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INCLUSIVE INNOVATION: THE CHALLENGE FOR UK CITY-REGIONS

IRC Report No: 053

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1. INTRODUCTION

This report explores the different ways that UK city-regions are addressing the challenge of inclusive innovation, focusing on the Glasgow City Region, the Belfast city-region, Greater Manchester and the Cardiff Capital Region. Among other things, the report highlights the tensions of multi-level governance, the balance sought between frontier and foundational sectors, and the changing role of further and higher education institutions in delivering more equitable and inclusive forms of economic growth.

1.1 Who we involved

Our methodology centres on semi-structured interviews and roundtable discussions with key interlocutors across the quadruple helix (public sector, private sector, higher education (HE) and further education (FE) and civil society) in each of the four city-regions.

We conducted 63 interviews (during April-September, 2025) with senior representatives from national and regional/ local government, businesses and business support organisations, HE, FE and those representing civil society to better understand the scope for and barriers to central-local coordination in the emerging place-based innovation policy mix across the four nations of the UK. Specifically, we focused our interviews around the following three exploratory research areas. 1) *Mapping the new macro policy context* (identifying the extent to which the changing multi-level governance architectures in the UK are presenting opportunity and challenges for regional innovation). 2) *Assessing city-regional strategies for innovation* (exploring how different models of innovation: Science and Technology (S&T) focused and social innovation are being utilised in city-regional strategies. 3) *Exploring the new role for both higher and further education institutions* in supporting place-based innovation in their respective city-regions.

Individual interviews were followed by “roundtable” exchanges with key stakeholders to allow for a more in-depth discussion of some of the emergent themes from the interviews within each city-region.

Interviews and roundtable discussions were supplemented with documentary analysis of policy papers, strategy documents, and economic data (regional economic indicators and innovation metrics) to contextualise the analysis. Full references are provided at the end of the report.

1.2 Inclusive Innovation as a focus

There is no singular or universally accepted definition of inclusive innovation. In the narrow sense of the term, it can refer to the *process* of innovation (who is included and who is excluded for example), but in the wider sense it often refers to the social, economic and environmental *objectives and outcomes* of the process. In this report we adopt a multidimensional lens that aims to capture both the process and the outcomes by specifying three dimensions (sectoral, socio-spatial and political) which together highlight key aspects of inclusive innovation in place-based settings.

Rethinking innovation in a more capacious sense has been stimulated by a new wave of critical perspectives that focus on the potential down sides or negative implications of innovation activities. Some researchers portray traditional S&T models of innovation as an elite endeavour (Stanley et al., 2018), raising concerns as to who has “voice” (Schrock and Lowe, 2021) and power (Lee, 2025). For example, who sets innovation priorities, who participates in innovation activity, and who ultimately benefits? Our research seeks to understand how we can move beyond (purely) elite STEM-centric models of innovation and address the distributional consequences of innovation policy within the context of four UK city-regions.

1.2.1 How “inclusion” is framed

Our research identified the need for a much broader, more capacious understanding of what innovation is and who it is for as well as a need to consider inclusion from the outset rather than as a “bolt-on”. As one participant described it:

"At the heart of inclusive innovation is a commitment to really ensuring that the benefits of innovation are distributed equally or fairly... thinking about how the benefits of innovation help bring communities along with you, lift the wellbeing and standard of living of the most disadvantaged around you" (HE, GMCR).

But the inclusive innovation moniker doesn't resonate everywhere. One business representative remarked that *“the “inclusive” bit doesn't really mean a lot in business”* (Business, BRCD). Others thought that whilst inclusive innovation was important, it requires a lot more time and effort at the *“grassroots level”* (Government, CCR).

There was widespread recognition, however, that inclusivity does need to be actively worked on and could not be assumed to happen:

"[Originally] they were looking a lot at ... relying a lot on just spillover effects, hopefully positively affecting different communities and people, whereas now it's sort of trying to ensure that we're building that into processes and into projects instead of just hoping that it will work ... [so] trying to think how we can build that from the ground up. So, I think there's some interesting [aspects] ... around kind of involving people in the development of solutions to different challenges they're facing as well".
(Government, GCR)

The issue remains, however, on where to focus: on inclusive innovation as a process or as an outcome?

"For me, inclusive innovation, I think it's an approach rather than an outcome. We don't know what the outcomes are. These need to be measured... a social model of innovation, less what we can do to you, but what we can do for you. And being in service to the needs of the real needs of society" (HE, GMCR).

"It's starting with the outcome, you know, people want good jobs, they want a clean environment, they want healthy lives, they want to feel secure and kind of innovation is then a kind of instrument to that" (Roundtable participant, Government, GMCR).

1.3 Organising themes

We organise our themes according to the following three dimensions of inclusive innovation: *Sectoral* (priorities, frontier versus foundational economy tensions, engagement with small firms and civic deficit); *Socio-spatial* (core versus periphery and redistribution mechanisms); and *Political* (multi-level governance complexity, issues of fragmentation and continuity and the "devolution gap").

