

# **Regional Development Agencies - The Perspective From Higher Education\***

**John Goddard**

\* Submitted to the Committee of Vice Chancellors and Principals, September 1997.

## **Introduction**

1. Universities welcome the recognition in the consultation paper of the contribution of universities can make to regional development. This contribution includes a number of dimensions - as a direct source of employment; through enhancing the skills base via graduate recruitment by local employers and the continuing professional development of the existing workforce; by attracting and retaining inward investment through research links with global companies; by enhancing the demand for and supply of cultural facilities - theatres, museums, galleries etc; and by generally contributing to the knowledge base and institutional capacity of regions, through strategic analyses of economic, technological and social threats and opportunities and participation in numerous public and private partnerships.

2. This contribution is recognised by the National Committee of Inquiry into Higher Education (the Dearing Report) which devotes a Chapter to the "Local and regional role of Higher Education" (Chapter 12), a supporting report (Report 10) and a number of specific recommendations to the Higher Education Funding Council and the Department for Education and Employment aimed at enhancing this role. The simultaneous consultation around RDAs and the Dearing report therefore provides an opportunity to link two important and related areas of public policy.

3. The Dearing Report uses the concept of the learning region to justify the case for greater university engagement regionally and locally. It quotes Robert Reich, former USA Secretary of Labour as follows:

"the skills of a nation's workforce and the quality of its infrastructure are what makes it unique and uniquely attractive in the world economy...so important are these public amenities, in particular the university and the airport, that their presence would stimulate some collective symbolic analytical effort, even on a parched desert or frozen tundra. A world class university and an international airport combine the basic rudiments of global symbolic analysis: brains and quick access to the rest of the world"

Dearing quotes another two US experts, economist Richard Florida and management scientist, Rosabeth Moss Kanter to reinforce the case for the key role of universities in linking the global and the local.

"the shift to knowledge-intensive capitalisation goes beyond the particular business and management strategies of individual firms. It involves the development of new inputs and a broader infrastructure at the regional level on which individual firms and production complexes can draw. The nature of this economic transformation makes regions key economic units in the global economy...the new age of capitalism has shifted the nexus of competition to ideas...regions must adopt the principles of knowledge creation and continuous learning; they must in effect become learning regions"

"in the future, success will come to those companies, large and small, that can meet global standard and tap into global networks. And it will come to those cities, states and regions that do the best job of linking the businesses that operate within them to the global economy"

4. In this context, critical to the success of RDAs in creating learning regions, will be the establishment of mechanisms whereby the appropriate skills and competencies required of the workforce are communicated to education providers at every level, (Schools, FE Colleges and the HE sector). This will require RDAs to act as a strategic resource, accessing cutting edge research to support the operational work of other agencies, drawing on the expertise of universities, commissioning research, gathering intelligence and monitoring experience elsewhere. In short, in Higher Education as other spheres of its activity, RDAs should be oiling the wheels of the economic development process by establishing effective networks and partnerships with universities and other key stakeholders in regional economic development.

## **RDAs and Uneven Regional Development**

5. A key role for RDAs would be to press the regional case in other spheres of government. It is widely recognised that there are significant intra and inter-regional differences in economic development trajectories within the UK - particularly between North and South and between inner city areas and elsewhere. There are also variations in the strength of local institutions and partnership arrangements to tackle these problems. In the higher education sector Dearing acknowledges that the extent of local and regional involvement by universities is "patchy" and "needs to turn to active and systematic engagement". This will become more important as the revised regime for student funding leads to more students attending their local university in a pattern which will not necessarily overcome long established geographical variations in participation in higher education, variations which generally mirror overall patterns of local and

regional prosperity. Such considerations point to a key responsibility for central government to fund RDAs in a way that address such variations. While RDAs will be needed in every region to raise national competitiveness, those in less favoured regions will need access to substantially more resources.

6. Universities in less favoured regions are already playing a major role in economic development, particularly in areas supported by European regional funding. Dearing recommends the continuation of the DfEE Higher Education and Regional Development Fund, but this is a national scheme allocated equally to all regions. There is a strong case for not only continuing this fund but enlarging it differentially and giving RDAs a role in advising DfEE in its disbursement. This funding is likely to become increasingly necessary as European Regional Development Fund for Objective 2 regions winds down.

