn; twenty three Further and Higher Education Institutions employ over 25,000 with combined budgets in excess of £2bn and twenty health sector AIs employ more than 60,000 with combined budgets of £6bn. Add to this some large Housing Associations, other large public and Third Sector organisations along with



a number of large private sector organisations with strong ties to their local communities and a significant resource base is assembled. Of course many of these organisations already make a significant contribution to their local economies in their own right and currently collaborate through a variety of inter and intra sector networks. Imagine though, the difference they could make if they could effectively harness the benefits that even closer AI collaboration could bring.

Like most things worth doing, this is not an easy task at the local level, let alone across the City Region or intra-regional levels. It involves clear leadership to establish shared objectives and an implementation plan and resources to establish a shared strategy. It requires the design, development and targeted implementation of innovative interventions such as collaborative procurement or the development of skills, employment and health eco-systems that have been proven to make a difference to local economies. Without significant leadership, any AI initiative risks getting stalled at the conceptual stage. It requires sustained collaborative efforts to identify opportunities to join up services and to align supply and demand side interests. In some instances interventions are required to build the capacity to overcome barriers that many private sector businesses, particularly small and medium sized enterprises face in responding to public sector initiatives. It also requires AIs to take a good look at their own recruitment and procurement practices to ensure that they are not

inadvertently contributing to poverty through for example, low pay levels, job insecurity or policies and practices that lead to adverse health and well-being outcomes in their directly employed or subcontracted workforce. It involves a willingness to innovate and to use planning, commissioning and procurement to achieve social objectives directly related to poverty. It also requires some consideration within the current devolution context in the UK of the appropriate spatial level to work at – is it regional, the City Region, City, neighbourhood or some other functional economic area?

Leading advocates of AI based intervention in the United States suggest that by focusing on and working to solve highly complex problems locally, AIs will not only improve the quality of life in their communities, but also significantly advance their mission by galvanising their extraordinary resources and harnessing creative energies through collaboration and partnering. It would appear that there is an opportunity for AIs to play a lead role in the alleviation of poverty by changing their perspective of the importance of their role, especially in urban areas by making a commitment to alter ways of interacting and transacting with their local, city, regional, national and global community.

Will it be business as usual or a new way of working that characterises AI collaboration in the Northern Powerhouse?



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## 4- Joining the Dots - Universities' roles in integrating local, regional, national and international geographies

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### Introduction.

The inclusion of Universities and higher education in the recently adopted 'Incheon Declaration for Education 2030' signals recognition of the changing role of Universities in a global education, economic and social system. Universities are pivotal institutions within this complex global system for enabling sustainable development. As Anchor Institutions, institutions rooted in their local and regional geographies, Universities influence and enable economic growth innovation, social inclusion and the development of place. This presents an evolutionary and transformative role for Universities in shaping economic and social development within local, regional, national and international geographies.

In this paper, the role of Universities in 'joining up the dots' as integrators of geographies in many distinct ways; envisages a more fundamental role for Universities. This places Universities as equal partners with Governments, businesses and communities as designers and developers of future economies, societies and nations within a more prosperous, inclusive and sustainable global world.

### Universities as 'Productivity Engines' driving innovation, future proofing and growth in key sector areas.

Universities are engines of growth and regional economic development, generating in 2011, £17.97 billion UK GDP, an output of £73.11 billion and 757,268

fte jobs, amounting to 2.7% of UK employment from direct and indirect multipliers (Kelly, McNicoll & White 2015). This leading role of Universities enables economic growth and comparative advantage for the UK economy (Lambert 2003; Wilson 2012; Witty 2013). Witty called for a revolution in business-university interaction, partnership and innovation building on the findings of Wilson (2012) and Lambert (2003) to place Universities more centrally with businesses and Local Economic Partnerships as engines of the economy and productivity (City Growth Commission 2014). Positive outcomes are associated with business-university interaction (DTI/ONS 2001 in Lambert 2003) and it is vital to foster these relationships regionally and nationally (Lambert 2003). The emergence of new models of City Regional governance in England (House of Lords and House of Commons 2015; HM Treasury and GMCA 2014; GMCA 2015) with the formation of Local Enterprise Partnerships (HM Government 2010), Combined Authorities (Sandford 2015) and Mayoral governance (HM Treasury and GMCA 2014) creates this new impetus for business and University relationships and an enhanced role within their geographies for rebalancing the UK economy (Parkinson 2013; Martin, Tyler and Gardiner 2014; ONS 1996, 2014 in Jones 2015, Martin et al. 2015). The Northern Powerhouse (Osborne 2014) city-regions are seen as geographies for increased growth and productivity, for this rebalancing (Centre for Cities 2015).

To promote growth across all regions, the role of Universities as institutions that foster and facilitate integration of key actors in economic development,

'strengthen the region's voice' in intra region and international engagement, and create links between business, the public sector and education is central to growth (OECD 2012 in Tomaney 2014). As major employers and procurers of services, Universities are strategically important for the economy and are interdependent and co-evolve within their geographies whilst reflecting positively on 'regional branding and 'reputational halo effects' at all geographic scales (Power and Malmberg 2008).

This role played by Universities operates at a range of integrated scales, locally/regionally, nationally and internationally (Power and Malmberg 2008) and so can fulfil an integrated and 'connective anchor' remit (Goddard 2009) to maximise the impact of Universities knowledge and expertise for local economic development, sustained national growth and productivity, and increased innovation and productivity. Economies and societies operate as complex systems, influenced by history and path dependency. Economic growth and innovation arises through evolution of this complex system as a result of multiple connections between actors, institutions and policy at these different and overlapping integrated scales (Brenner 1998; Martin and Sunley 2015; Boschma 2015).