2. CITY-REGION PROFILES

Our study focuses on four city-regions across the UK: the Greater Manchester city-region in North West England, and city-regions located in each of the devolved nations of the UK: Belfast Region City Deal (Northern Ireland), Cardiff Capital Region (Wales), and Glasgow City Region (Scotland). These four city-regions exhibit different historical contexts and mandates concerning local autonomy, have varying governance models in place, different relationships with other levels of government and some key actors within the quadruple helix (HE and FE, business, civil society and government) play a more prominent role than others in shaping and influencing innovation strategy across the city-region. However, each case raises common questions about how to renew the economic base of the region. A summary overview of the four city-regions is provided in the table below.

Table 1: City-region Case Summaries

Cases	Belfast City-region	Cardiff Capital Region	Greater Manchester	Glasgow City Region
Scope of case research	Interviewees: 16 Roundtable participants:3	Interviewees: 16 Roundtable participants: 7	Interviewees: 18 Roundtable participants: 6	Interviewees: 13
Basic data:	Population: 1.13 million Universities: 2 Queens University Belfast, Ulster University. Further Education Colleges: 4	Population: 1.5 million Universities: 4 Cardiff University, Cardiff Metropolitan University, University of South Wales, Royal Welsh College of Music and Drama Further Education Colleges: 4	Population: 2.8 million Universities: 5 University of Manchester, Manchester Metropolitan University, University of Salford, University of Greater Manchester, Royal Northern College of Music Further Education Colleges: 9	Population: 1.8 million Universities: 6 University of Glasgow, University of Strathclyde, Glasgow Caledonian University, Glasgow School of Art, Royal Conservatoire of Scotland, University of the West of Scotland Further Education Colleges: 6
Key points from each case	<ul style="list-style-type: none"> • Post conflict context remains relevant and spatial inequalities persist. • FE Colleges play an important role in the innovation ecosystem. • Economy largely small firm based and business participation in the ecosystem is patchy. • Universities are key actors. 	<ul style="list-style-type: none"> • Emerging but underdeveloped innovation ecosystem. • Twin focus on frontier and foundational sectors. • Spatial inequalities among the most pronounced in the UK. • University–business partnerships improving but still largely transactional. 	<ul style="list-style-type: none"> • Mature but complex, fragmented ecosystem. • Dual focus on frontier (advanced materials, health innovation, digital) and foundational economy. • Persistent socio-spatial inequalities between central and peripheral boroughs. • Universities collaborating via the Civic University Agreement; with FE as “hyperlocal anchor institutions” extending innovation support into traditionally disconnected communities. 	<ul style="list-style-type: none"> • Explicit attention to inclusive innovation and novel baseline work underway. • Inclusive innovation building on a prior inclusive growth agenda set out for the city-region. • Complex SG and UKG involvement in the ecosystem. • Capacity being developed through the intelligence hub and direction given by city-region innovation action plan on inclusive innovation.

2.1 Belfast City-region

Belfast city-region comprises Belfast City Council and five neighbouring local authorities (Antrim and Newtownabbey Borough Council; Ards and North Down Borough Council; Lisburn and Castlereagh City Council; Mid and East Antrim Borough Council; Newry, Mourne and Down District Council). It is the primary driver of the Northern Irish economy, contributing over two-thirds (£28.9 billion) of its total economic output (GVA), containing 40% of all businesses in Northern Ireland and accounting for 63% of total employment. The region is home to over 1.13 million people, representing roughly 60% of Northern Ireland's total population; it is a young and growing region, with over 550,000 people under the age of 40.

The city's economy has undergone radical transformation from world-leading engineering and manufacturing industries in the 19th and early 20th centuries, through economic decline and deindustrialisation before restructuring based on services led to something of an economic recovery. Tech, FinTech, Professional Services and Tourism have become significant sectors and the city has been increasingly successful in attracting foreign investment. Nonetheless, economic inactivity persists (currently at 30%).

2.1.1 Governance and Devolution

The Belfast Region City Deal (BRCD) was officially signed in December 2021 and is designed to accelerate inclusive economic growth across the six constituent local councils. In total the Deal represents a £1 billion co-investment package, with £350 million each from the UK Government and the Northern Ireland Executive, and the remainder from regional partners and private sector leverage. As with other similar city deals, there are a number of economic growth performance indicators including job creation, economic impact, leveraging private sector investment and strengthening competitiveness in core growth sectors, including Life and Health Sciences, Digital and Creative Industries, and Advanced Manufacturing.

There was considerable interest in collaboration beyond the region, this included all-Ireland projects of which there are already a significant number and also with other parts of the "mainland". UKG was very much in the background and while there were concerns that the region faces some disadvantages, particularly in comparison to the English Combined Mayoral Authorities, it was also felt that this created some space for autonomy and flexibility.

2.1.2 Innovation ecosystem and key actors

Along with government partners, key contributors are the two universities (Queens and Ulster) and four regional FE colleges (Belfast Met, Northern, Southern, and South-Eastern Regional College) which make a significant contribution to the employability and skills agenda through developing skills pipeline through notable initiatives such as the Assured Skills Academies (see Box 3 for further details). The Assured Skills Academies are a distinctive initiative co-created and delivered in partnership with employers that have a specific skills need within the region.