## **Higher Education Funding and RDAs**

7. In their submission to Dearing, universities were not in favour of a regional dimension to the mainstream funding of higher education and any regional planning of provision; the Committee has respected these wishes. However, the Committee recognised and supported the need for greater co-ordination of central government funding for education and training within the regions as being beneficial to universities' own planning. The supporting report to the inquiry recognises:

- the need for regional strategies to guide human resource development and collaborative arrangements across and between HEI's and FE colleges to ensure an appropriate portfolio of course and levels of provision
- the failure of the local markets in new graduates, CPDs and R&D due to fragmented and poorly functioning local mechanisms for identifying local needs and supporting the market with development subsidies
- that universities in each region should be encouraged to diversify their mission in such a way that the collective regional whole responds to the diversity of perceived regional needs
- the need for more effective mechanisms to enable employers and economic development agencies to contribute to the development of HEI teaching and research agendas

8. In recognition of such considerations HEFCE is establishing regional officers; these officers would ideally be physically located in RDAs to help address some of these shortcomings but RDAs should not have a formal role in shaping the funding of higher education. Rather, their emphasis should be on influencing HEFCE and DfEE decisions in ways that optimise the

contribution of universities in a region to the development of that region. In short they should play a key role in creating the strategic framework that can guide the action of others, in this instance those responsible for the public funding of higher education.

## **Higher Education Representation on RDAs**

9. Both Dearing and the RDA consultation paper recommend higher education representation on the Board of each RDA. This is welcome in the light of the above considerations. But how that representation is to be identified and relate back to all universities within a region remains unclear. In some regions there is an informal forum of HEIs, but no such forum is constituted as a body that can elect a member to represent some collective interest. Indeed, existing arrangements for HE funding fosters competition rather than collaboration between universities; whilst Dearing has a number of recommendations about collaboration, these are expressed in a very limited way, ie. "not to discourage collaboration". Notwithstanding such problems, it is vital that RDAs draw on the expertise present in universities for board membership even if this cannot be "representative". Contracts with universities to provide a wide range of analysis services will also be necessary to provide operational support for board level participation.

## **RDA Relationships with Other Bodies**

10. There is a strong case for RDA partnership agreements with other publicly funded bodies not represented on the RDA board, but to which RDA powers can be delegated. The most important partnership will be with TECs, along the lines of the Scottish Enterprise Network. From the higher education perspective such relationships are important because variable university links with TECs is part of the explanation of the "patchy" pattern of local and regional engagement referred to by Dearing. Higher education involvement is most likely to relate to R&D and higher level skills, issues which are only meaningfully addressed at a regional as distinct from sub-regional level. It is also at the regional level that the links between skills and R&D in raising regional competitiveness can come together meaningfully. Constructing networks with other statutory bodies (eg, English Partnerships, the Rural Development Commission, Tourist and Arts Boards) will also be desirable but only make sense if RDAs are established in every region. Universities can make contributions in each of the areas overseen by these bodies and the RDA will be a valuable conduit in establishing and influencing such linkages.

11. Universities would not wish to see RDAs constrained by local political considerations from addressing regional strategic issues. For this reason RDA involvement in issues strongly related to physical development, where matters are properly overseen by elected local authorities, should be limited. Until such time as directly elected Regional Assemblies are established throughout

the UK, RDAs should be accountable to Ministers. Although Board members may hold positions in particular sectors, like Higher Education, they should be appointed because of their personal expertise.

12. For similar reasons, the relationship of an RDA with its relevant Government Regional Office should be at arms length. Universities will wish to work with their GRO independently of the relevant RDA and vice versa. Similarly RDAs will wish to have direct access to all parts of Whitehall to press the regional case independently of the specific interests of a particular department. Because of the importance of an information society in all parts of the country, universities, with their clear interest in distance learning, would particularly wish to see RDAs influencing the work of a body such as OFTEL as it attempts to maintain universal provision in advanced telecommunication services.

## **Staffing**

13. The type of organisation that universities will be happy to work with would be comprised of a small team of highly skilled professionals able to undertake strategic analysis on behalf of the Board, guide the action of others and contract with third parties. Such staff should not be seconded from other organisations given the problem of dual allegiance that this creates. This suggests that RDAs should recruit the best people locally, nationally and internationally with the relevant expertise. Their success will be measured in terms of influence on the programmes of other bodies. From a university perspective, the RDA influence on the activities of TECs would be most important and this might suggest some form of contracting arrangements between RDAs and TECs along the lines of the Scottish Enterprise model.