The UK higher education sector's international reputation attracts inward investment and stimulates UK based economic growth (Wilson 2012). Universities and the UK higher education sector represent a sizeable global industry, which delivers 2.8 % of GDP nationally and £10.7 billion export earnings in 2011/12 (Kelly, McNicoll & White 2015). Small and medium sized

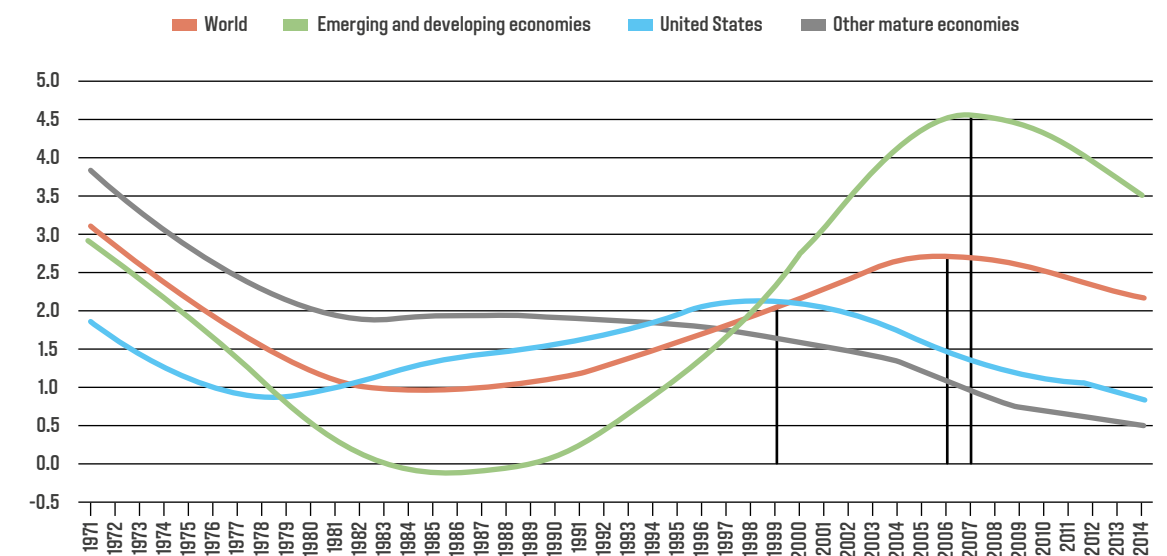
enterprise engagement with Universities regionally and nationally is equally important to create the conditions for innovation and growth build confidence, capability and skills, and coherent business support (Young 2013). Universities are central to the development of education and skills, support for enterprise and business creation, fostering innovation and the creation and application of new knowledge and research (Universities UK 2015).

The Conservative Government's Productivity Plan, 'Fixing the foundations: Creating a more prosperous nation', sets out the challenge and ambition for increasing productivity for the UK economy (HM Treasury 2015).

Increasing productivity is a long-term ambition to address the gap of between 9% (Italy) and 31% (US) that exists between other advanced nations and the UK (HM Treasury 2015, p 6). Whilst economic growth has been increasing, with growth of nearly 3% in 2014, the highest since 2006, this has slowed in 2015 (PWC 2015). Growth alone is insufficient to realise rising living standards and a better quality of life in the UK by 2030 (HM Treasury 2015).

Productivity globally has been reducing since around 2007 (see Chart 1 below) and is recognised as a long-term international challenge (The Conference Board 2015a; 2015b). Productivity growth globally in 2014 remained at 2.1% with mature economies growing by 0.6% and showing a declining trajectory which commenced in 2007 prior to the recent financial crisis. (The Conference Board 2015b).

Chart 1: Trend growth of labor productivity (output per person) using HP filter, 1971-2014



Note: Trend growth rates are obtained using HP filter, assuming  $\lambda = 100$   
 Source: The Conference Board Total Economy Database™, May 2015





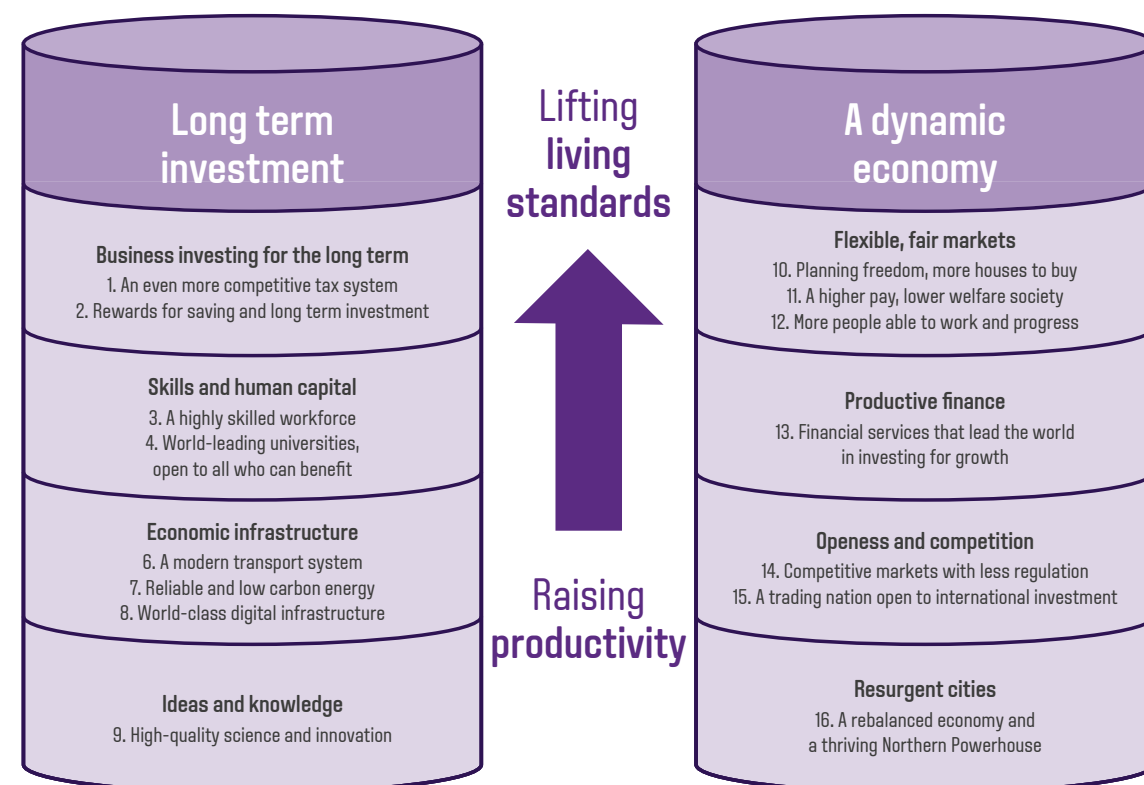
A concern for future productivity is the difference in productivity levels between global high productivity firms and others with much lower levels of output, which OECD (2015) suggests is due to 'a breakdown of the diffusion machine' (OECD 2015).