Whilst this initiative is unique to Belfast city-region, other regions like Cardiff Capital Region are learning from this initiative and experimenting with similar skills academy projects. Through such initiatives, FE colleges are also responsible for driving social inclusion with a focus on inclusive pathways aimed at ensuring people from deprived communities or those with no prior qualifications can access training. The overarching vision of the BRCD is to deliver inclusive economic growth that benefits all communities, particularly the most deprived.

To date, much of the investment has been centred on university-led capital projects in key sectors that are considered to be the R&D strongholds of the city-region. These include:

- » The Advanced Manufacturing Investment Centre, an open access manufacturing and engineering innovation centre with the intention to “reinvigorate Northern Ireland’s industrial potential and address the future technology and skills challenges faced by the region’s manufacturing sector”
- » Studio Ulster, a state-of-the-art Virtual Production studio complex located at Belfast Harbour Studios supporting the creative and screen industries
- » The Centre for Digital Healthcare Technology which is intended to nurture the development of a MedTech innovation ecosystem to accelerate the design, development and commercialisation of next-generation medical technologies and digital healthcare solutions
- » Momentum One Zero which “aims to drive inclusive growth through transforming Northern Ireland’s digital economy by substantially increasing digital innovation in the region”, and
- » iREACH Health, an integrated clinical research centre of excellence for testing new drugs and medical technology led by Queen’s University Belfast in partnership with

the Belfast Health and Social Care Trust and Health and Social Care Research and Development Division.

An interesting local institutional development has seen seven leading organisations form the Innovation City Belfast (ICB) consortium. Launched in May 2021, the partnership is intended to attract investment, drive inclusive economic growth, support the creation of better jobs, and maximize the impact of the BRCD. The seven founding partners are Belfast City Council (which is the lead for the BRCD), Belfast Harbour, Catalyst (an independent, non-profit innovation and entrepreneurship accelerator), Queen’s University, Ulster University, Belfast Metropolitan College and Invest Northern Ireland. Research respondents reported that the ICB initiative was helping to bring a more joined-up and strategic approach to the innovation ecosystem, connecting more disparate projects and actors while also acting as “the grit in the oyster” by asking some of the necessary but awkward questions and providing a constructive challenge as activities and plans progress.

There were some concerns, however, that the approach to economic development and inclusive innovation in the region lacked a clear and coherent overarching strategy and leadership with complaints of a “silo mentality”, a lack of commercial acumen amongst public sector actors and that resources were being spread too thin. Another significant concern identified by our participants is that a skills budget had not been initially built into the scheme.

2.2 Cardiff Capital Region

The Cardiff Capital Region is the largest of four development regions in Wales, accounting for roughly half the economy, the businesses and the population of Wales. Covering Cardiff Council and its nine local authority neighbours (Blaenau Gwent County Borough Council; Bridgend County Borough Council; Caerphilly County Borough Council; Merthyr Tydfil County Borough Council; Monmouthshire County Council; Newport City Council; Rhondda Cynon Taf County Borough Council; Torfaen County Borough Council; Vale of Glamorgan Council). The CCR economy has undergone some of the most dramatic changes ever seen in the UK over the past century largely as a result of the decline of the regional coal industry in the northern valleys, where some of the highest levels of multiple deprivation in the UK are to be found today.

The plight of the northern valleys stands in sharp contrast with the more prosperous parts of the CCR in and around Cardiff, the Vale of Glamorgan in the south and Monmouthshire in the east. The regional story is therefore one of mixed fortunes.

On the economic front, GVA in Cardiff and the Vale of Glamorgan has increased to 97.5% of the UK average – in stark contrast to parts of the Northern Valleys, where GVA is just 53% of the UK average. Even within areas, like Cardiff, which perform relatively strongly overall, there are significant challenges around the distribution of wealth and opportunity. Here, for example, the communities of the “Southern Arc” of Cardiff display some of the highest levels of deprivation in Wales.

On the social front, the contrasts in health and life expectancy are even starker, as the incidence of self-reported ill-health in the valleys is more than 50% higher than the GB average and double the level in South-East England (ICA, 2025).

2.2.1 Governance and Devolution

The Cardiff Capital Region (CCR) was officially launched in 2016 with the signing of the £1.2 billion City Deal between the ten local authority partners on the one hand and the Welsh and UK governments on the other. The CCR City Deal consists of two distinct budgets because £734m has been allocated to the construction of the South Wales Metro system, while the remaining £495m was allocated to the Wider Investment Fund, which has identified Innovation, Infrastructure, Challenge and Skills as its key investment priorities.

The regional governance system has witnessed significant changes in recent years because, in 2021, the CCR morphed from a purely City Deal arrangement into a new legal entity called a Corporate Joint Committee (CJC), whereby it assumed new legal powers and statutory duties to promote economic wellbeing, spatial planning and regional transport. These new devolved powers allow CCR to pursue a more integrated and ambitious regional development strategy than was possible in the more modest City Deal mandate.