The Conservative Government's framework developed to strengthen productivity provides additional impetus for Universities to be key stakeholders in the change management/transformation and productivity agendas (HM Treasury 2015). The Framework (see diagram below) is centred on two main pillars, long-term investment and a dynamic economy, signalling an important role for Universities in the areas of skills and human capital, ideas and knowledge, international trade and resurgent cities (HM Treasury 2015). Universities are important actors in enabling productivity through the development of future graduates. A third of UK

productivity increases over the period 1994-2005 have been attributed to the increased employment of University graduates in business over this period (City Growth Commission 2014). Investment in education and lifelong learning is vital for capacity and resilience (OECD 2015).

Growth of collaboration and partnerships between Universities, Local Enterprise Partnerships, city-regional administrations and business is proposed in this framework as a mechanism to utilise research excellence and innovation for maximising economic impact in regions (HM Treasury 2015). Universities are seen as a 'unique and critical part' of economic and innovation systems with connective roles to local, national and international knowledge, actors, institutions and ideas (PACEC 2014; OECD 2015).

Chart iii: A framework for raising productivity



Source: HM Treasury

**HM Treasury 2015, p 7**

These complex systems rely on interaction and engagement of multiple actors and institutions within this eco-system (PACEC 2014; Martin and Sunley 2015). Universities are pivotal institutions within this innovation system, through their role in building the underlying conditions and capacity for innovation. This includes contributing to the skills and assets within City Regions, fostering networks and knowledge transfer, enabling product and process innovation through direct business engagement and research impact and supporting inventions, ideas and patents creation.

City Regional policy and investment in infrastructure has been focused on place-based measures to drive economic growth and productivity through skills, science and innovation. Universities are important locations, contributors and actors in regional, national and international economic development, in research and innovation and in enterprise support/creation. How to make best use of this strategic capacity and resource across the breadth of sectors and priorities within City Regional systems is a strategic challenge for City Regional agencies and leaders. This necessitates a collaborative approach that is inclusive, integrated and more equitable in the design and

delivery of regional strategy and the joining up of local, regional, national and international agendas to meet the specific contextual challenges in geographies.

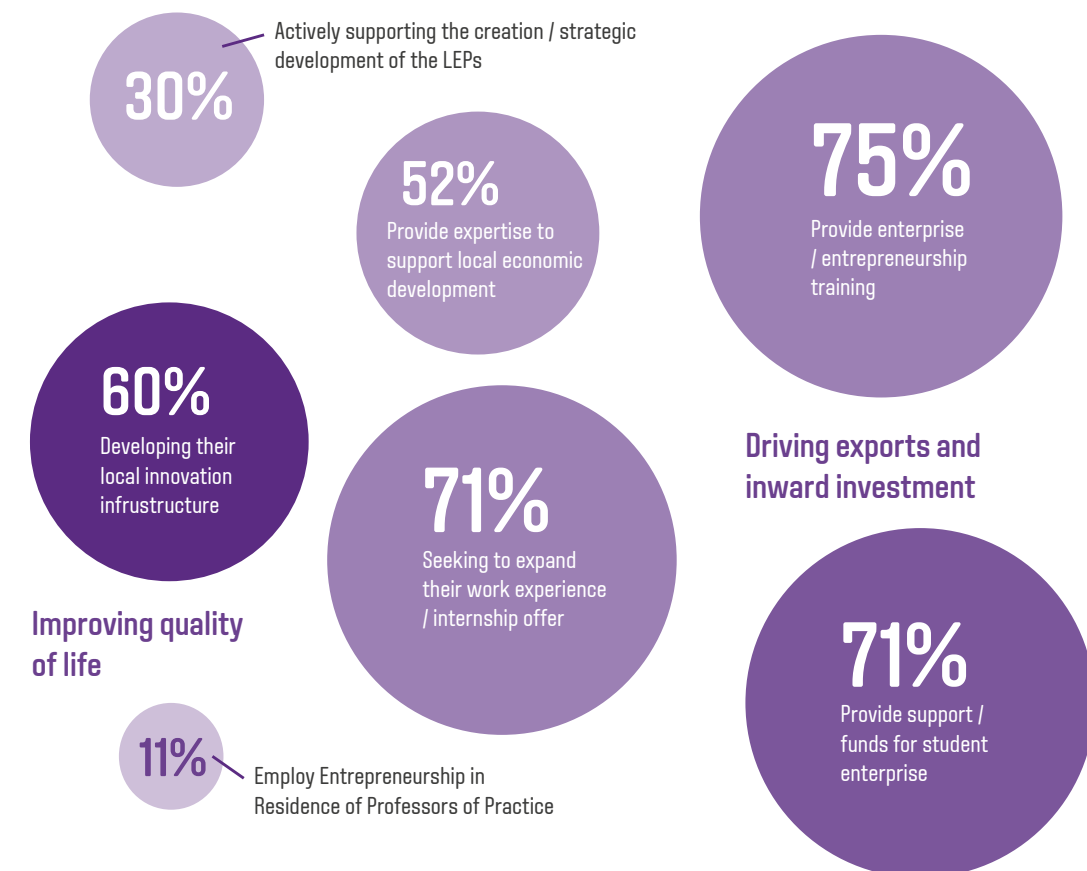
All of the points above are integral to the important role of universities in the changing landscape. It is however perhaps their abilities to be locally bound but simultaneously without borders or frontiers through their accessibility to international resources and expertise, which makes them key drivers for, change. The role of Universities as Anchor Institutions in this regional system could be deployed strategically to support greater connectivity to international knowledge and markets.

Innovation and human capital/skills are the main components of economic growth over the long term and will support increased competitiveness and productivity. Innovation alone is estimated to account for up to 70% of long-run economic growth (BIS 2014b). The UK's conditions for growth and innovation have been strengthened through the role of Local Economic Partnerships, Government investment in city-regions and the enhanced role of UK University-business collaboration. Universities are central to innovation systems and play a fundamental role as

coordinators and contributors in these networks (City Growth Commission 2014). Their role supports innovation through diverse strategies such as graduate education, enterprise and entrepreneurship in the curriculum, spin-off companies and business start-ups, technology and knowledge transfer, research and university-business partnerships, business support and funding partnerships (City Growth Commission 2014)

University research, knowledge transfer and innovation activity strengthens the innovation system within local geographies and contributes to local economic development (PACEC 2014). The strategies adopted by Universities in the use of Higher Education Innovation Fund (HEIF), are being targeted on mechanisms (see diagram below) that build capacity and enhance the conditions for innovation (Witty 2013; PACEC 2014). This comprised an investment of £601 million in 2011-15 (PACEC 2014) with an estimated return on this investment of 6:1 – a total of £3606 million and a range of non-income outcomes including 10,486 patent applications, 20,649 licences, 8,244 graduate start-ups, 1,120 HEI and formal spin offs (PACEC 2014).

Figure X5: Strengthening the underlying innovation conditions



Source: HEIF2011-15 strategies, PACEC analysis



The role and engagement of the private sector in innovation for increasing UK productivity is critical. Demand from the private sector for engagement with Universities in innovation and knowledge exchange could be stronger (PACEC 2014). Innovation activity by firms in the UK remains behind global competitors and the proportion of firms engaged in innovation is low (BIS 2014b). The main factor for increasing productivity is innovation (Lent and Nash 2011) and so University-business engagement and support for innovation, research and knowledge transfer is fundamental for delivering national productivity and growth in city-regions. Graduate employment in businesses correlates significantly with higher GDP productivity (OECD 2011 cited in Lent and Nash 2011) and in the recent recession 'younger entrepreneurs and those with a university education are more likely to be growth-orientated' (Cowling et al 2015). This highlights innovation activity in businesses being pursued by entrepreneurs and University graduates to stimulate growth and suggests that Universities also make an important contribution to innovation, economic growth and productivity through the core business of student education to equip graduates with the skills for innovative activity and enterprise.

Geographic prevalence of innovation activity appears to follow an agglomeration pattern with clustering apparent within cities and urban areas (Athey et al 2007). These geographies display variations in the engagement of firms with product and process innovation activity. Local context, industrial sectors and institutional factors influence this performance (Athey et al 2007). Similar to regional economies, innovation systems are established through a complex self-regulating system involving a multiplicity of connections and interactions between institutions, agents and other factors (Martin & Sunley 2015). Institutions (Rodriguez-Pose 2013), institutional quality and institutional thickness play a part in supporting innovation activity (Amin & Thrift 1994) with concentrations of highly skilled and knowledge workers (Athey et al 2007).

In reality however it is institutions (formal and informal), actors and organisations (institutions of a particular type) that engage in innovation activity and which are influenced by, and which in turn have an influence on the environment and conditions for innovation and economic development (Banks 2015). This co-evolution is a feature of complex systems and their evolution. However the appreciative systems

of actors and institutions (frames of reference for decision-making) and culture within this system will shape participation and engagement in innovation and beliefs relating to risk, as well as financial or investment parameters. Capacity to change and ability to transform institutional norms, beliefs or culture is integral to innovation and to address barriers and arrangements applicable within specific within geographical areas (Rodriguez-Pose 2013). The OECD's research into the future of productivity (OECD 2015) concludes that the key to future growth is to stimulate and harness 'knowledge diffusion' and address skills gaps and education to strengthen growth, innovation and productivity (OECD 2015).

Banks (2015) highlights the need for evidence-based policy and institutional arrangements that serve to promote the benefits and case for change in seeking to enhance productivity (Banks 2015). Public institutions (distinct from Government) with the necessary characteristics of linkages, mandate, skills, independence and transparency, are seen as important organisations for identification of the right evidence-based policies and to engage in education on the outcomes and rationale for change (Banks 2015). Universities are in a position to be instrumental in this transformation within their city-regional geographies through strategic and coordinated partnerships and a primary role in regional policy and decision-making (see Table 1).

It is suggested that Universities in the UK, as Anchor Institutions in City Regions, have the linkages, skills, independence and transparency to undertake this pivotal role as agents of change, working in partnership with each other and with city-regional agencies and Government. If provided with a mandate and resource to deliver by Government, Combined Authorities and Local Enterprise Partnerships, within devolved geographies, there is the prospect of building the case for change, engaging business, the public and private sectors and delivering real improvements in innovation, economic growth and productivity for a better quality of life for all.

Table 1: An enhanced role for Universities in city-regions

University Role	University Impact in City Regions
Enhance University activities and reputation as a regional actor, being recognised as a significant contributor to economic and social wellbeing, as well as the development of public policy, in the region.	Attractor and magnet for investment. Increased city-region branding and reputation regionally, nationally and internationally.
Have Universities represented at a strategic level with key international, national and regional interest groups including central Government, combined authorities and local authorities and other important agencies.	Harnesses talents and assets of Universities as anchor institutions for reputational, growth and innovation competitive advantage. Knowledge diffusion informs decision-making and orientates joined up strategies through connector and coordination role of Universities.
Integrate University research and enterprise agenda in relation to policy development and market opportunities.	City-regional policy and market opportunities are enhanced through closer knowledge diffusion and application supporting economic growth, innovation and productivity.
Develop and promote University research and expertise as a contributor of capacity to the public and private sectors in the region – including regional and local authorities, the NHS and other public bodies.	Raise awareness of University knowledge base and strengthens university-business interaction. Builds reputation of City Region, Universities and knowledge base. Promotes knowledge diffusion, innovation and capacity building.
Utilise Universities for leading on policy research and intelligence relating to the regional geo-political environment.	Provides evidence based and research informed intelligence to inform and enhance policy.
Universities undertake strategic research relevant to City Region's future opportunities for competitive advantage and impact.	Future proofs City Regions knowledge base and capacity for smart specialisation to support future innovation and growth. Reputational benefit to City Region and attracts new business investment.
To build and foster Universities' collaboration across the region and with key partners for large scale funding and bid opportunities at European, National and Regional levels.	Establishes mechanisms for strategic involvement of Universities in City Regional decision making and policy formulation. Harnesses, co-ordinates and targets use of assets and expertise to maximise impact. Builds collective capacity.
Grow the reputation of Universities in key sector areas working with city-regional agencies and to integrate with business sectors and future proof new opportunities.	Integrates Universities (through collaboration) with business sectors to increase knowledge diffusion, develop capacity and fuel innovation and future growth.