In its regional strategy, CCR has sought to address both frontier and foundational economy sectors of the economy, though the weight of its investments has overwhelmingly favoured the former over the latter. As regards the frontier sectors, CCR has pursued a very active cluster strategy by supporting five priority industrial clusters (FinTech, MedTech, Compound Semiconductor, Cybersecurity and Creative Industries) and these clusters dominate its approach to innovation. As regards the foundational economy sectors, CCR designed a

Challenge Fund to stimulate public and private partnerships to address societal challenges (see Box 1 for more details).

2.2.2 Innovation ecosystem and key actors

The CCR innovation ecosystem – the networks through which public, private and civic sector actors collaborate to find joint solutions to common problems – is relatively new by the standards of the most innovative regions in Europe. Although linkages between universities and leading firms clearly pre-date the formation of the CCR, the strategic focus of the CCR’s innovation strategy has been in operation for less than a decade. Although this ecosystem is relatively new, CCR has been successful in securing two UKRI Strength in Places Funds (in Compound Semiconductors and Creative Industries) totalling £100M, highlighting successful collaborations between the public sector, industry and the region’s universities.

One of the most novel aspects of the newly emerging innovation ecosystem has been the advent of public sector actors – local authorities, health boards and civil society organisations – in demonstrating an appetite for social innovation in the context of the Challenge Fund designed to address societal challenges such as decarbonisation, food security and health inequalities.

CCR’s governance structure has given the business community a leading role in framing innovation and regional development strategy in two of its most important forums. The Investment Board is the key institution in the CCR system for assessing the viability of investment bids. The business community forms the majority of the membership and occupies the chair as well. Alongside the Investment Board is the Regional Growth Board, which consists of a triple helix form of membership, and it too is chaired by a prominent member of the business community.

However, one of the most conspicuous shortcomings of the regional innovation ecosystem – especially when one considers that the CCR strategy aims to promote *inclusive* growth in all parts of the region – is the low visibility of the FE colleges. These colleges are widely distributed throughout CCR and they play a highly significant role training the most excluded young people through local apprenticeship programmes as well as having durable links with the SME sector, two segments of society that tend to be marginalised by conventional innovation policy repertoires.

2.3 Glasgow City Region

The Glasgow City Region reflects a population of 1.8 million people, encompassing 8 local authority areas: Glasgow City, North Lanarkshire; South Lanarkshire; Inverclyde; Renfrewshire; East Renfrewshire; West Dunbartonshire and East Dunbartonshire. This is a diverse and sizeable geography – making it one of the largest city-regions in the UK - that poses a number of challenges for inclusive innovation.

The city-region has been well recognized as an archetype of post-industrial change, and from the collapse of manufacturing and industrial employment through to notable urban housing measures (and the proliferation of new towns), Glasgow itself has witnessed some of the starkest urban change seen across the OECD. The situation now is one of a very varied city-region, and a city-region overall seen to be recovering, yet still, on a number of indicators, falling short of UK averages. This sets the context for thinking about inclusive innovation. Growth is desired by local policy actors and sits at the heart of the regional economic strategy, though this should not come at the expense of deepening inequalities across the city-region. Rather, growth and reduced inequalities need to run in tandem.

2.3.1 Governance and Devolution

Inclusive growth assumed a prominent position within the Scottish Government's 2015 economic strategy and this was reflected in the current city-region economic strategy too (released in 2021). At the core of the inclusive growth agenda is a concern for distribution within the economy, and this plays out particularly starkly in the Glasgow City Region, with the city-region hosting a large share of Scotland's most deprived small areas (as per the SIMD).

The city-region is the largest in Scotland (in terms of population size), despite the rapid growth being observed in the east of the country. Glasgow was the first area in Scotland to receive a City Deal and the first outside of England. This was a £1.13 billion deal agreed with both the UK and Scottish Governments. Largely reflecting infrastructure investments, the deal did, however, include provision for some innovation activities (notably the Tontine centre from 2016-2021).

The innovation landscape is now more obviously marked by three promoted innovation districts; two of these are in or close to the city centre, while another is located by the airport toward the edge of the city-region. The Glasgow City Innovation District is located in the

centre of Glasgow and linked to the University of Strathclyde; the Glasgow Riverside Innovation District has a notable presence on the southside of the river Clyde, which is now connected to Partick, and is linked to the University of Glasgow; the Advanced Manufacturing Innovation District Scotland in Renfrewshire hosts the National Manufacturing Institute for Scotland (NMIS).

Innovation activities in the city-region have also received support through the Levelling Up agenda, through the innovation accelerator (also shared with the West Midlands and Greater Manchester). Meanwhile, areas of sectoral promise in the region include precision medicine, while the space sector has also received attention.

The Glasgow City Region innovation action plan provides a cross-government view on the innovation opportunities and challenges for the city-region. Within this, coupled with an ongoing STEM perspective on innovation, the following is laid out concerning inclusive innovation:

“Throughout our innovation mission, we will further our inclusive approach to regional growth by ensuring that more people and businesses in the Region participate in, and benefit from, innovation activity. To do this, we will ... Ensure all geographies across the Region are connected to, benefit from and add value to our innovation activity ... Establish the Region as a test bed for social innovation and encourage greater participation in the innovation economy” (Glasgow City Region/Innovate UK/Scottish Enterprise, 2023).”

Within this statement we can see an explicit view of inclusive innovation that considers: who engages with technology diffusion; how those at a distance from the innovation system at present can be engaged in the future; and how peripheral parts of the city-region can be brought into the innovation ecosystem. Additional work is underway in the city-region to set out an inclusive innovation baseline which analyses the city-region’s current position to support a strategy for embedding inclusive principles through innovation activities.

2.3.2 Innovation ecosystem and key actors

Through the innovation districts, the city-region’s HE institutions are seen to play a central role. This stems from projects being delivered through to the governance of the innovation systems where university representation is long established. At the same time, there is an increasing recognition that Colleges and the FE sector play an important role. FE institutions

provide a critical gateway, particularly for deprived groups to access post-secondary school education.

One noteworthy step taken is the establishment of the College Local Innovation Centres (CLIC) - drawing on support from the Innovate UK Further Education Innovation Fund – which aims to bolster FE roles within the city-region innovation system and reach beyond simply R&D intensive firms. CLIC reflects a 12- month pilot that looks to reach 200 businesses through six dedicated centres:

- » Centre for Digitally Enabled Health – New College Lanarkshire;
- » Centre for Sustainable Development – South Lanarkshire College;
- » Centre for Advanced Manufacturing – West College Scotland;
- » Centre for Innovation Leadership – City of Glasgow College;
- » Centre for Digital Enablement – Glasgow Kelvin College;
- » Centre for Digital Creativity – Glasgow Clyde College.

Setting the wider context for HE and FE activities is the Scottish Government’s innovation strategy along with the continuing activities of Scottish Enterprise.

2.4 Greater Manchester

With a population of over 2.8 million people, Greater Manchester is one of the largest metropolitan areas in the United Kingdom, comprising ten boroughs: Manchester, Salford, Bolton, Bury, Oldham, Rochdale, Stockport, Tameside, Trafford, and Wigan.

The city-region’s economy has in recent years seen substantial regeneration and growth in knowledge-intensive sectors including digital, creative industries, and life sciences. However, stark within-region inequalities persist: whilst central areas have prospered, boroughs such as Oldham, Rochdale, and parts of Wigan face greater levels of deprivation, lower skills levels, and weaker connections to growth sectors.

2.4.1 Governance and Devolution

The establishment of the Greater Manchester Combined Authority (GMCA) in 2011 brought together the ten local councils. Collaboration was further strengthened in 2017 by the creation of a directly elected mayor, making GM a trailblazer of English devolution. In 2025 a single £630 million integrated settlement was announced, replacing multiple separate funding pots. Innovation Greater Manchester (IGM) serves as the city-region’s dedicated governance

mechanism for innovation. GM was designated as one of three UK innovation accelerator regions in 2022, though this has since been succeeded by the Local Innovation Partnership Fund at a reduced scale.

Published in July 2025, the Greater Manchester Strategy (2025–2035) frames GM as a "thriving city-region where everyone can live a good life," emphasising inclusive growth, spatial equity, and long-term economic resilience around five foundations: shelter, safety, mobility, opportunity and support. The Mayor's five priority clusters announced in 2026 include both city-centre strengths (creative, digital, health innovation) and deliberately peripheral locations (advanced materials in Atom Valley; net zero in Salford Crescent).

2.4.2 Innovation ecosystem and key actors

GM's innovation ecosystem is characterised by a strong university presence, including the University of Manchester (with strengths in advanced materials, health innovation, and digital technologies), Manchester Metropolitan University, and the University of Salford. The three institutions have developed increasingly collaborative relationships, formalised through the Greater Manchester Civic University Agreement (2021). Alongside the university sector, GM's nine FE colleges play a growing role in driving innovation and business productivity across all ten boroughs. Business support is coordinated through the Growth Company, which operates one of the largest Business Growth Hubs in the UK.

The University of Manchester has recently established Unit M, a new initiative designed to accelerate translational R&D, commercialisation, and regional partnerships. The university is also heavily involved in the redevelopment of its former North Campus—a 28-acre city-centre site being developed in partnership with Bruntwood SciTech to create an innovation district (Sister) with around 2 million square feet of office, lab, and maker space alongside residential areas and collaboration facilities.

3. ANALYSIS – COMMONALITIES AND DIFFERENCES

Our study addresses three broad thematic areas: 1) Challenges and opportunities for regional innovation presented by changing multi-level governance architectures across the UK. 2) The balance in focus and investment between traditional Science and Technology models of innovation (e.g. triple helix arrangements in university-industry partnerships, cluster building, startups and scaleups etc) and the Social Innovation model (e.g. new heterodox challenge-led experiments in community wealth building and foundational economy initiatives etc) in city-regional strategies. 3) The changing roles of HE and FE institutions in supporting place-based approaches to innovation in city-regions.