Source: Adapted by Colledge B. and Conkar T. (2015)



**Universities as anchor institutions acting as agents of change, intelligence and social responsibility in their geography.**

Universities as Anchor Institutions play a strategic and fundamental role in shaping local economic development (Wilson 2012; Witty 2013). Universities are agents of change, intelligence, innovation and social responsibility in their geography. Emerging UK models of City Regional governance under devolved administrations (House of Lords and House of Commons 2015; HM Treasury and GMCA 2014; GMCA 2015), increase the focus on place, community and sustainable development in the long run and enhance the potential for transformational change through the role of Universities as Anchor Institutions.

Anchor Institutions are embedded in their geography and have a major impact on the places in which they are located (CEOs for Cities 2007). Universities as Anchor Institutions and actors within their geographies have a long history or permanence of engagement within the city-regions in which they are located (Dever et al 2014). This interdependence with place and co-evolution with it provides a mutuality and alignment of interests (Clarke and Williams 2014). Universities are integral to the City Region and impact on economic and social development through regional engagement. The extent and nature of this regional engagement will vary and is dependent on institutional strategy, regional context, regional decision makers and policy or funding levers (Boucher et al 2003; Dever 2014). Boucher (2003) identified in an empirical study of University engagement in 14 European regions that institutional type and hierarchy, regional context and policy can influence the tiers of engagement. This highlights the importance of understanding the range of different types of engagement and the factors that influence engagement within regions (Boucher et al 2003).

In the United States, Universities as Anchor Institutions have been mobilised and integrated into city-regional development processes. These University and College Anchor Institutions located in urban inner city areas are major employers and contributors to local economic development with 2.4% of private sector jobs, \$175 billion expenditure and growth of 12.5% in jobs from 1998-2009 (ICIC 2015). The approach is being utilised widely to stimulate regeneration of cities and deliver community impact (Penn Institute for Urban Research). Multi stakeholder collaboration by public service or not for profit institutions such as Universities, hospitals, libraries is supporting the creation of institutional and place-based (shared) economic, social and environmental value (Porter 2010; Porter 2011; ICIC 2011; Taylor and Luter 2013; Dubb, McKinley and Howard 2013a and 2013b; CLES 2015a). It is Universities in particular that have been instrumental as Anchor Institutions in the US working in partnership and as co-ordinators of networks and projects to realise major change and socio-economic benefits for city-regions (CLES 2015b).

The concept has developed more expansively in the United States (Scott 1988; Saxenian 1994) and is established as a means by which economic and social objectives within the cities or regions can be fostered.

This has built on the work of Porter (2011) as ways

in which Anchor Institutions can contribute to the development of 'shared value' (Porter 2011; ICIC 2011), that is value created for the mutual benefit of the institution and community/City Region (Clarke and Williams 2014).

Informed by the research by Smallbone, Kitching, Blackburn (2015) on Anchor Institutions and small firms in the UK, the UK Commission for Employment and Skills criteria provide a valuable summary to inform the way in which Anchor Institutions impact which is of direct relevance to the role of Universities :

- 'alongside its main function, plays a significant and recognised role in a locality by making a strategic contribution to the economy' (Mosavi 2015) with 'strong ties to the geographic area;
- has 'a significant infrastructure investment in a specific community' and is 'therefore unlikely to move out of that community' (Fulbright-Anderson, Auspos and Anderson 2001); this may include 'significant real estate or physical plant investments' (Op Cit)
- 'has strong ties to the geographic area in which they are based (or operate) through invested capital, mission, relationship to customers and employees (spatial immobility)' (Mosavi 2015);
- 'tends to be institutions with impact such a large employers or those with significant purchasing power thereby influencing the level of impact on the local economy' (Mosavi 2015);
- 'these institutions tend to be the not for profit but there are examples of for-profit organisations undertaking this role' (Mosavi 2015).

Whilst private sector institutions can display similar characteristics to Anchor Institutions, and have significant potential to contribute to social and community development (Netter 2008; Community Wealth Organisation 2015) their engagement with Universities and other anchors has the potential to expand to support economic growth priorities (McInroy et al 2015; Penn Institute for Urban Research; Smallbone, Kitching and Blackburn 2015). They are not always seen as Anchor Institutions within a region (Taylor and Luter 2013).

This strengthens the significance of Universities in their Anchor Institutions role as connectors and co-ordinators of business–university interaction and engagement to stimulate and support knowledge transfer, innovation and entrepreneurship.

Anchor Institutions and institutional thickness (Amin and Thrift 1995) are central to city-regional development and sustainable economic growth in that they 'condition, constrain and enable' economic evolution and are shaped by it. As such, 'institutions are both context and consequence of economic evolution', (Martin and Sunley 2015, p724). Universities in particular are seen as influential anchors given their central role in economic development, education and skills and social engagement through their work in sectors and communities.

The scale, diversity and significance of Universities

in City Regions in the UK affords a rich talent pool, strong community organisations and substantial employment, expenditure and procurement capacity vital for future growth as a major City Region in the Northern Powerhouse economy and in City Regions nationally (The Work Foundation 2010; CLES 2015b; City Growth Commission 2015). How City Regions maximise these assets to support the delivery of economic growth and productivity plans and improvements in the quality of life will determine whether the Conservative Government's ambition for rebalancing the economy and increasing economic growth and productivity will be realised.

As the OECD (2009) has identified: "The key [to growth] appears to be how assets are used, how different stakeholders interact and how synergies are exploited in different types of regions", (OECD 2009, p7).

Fundamental to this is how policy-makers and regional decision-makers enable stakeholder interaction and harnessing of the expertise and assets from Universities and other Anchor Institutions. Creating the right conditions for engagement is key (Boucher, Conway and Van Der Meer 2003). The development and use of 'anchor strategies' for defining and communicating clear strategies and commitments for the contribution of Universities to local economic and social development is a mechanism used in the US (Netter Centre for Community Partnerships 2008; Dever et al 2015). This has been successful in supporting long-term engagement of Universities within their geographies and fostering closer partnerships with key actors and institutions. Universities can play a number of roles in delivering impact within their geographies (see below).

Roles undertaken by Universities within their Geography



Source: Adapted by Colledge B. from ICIC 2011



City Regional decision makers and their institutions shape and influence city region policy and practice so 'anchor strategies' can provide a mechanism for facilitating closer integration and alignment of institutional and city-regional priorities and outcomes to support joined up delivery of sustained economic and social development (Regine and Lewin 2000). In the US the development of an anchor toolkit by the University of Pennsylvania has been successful in engaging diverse stakeholders in the private, public and community sectors informed by initiatives delivered in West Philadelphia (Netter Centre for Community Partnerships 2008).

The setting of shared goals and building strong long term partnerships with local/regional stakeholders and city decision makers is delivering real transformation, regeneration and impact in US cities (ICIC & CEOs for Cities 2002; Serang, Thompson, and Howard 2012). Anchor strategies are seen as 'key levers' for enabling economic growth in urban areas (Porter 2013).

Recent developments in the UK for University and anchor strategies have been informed by the US experience (CLES 2015b). Preston City Council's work with CLES (2015a) has engaged a range of anchor institutions including local Colleges and Universities to introduce measures (such as increasing local procurement spend, co-production with community organisations, engagement to build capacity with local business networks) to maximise impact and community benefit for the locality (CLES 2015a). The long term ambition is to foster 'a good local economy', enhance resilience and deliver greater prosperity with both economic and social progress (CLES 2015a).

Universities undertake a major role within local, national and regional geographies. Anchor Institutions (including Universities, Local Authorities, Local Enterprise Partnerships and Combined Authorities) and their decision-makers provide influential 'regional leadership' and 'legitimacy' for enhanced regional effectiveness and for joined up actions for strategy, delivery and bridging the divide between these agendas (North, Syrett and Etherington, 2007). As such, understanding how to maximise the contribution of Universities and other Anchor Institutions for sustainable development (economic, social and environmental development) in City Regions through integrated joined up anchor engagement strategies could make an enhanced contribution to the shaping of policy and practice for city-regional development.

The OECD identified in its report on 'Promoting Growth in all Regions' (OECD 2012):

*"Formal and informal institutions that facilitate negotiation and dialogue among key actors in order to mobilize and integrate them into the development process are vital, as are those that enhance policy continuity ... the challenge is to create institutions that strengthen the region's 'voice' in dealing with other regions and countries and those that foster linkages among the private, public and education sectors."*

(OECD, 2012: 25 in Tomaney 2014).

Universities 'facilitate negotiation and dialogue among key actors' in the City Regions, 'foster links between the public, private and education sectors' and 'strengthen the region's voice' regionally, nationally and internationally. As such their role as Anchor institutions is highly significant and could be harnessed more effectively through strategic integration and engagement in city-regional decision-making fora.

City Regional decision-makers and stakeholders are embedded in their social and operational fabric (Saxenian 1994, Healey 2006; Healey and Wheeler 2004; Martin 2005). Through a range of institutional processes and practices involving interaction, connectivity and relationships, and through structures and agency (Giddens 1984), these decision-makers and stakeholders contribute to development of social action, policy change, ideas and innovation (Healey 2006). This complex evolutionary web leads to apparent scalar and territorial aspects of institutions and a multiplicity of arenas or institutional sites (Healey 2006).

As such these institutional processes and the formalised institutions such as Universities and other anchor institutions are central to City Regional development and outcomes. Gibbs et al claim that 'notions of institutional capacity and governance are often weakly conceptualised within discussions of regional policy' (Gibbs et al 2001). The question of 'fit' of partners with regional programmes appeared to be a critical issue in their study, (Gibbs et al 2001) as well as managing and maintaining institutional networks, regimes or thickness (MacLeod and Goodwin 1999).

This together with the findings of Boucher (2003) would lead to the conclusion that the role and contribution of all universities in regional development could be strengthened further through strategic development of University anchor strategies and involvement in City Regional decision making.

In the present transition in England to devolved administrations and consequent emphasis on long term place-based and City Region development, this analysis of Universities as anchor institutions has sought to build a case for a more fundamental role for Universities. The development of anchor strategies, and strategic engagement of Universities in shaping policy and strategy within their geographies in partnership with City Regional agencies, stakeholders and leaders, could transform City Regional economic, social and environmental development. Recommendations to achieve this more comprehensive harnessing of Universities' expertise and intelligence have been proposed (Table 1) with specific actions identified for engaging Universities and other Anchor Institutions (Table 2).

Table 2: Increasing Anchor Institution engagement in city-regions

Recommendation	Impact
Develop anchor strategy for City Region with leadership of Universities.	Engages Universities and other anchors to develop shared priorities and align common objectives.
Integrate Universities further into City Region strategy, policy and decision-making.	Harnesses talents and assets of Universities as anchor institutions for reputational, growth and innovation competitive advantage.  Knowledge diffusion informs decision-making and orientates joined up strategies through connector and coordination role of Universities.
Build local Anchor procurement and employment opportunities.	Increases employment and business growth locally.  Builds capacity in supply chain.
Stimulate collaborations between Universities, private sector, community and other Anchors.	Builds effective knowledge diffusion, innovation and capacity.  Harnesses assets in city-region for delivery of shared objectives.  Fosters innovation and economic growth.
Incentivise collaboration with Universities and engagement of other Anchors under a devolved administration.	Builds and supports collaborative networks focused on City Regional priorities.
Encourage non-Anchor institutions to collaborate in the further development of place and work with Universities.	Builds commitment to city-region success and supports innovation, growth and productivity of non-Anchor.
Strengthen how we measure the impact and value of Universities and other Anchors.	Evaluation and identification of what works will support dissemination and diffusion of knowledge.

This has the potential to maximise Universities contribution to economic and social development, innovation, entrepreneurship and sector development and to wider community and social development with shared value created from the particular expertise, missions, talents and knowledge from all tiers of university engagement (Boucher 2003).