Three dimensions of inclusive innovation policy



3.1 Dimension 1 - Sectoral

As well as performing their traditional roles in teaching and research, UK universities are increasingly expected to play more pro-active public engagement roles in their regional innovation ecosystems. One of these roles is to act as a “safe space” where local and regional stakeholders can explore joint solutions to common problems (Goddard et al, 2019). The key element of the sectoral dimension considers the changing role of HE and FE institutions within the innovation ecosystem and the extent to which universities are internally equipped to fulfil this externally demanding role. The sectoral dimension also considers the focus of innovation policy and activity in each of the city-regions. Our analysis shows that all four regions prioritise STEM-centered clusters of regional comparative strength, focusing on frontier sectors, with little attention given to the foundational economy which is central to

inclusive regional growth. Universities are shown to align with these priority sectors, focusing on anchor companies with little engagement with the SME base in each city-region.

In Greater Manchester, sectoral priorities are articulated through the region's frontier sectors—advanced materials, health innovation, digital/AI, and creative media—which align closely with the national Industrial Strategy. These priorities largely build on research strengths, particularly around the Oxford Road Corridor which houses the University of Manchester, Manchester Metropolitan University, and major NHS facilities. As one academic participant explained: *"We've got the essential structures in place now in terms of civic universities board, Innovation Greater Manchester. We've got the Oxford Road corridor board as well. We've got that deep level of connectivity into the region"*. However, concerns were raised about the alignment between these high-tech priorities and the broader business base in the city-region: *"Most materials manufacturing isn't in the centre of Manchester - it's in Oldham and Rochdale. So there's an opportunity there to be more inclusive, geographically and socially"* (HE, GMCR).

Unlike regions with tier-one anchor firms, GM has an SME-dominated business base. Participants described existing firms in peripheral boroughs as comparable to German Mittelstand companies—*"global presence in tiny niche"*—yet noted that *"connection with universities, with the system, is very weak. They're not part of the system at all"* (HE, GMCR). This geographic mismatch between where frontier R&D capacity sits and where much of the existing business base operates represents a persistent challenge for inclusive innovation. All regions demonstrated a focus on key sectoral priorities, with funds directed towards the investment in what are perceived as core, sectoral strengths which are often high-tech focused clusters. In CCR, participants expressed a need to pick and back a select number of winners – those that are built on existing strengths and on which the region has genuine competitive strength – not just within Wales but within the UK and globally:

"We've got to identify what those core strengths are, how we can build on them and who are the key actors that need to come in to that conversation and they are around, you know, the quadruple helix, clearly, and what are the things then we can take so that when we're going out selling Wales either to UK government or to the rest of the world we've got really core strengths we can build upon and we're not trying to be everything to everyone, all the time. We use best practice to drive that model" (Roundtable participant, Business, CCR).

Similarly, in BRCD participants recognised a need to distinguish regional strengths from other parts of the UK and to ask, *“what is the one thing that we want to actually develop our own capabilities around and quite bluntly, be of value to UK prosperity?”* (Business, BRCD). However, picking winners proves problematic from an inclusivity perspective as such an approach can be perceived by some as too narrow and exclusive yet necessary for economic growth:

“The problem of government at every level is precisely you’ve gotta try and be everything to everyone. You can’t be seen to be just picking winners, but at the same time we have to pick winners because they’re going to be the drivers that are going to drive the whole growth of the economy, so it’s a tricky one” (Roundtable participant, Business, CCR).

Here participants highlighted the need for a tiered approach towards innovation activity so that a selective focus on core strengths is supported by a broader “portfolio” of investment in foundational economy sectors and areas of the greatest need as well.

3.1.1 Frontier versus Foundational Economy

Some argue that the ability to balance investment in frontier and the foundational economy can be achieved through a focus on widening the benefits from investment in sectoral strengths:

“You don’t have to put all your eggs in one of those two baskets. And it’s hugely important to recognise that alongside the high productivity, commercially viable centres of excellence that you understandably want to foster, you’ve got to look after the foundational side of things. If for no other reason than another way of saying high productivity is low employment. And one of the things that we’ve got to do is make sure that the gains to economic growth are spread around” (Business, CCR).

Or by increasing investment in the foundational economy to support sectoral strengths:

“With the investments we make in city and growth deals not everyone will get a technology enabled job. That’s not realistic, but how do we increase the value of the foundational level jobs within the economy as part of that process?” (Roundtable participant, Business, BRCD).

In both cases, a reliance on trickle-down economics is insufficient and an intentional focus on delivering inclusive innovation is required: *“You’ve gotta work hard to diffuse impact to SMEs, you’ve gotta work hard for inclusion, you’ve gotta work hard - but that’s all doable”* (Government, BRCD). However, some participants called into question the extent to which it is realistic to expect a City Deal which necessarily focuses on investment in sectoral strengths to deliver inclusivity suggesting: *“there’s got to be other initiatives that will speak more to inclusivity than city deals* (Business, BRCD).