### Universities as enablers improving the skills levels and potential of local stakeholders and local supply chains.

Universities' traditional role as places of knowledge and learning is often articulated, although there are many that question whether the core mission of teaching and learning is clearly in synch with Universities' third mission (Uyerra 2010) including often the regional stakeholders that form part of universities' networks. The role of Universities in supporting and lobbying for disadvantaged areas (Potts 2002) and areas of low development (Ortega-Colemar 2013); as well as playing a pivotal role in the cultural health and identity of a region is understood (Doyle 2010). Perhaps what is less understood is the mechanisms for regional engagement; Eisbeth and Werker (Eisbeth and Werker 2013) describe this as the 'multifaceted, scale-bridging role of universities determining their functions for the regional economy and society'.

Charles (Charles 2006) provides a useful descriptor of Universities as 'knowledge infrastructures' and suggests that the mechanisms for regional engagement and innovation, what we might call the 'knowledge economy' - stems from supporting social and economic growth through the different taxonomies and application of knowledge to its stakeholders and geography. He defines knowledge in terms of a) a commodity, b) human capital, c) social capital which can influence and be influenced at a regional, national and international level. Most importantly though, he highlights the key role that universities have in integrating these different aspects of knowledge and their spatial properties.

*'Connecting together these ideas of knowledge as a commodity, human capital and social capital, we can see the potential for universities to occupy a key and integrating role in regional innovation systems ...Innovation systems require all of these forms of knowledge in combinations that are both coherent and mutually reinforcing; yet there is another challenge facing universities in their regional engagement, and this is the way in which they integrate across different levels of governance between the region and its actors and the national and even international levels.'*

(Charles 2006) p121



Kitigawa (2004) suggests that Universities' roles in creating regional advantage comes from its role in creating new combinations of knowledge, teaching and learning and policy development influence, to encourage greater social capital and mobility. James (2012) provides a helpful classification in Table 3 to identify and contrast the changing skills interactions that universities and their stakeholders are working towards to encourage regional (and indeed other

spatial level) growth and innovation. This highlights a growing trend for distributed learning in communities of practice. Kitagawa (2005) defines this as 'networks of practice'.

The emphasis of these new knowledge models is focused on local level solutions, often co-location, and mutual and often collaborative benefit for both stakeholders and Universities.

**Table 3. Learning for the knowledge economy: key features of conventional policy analysis, TIMs (Territorial Innovation Models) and TKD (Territorial Knowledge Dynamics)**

	Conventional UK skills	TIMs	TKD
Who learns	Individuals	Firms and regions	Mobile actor, receptor node and/or regional context
Locus of agency	Government	Firms and regions	Receptor firm and/or mobile actor
Where learning takes place	Educational institutions/workplaces	Industrial districts, clusters and regions	Multi-locational networks
Outcome of learning	Qualifications	Innovation	Innovation and restructuring of TKDs
Learning trajectory	Individual and discontinuous	Collective and cumulative	Combinatory and composite
What kind of knowledge	"Stand-alone" disciplinary/mono-sectoral knowledge in a national curriculum Generic skills and employability	Mono-sectoral and disciplinary knowledge that is contextualised in a regional economy	Cross-sectoral and hybrid knowledge that is recontextualised through anchoring
Scale	National	Regional	Multi-locational
Primary learning metaphor	Acquisition	Acquisition Participation	Alignment
Policy aims	To increase qualification levels	To create synergy between education and training and mono-sectoral production systems for new entrants	To engender the capacity to participate in multi-locational, cross sectoral networks and align multiple sources of knowledge
	To improve generic "employability" Numeracy and literacy	To enable individuals to be effective participants in regional economic routines and institutions	To nurture the ability to bridge gaps between communities of practice/epistemic communities

Source: reproduced from (James 2012)

The success of universities in adopting and indeed adapting to new models of knowledge to supporting their regions skills needs is best summarised by Charles (2006)

*..it is clear that there are important roles for universities to play, especially the role of integrators of forms of knowledge, and this raises questions for the types of university that are needed by regions. Universities are only one among many knowledge-based institutions in regions, but their special contribution is their breadth and potential in joined-up governance, and for that some of the traditional characteristics of universities must be reinforced and defended, notably the combination of teaching and research (or scholarship) and multi-disciplinarity and autonomy. Successful innovation systems require the integration of research with labour markets, a connection between the research priorities and governance and public debate, and a focus on knowledge that goes beyond narrow technological priorities to include culture and creative activities, management knowledge and support for the public policies and infrastructures that underpin economic development. Universities are increasingly engaged in all of these things and not just in technology development.' (Charles 2006) p128*

Universities as vanguards in international research and collaboration and a route to inward investment and increased trade opportunities.

Witty's (2013) report highlighted the significant role that universities have to play in smart specialised research and collaboration, value added growth, impact and innovation. Aspects echoed from the EU's Europe 2020 strategies for smart sustainable growth. More specifically under this strategy, growth was defined as (Budd 2013):

- Smart growth: developing an economy based on knowledge and innovation;
- Sustainable growth: promoting a more resource efficient, greener and competitive economy;
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

While it can be argued that the efficacy of this blanket strategy might be in question, given the recent fiscal challenges of the Eurozone (Budd 2013), and differing local fiscal constraints and changes within each EU member country – for example, the UK's own Devolution Agenda. What the strategy had attempted to do is create a standardised and consistent cohesion policy for growth for EU members. More recently this has been built on through the standardisation of the European Structural Investment Funds (ESIF) across Europe, nationally and regionally to develop smart specialised solutions to common themes. The hope being to create economies of scale and agglomeration at all geographical and spatial levels.

While there is recognition that Universities have a key role to play in these cohesion policies, for example in developing clusters and opportunities for sector agglomeration (Tiffin and Kunc 2011), and transforming academic 'know how' to innovation

application in UK and EU and internationally. (Dolores et al 2011); what is less informed and strongly suggested as a current disconnect between EU strategy and regional innovation is an organic but structured means for local policy development and research integration (Mastroeni et al 2013) into the bigger picture. Essentially, a 'joining of the dots'.

Huggins (2012) describes the challenge:

*'There is also a need for policy-makers at both regional and national level to recognize the complexity of interactions between the local, national and global levels of governance, the institutional multilevel dimensions, and the co-evolution of science and innovation policy, especially through devolution processes. This has to be combined with spatial resource management and institutional strategies, on the one hand, and issues concerning joined-up public policies from multilevel perspectives, on the other.'* (Huggins 2012) p830

Following Witty, Universities increasingly recognise that the scale and range of activity that has been undertaken as part of their second and third stream mission, demonstrates only a fraction of the potential that they can offer in integrating and answering the challenges described above. In fact as independent institutions they have been addressing these challenges in their own right for many years. The indirect results of which have been felt by their geographical locations through the international networks and connections, created through large scale research projects and funding generating measurable outputs and outcomes.