The balance between major capital investments in frontier sectors and support of more mundane economic activity was also a concern in Glasgow:

“Do we do have the balance right? ... I absolutely understand why, if you’re an elected politician, the shiny stuff, the ribbon cutting is what you want to do. But the longer haul, I think ... and the more transformative one with the economy, is about supporting those levels of innovation that dig a lot deeper into your average SME base” (Government, GCR)

Greater Manchester has made perhaps the most explicit attempt among the four city-regions to bridge the frontier-foundational divide. The Foundational Economy Innovation Fund, described in detail in Box 1, emerged from recognition that *“innovation, we tend to associate it with high tech STEM and universities... but inclusive innovation in terms - certainly especially economically - that is what city-regions need, and they tend to be kind of sidelined a little bit in terms of attention and resources”* (Government, GMCR).

Some participants articulated a philosophy of integration rather than separation: *“I see one of the aims of the foundational economy work as making innovation an activity that is universal across the economy and making it easier for people to have roles in one sector that don’t preclude them changing path”* (Government, GMCR). The connection between frontier and foundational was framed in terms of users and adopters: *“Foundational economy sectors are actually users of innovation, adopters of innovation... the work that we’ve done linking in with local authorities, even though it’s not our target market... if they close down, if they don’t keep up with innovation... you can’t then attract your defence employer, you can’t then attract your high value manufacturer to that town because there’s no culture of innovation in that place”* (FE, GMCR).

However, others acknowledged continuing tensions, noting that while *"the foundational economy is there in narrative terms", there is a tendency to "go back to the frontier stuff and with the national industrial strategy that's pushing you down a frontier route as well"* (HE, GMCR). The scale of funding for foundational economy work remains modest: *"We've used local retained business rates to fund it... but that's a limited amount of funding and really our aim with that is to try things out"* (Government, GMCR). The Fund's grants represent a significant intervention for individual organisations—where *"simple innovations like paper to digital systems can be transformative"* (Government, GMCR)—but a modest one relative to a foundational economy comprising over 70,000 businesses and 40–60% of the GM workforce. Moreover, the challenges facing foundational economy sectors extend beyond what innovation policy alone can address: *"The barriers to innovation aren't just the barriers to innovation... barriers to having secure, well-paid jobs require attention to employment charters, real living wage, procurement policy, and skills—levers that sit outside traditional innovation policy"* (Roundtable participant, Government, GMCR).

BOX 1

The Greater Manchester Foundational Economy Innovation Fund (FEIFund) aims at stimulating innovation in foundational economy sectors. It emerged from an earlier commitment in the GM Local Industrial Strategy (2019) to create a plan to support the foundational economy and was accelerated when COVID 19 exposed the fragility and low resilience of foundational businesses, particularly in retail, hospitality, and social care sectors.

The FEIFund operates as a challenge-led innovation fund, offering small grants to encourage practical experimentation, improvement, and business model change. It is structured in two phases: an initial £10,000 grant, followed by an opportunity to apply for a larger £60,000 scale up grant for selected projects demonstrating potential. Participating businesses also benefit from a community of practice and innovation support from GM Business Growth Hub. The fund has attracted a diverse range of participants, including social enterprises, voluntary organisations, micro-businesses, and SMEs—reflecting the breadth of GM's foundational economy, which accounts for 40–60% of the workforce and over 70,000 businesses. According to our interviews: 60% of businesses supported were new to innovation services, revealing significant latent demand, and over 50% of applications came from the most deprived postcodes in GM.

Belfast Stories: Using Challenge Funds to Promote Inclusivity and Citizen Voices

Belfast Stories is intended as a transformational project to provide a landmark new visitor centre "that will celebrate who we are, and the many perspectives that shape this city" to include the regeneration of a 5000 sq. m city centre site to create a public space, a visitor attraction and a creative hub. As an early pilot project in support of the initiative, Belfast City Council, on behalf of BRCD partners delivered Augment the City, a challenge competition based on the Small Business Research Initiative (SBRI) mechanism. The competition budget was £575k, delivered across 18 months and three phases. Ten companies were supported in Phase 1, with Phase 3 providing three companies (down from the six selected in phase 2) with £100,000 for the development of a prototype.

The competition considered the specifications of a "story engine" to support story inspiration, capture, storage and publication through the application of digital technologies and focused on better understanding the role of immersive and creative technologies for future visitor attractions.

Small businesses came forward with extended reality (XR) solutions that would inspire and support lesser heard voices to present past, present and future, real or imagined Belfast stories. As the council lead for the Augment the City SBRI, Brenda Murphy, commented at the closing event, “in Belfast, and Northern Ireland we are natural storytellers, but not all voices are given the same opportunity to be heard. Augment the City set out to address that challenge by asking how immersive and creative technologies could help us inspire and capture narratives in ways that are inclusive and authentic.” In doing so, the programme is seen as having made a meaningful contribution to the development of Belfast Stories and laid the groundwork for future challenge-oriented innovation.