The potential lies in Universities' capabilities to actively address and integrate multi-level and complex issues (in a cohesive and strategically planned way) relating to, and for, their geography. This is made possible through their unique connectivity across spatial boundaries, their collective knowledge base and continuous knowledge development as applied to research, applied learning, innovation and policy development. The challenge is convincing regional stakeholders that this engagement process is collaborative, supportive and beneficial in achieving economies of scale and agglomeration.

In the first instance, this might be achieved through Universities increasing their commitment and scale of activities regionally as:

- co-funders/investors and match funders in strategic funding nationally and internationally and in local investment.
- providers of strategic capacity and expertise, to both private and public sectors.

Universities as co-funders/investors and match funders in strategic funding nationally and internationally and in local investment.

Universities' ability to draw down a range of funding which can contribute to economic and research impact at local and international levels if harnessed by Government correctly, provide significant opportunity



to extend a limited national budget. European funding (over 200 funding streams) including Structural Funds, Erasmus, Interreg, Leonardo, and Horizon 2020, can be accessed by Universities for enhancing the conditions and arrangements for innovation and business-university engagement.

The challenges of national fiscal austerity in the UK coupled with the changing geo-politics of devolution provide local authorities and combined authorities with greater responsibility for public services, economic development and policy and planning on an increasingly limited budget.

As authorities vie for competitive funding to stretch the shrinking coffers, there is recognition that only collaborative, scale building approaches can achieve the level of change necessary to achieve economic viability and much hoped for growth and innovation. Universities as well as the sources of knowledge and local engagement described already, provide potential for leveraging match funding for international, European, national, regional and local funding pots and extending the impact of funding interventions. Additionally, as Universities are skilled at developing and successfully bidding for research funding there is an additional untapped resource for local authorities to consider in increasing their chances for success in competitive funding.

In terms of local smart specialisation, the role of Universities in supporting the common themes of European Structural and Investment Funds (ESIF) funding to the locale are critical. They have a role to play in all parts of the local supply chain, from research and development at the sector level, right through to supporting the growth potential of SMEs in their locale.

By creating platforms for innovation be it through the use of knowledge as a commodity (e.g. IP), human capital (graduate capability and employability), or social capital (e.g. influencing policy).

### Universities as providers of strategic capacity and expertise, to both private and public sectors.

Rodriguez [2011] provides an excellent description of the knock on effects of universities as providers of strategic capacity and expertise in their region:

*'A wide range of knowledge resources flowing from universities to the regions feeds the capabilities of knowing-what, who, why and how, that is, improves the synthetic and the analytical knowledge bases and adds the regional pool of both codified and tacit knowledge. And also a broad span of relational resources, generated both by ongoing interaction and by a deliberate effort of universities to ignite and empower regional networking and transform it into routine behaviour, can be sourced from academic agency, which, in accordance, influences the regional capacity to engage in interactive learning and sustain such engagement over time. In addition, and consequently, universities' agency can be of great relevance to keep regions open to learning and*

*thus able to mesh together internal and externally generated knowledge and the relational assets that underlie its dissemination and use, enhancing the regional mobilizing capacities and the conditions for developmental action. Accordingly, universities, as development agents, have the potential to become a crucial organization in the efforts to build up regional institutional capacities, helping less favoured regions to create the framework conditions that would allow for escaping laggardness and advanced regions to refresh and revitalize their regional innovation systems.'* (Rodriguez 2011) p193

Academic mobility between the private and public sector provides opportunity for developing the internal capacity and capabilities of organisations, individuals and communities of practice as previously described by James [2012]. It also provides opportunities for developing a common culture to address issues of mutual interest or concern. This nurturing of commonality provides the bridging necessary for effective collaborative working.

Universities are often the largest, or one of the largest employers in their geography, so as well as the latent positive impact they have on their economy as employers, they have the additional benefit of the majority of their employees being experts in multiple fields of research and policy which can potentially benefit the region, creating the kind of synergy that cannot be replicated by other Anchor Institutions - which are more often than not one sector focused. Yet, given all this capacity and capability, Universities are still scratching at the surface of their full potential. Their full potential will only be met through the acceptance of stakeholders that Universities are not a political threat or power players in geo-politics but remain independent of it, while working symbiotically in it, for the greater good.

### Conclusions.

The role of Universities in all facets of social, economic and civic engagement has been demonstrated to be essential as drivers for progress, change and development in society. The mark for their continued success will be measured by the capacity of Universities to continue to adapt and react to changes in social and economic forces in periods of uncertainty and austerity and political challenge. As the epitome of learning organisations this should be possible. They offer a beacon of hope to the masses having stood the test of time, with their capacity to provide independent, dynamic, and challenging viewpoints; and their capacity to act as both a solid and trusted anchor in their location, as well as catalyst for change in every discipline and aspect of society.

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## "Was Jerusalem builded here"? Only time and toil will tell

Closing thoughts from Professor Andrew Slade, Deputy Vice Chancellor for Research and Enterprise, Leeds Beckett University

Building from, and on, the thoughts, commentary and evidence shared by colleagues in this booklet, it is clear that in front of us is a great challenge. One that cannot be met without collective will, effort and shared endeavour.

Universities, like our own, across the Northern Powerhouse geography have a two-fold role to play in supporting this new infrastructure. At a local level they must continue to provide the assistance expected of any anchor institution in supporting local need socially and economically and particularly to reflect and instigate positive change through research and academic thinking. At scale, the sector has a responsibility to

work together for the collective benefit of the North, by providing wide scale solutions (economies of agglomeration) to common issues across the North, be it Health, Housing, Skills or other.

Universities will need to be more accessible and approachable to local authorities and their combined authority overseers. Achieving this will be dependent on finding new and innovative ways for public bodies to engage with us, and a joint approach to achieving economies of scale and scope.



"I will not cease from Mental Fight, Nor shall my Sword sleep in my hand:  
Till we have built Jerusalem, In England's green & pleasant Land"

William Blake 1804



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