Cardiff Capital Region’s Local Wealth Building Challenge Fund

Established in late 2020, in partnership with Cardiff University, this £10M ran for four and a half years with the intention to combine the solving of big societal challenges with the delivery of economic impact through the creation of innovative solutions. The CCR Cabinet identified three priority themes: improving health and well-being, decarbonisation and transforming communities. The challenge fund was developed and delivered in conjunction with a European Social Fund (ESF) funded £5.6M capacity development programme aimed at addressing innovation in public services – The Innovative Future Services (Infuse) programme. The Infuse programme is led by Monmouthshire County Council in partnership with Cardiff University.

In total, eight challenges were funded in partnership with the local health board, several local authorities and a third sector organisation. The recorded cumulative impact from the £8.2M investment six months after the conclusion of the programme included leveraging an additional c£3.1M in public sector investment, c£21M investment from the private sector and over 30 jobs either created or safeguarded.

There are practical insights from this attempt to deliver a “micro-mission” through challenge funding. First, challenge holder capacity to identify and deliver challenges needs to be nurtured; public sector actors have “day jobs” and the sector is under extreme pressure. Second, public procurement is key but limited by a combination of professional skills shortages and the lack of political leadership. Numerous promising innovations have struggled to achieve a route to market. Third, there are issues with aligning challenges with innovators; that is match-making the problem with potential solutions. Unlike the emphasis on digital technologies and tourism in Belfast, the CCR approach was wider and lacked any specific sectoral focus. Fourth, the CCR challenge fund has shown the potential value of an ecosystem approach; that is one that combines support for specific innovators with a parallel investment in building the capability and capacity for innovation in the public sector.

Glasgow Early Learning and Childcare Challenge Fund?

Source - <https://www.glasgow.gov.uk/article/14766/Early-Learning-and-Childcare-Challenge-Fund>

Glasgow City Council is currently “seeking applications from individuals and organisations wishing to deliver projects as part of the Early Learning and Childcare (ELC) Challenge Fund. The Fund is part of Glasgow City Council’s wider programme of work targeted at supporting the “Foundational Economy”.

“The Glasgow ELC Challenge Fund will support up to 20 projects. Each project will boost the resilience of ELC provision, and/or increase an ELC provider’s ability to improve or invent things for their business/organisation.” This will take a challenge-based approach.

3.1.2 Emerging civil roles of HE and FE

Our findings suggest a shifting role for HE and FE within the innovation ecosystem. In Greater Manchester there is a strong acknowledgement that “Great civic universities are going to be essential to a lot of what really matters for economic policy and social policy... what’s

distinctive about Manchester is the scale of the university, its embeddedness in the city, and the expectations around the university" (HE, GMCR). To pursue this, the three main universities have come together under Greater Manchester Civic University Agreement (2021), in which all five of the city-region's HE institutions plus the mayor committed to working together *"to become a tangible force for change in all ten boroughs"*. The Civic University Agreement's citizens panel was highlighted as one model for incorporating community voice, based on research with 1,000 people about what they want from universities. The panel is described as keeping the work "true" and challenging jargon—an attempt to ensure civic commitments remain grounded in community priorities rather than institutional assumptions (HE, GMCR). The University of Manchester has also developed inter-regional partnerships, notably the Manchester-Cambridge Innovation Partnership, explicitly framed around inclusive growth—*"Cambridge is a very economically unequal city"* and the partnership is *"genuinely very interested in inclusive economic growth"* (HE, GMCR).

In other regions, the convening role of universities is under-developed:

"We just need to get our acts together and understand that if we go to UKRI as, for example, CCR and Cardiff University, that's a much more powerful approach than either just CCR or just Cardiff University" (HE, CCR).

Despite renewed efforts to position the university as a civic and regional actor, interviewees describe a persistent tension between place-based ambitions and the incentive structures that still privilege globally oriented research, prestige metrics, and competitive funding for universities *"feeling of responsibility to place comes pretty well down the pecking order"* (Government, GMCR). In GM, Unit M represents a bold attempt to make the university more accessible and outward facing. However, interviewees suggest its impact may be constrained by a bias towards translational R&D and frontier technologies *"it's the harder end of innovation and tech which is seen as the big opportunity (Government, GMCR), its somewhat "grafted-on" character as an initiative layered onto existing structures, and deeper institutional incentives that still limit truly embedded regional engagement"*.

The complexity of GM's innovation ecosystem was identified as a significant barrier to SME engagement: *"there are that many different business support organisations, universities, research technology organisations... It's so complex to be able to know how to navigate through that"* (Business, GMCR). The GM Innovation Navigator service (2023–2025) was

designed to address this, helping businesses *"navigate through that ecosystem and pick up the partners they need"* rather than relying on whichever programme happened to be recruiting. By September 2025, the Navigator had delivered 808 innovation impacts across 334 firms, with 61% new to the Growth Hub—confirming the existence of GM's "dark matter" of innovative businesses that existing structures had failed to reach. Over half were micro-businesses, and 39% were located outside Manchester city centre. FE colleges offer a complementary route to reach out to excluded and marginalised groups and dispersed across the city-regions:

"We talk about inclusive innovation, they're the ones that are going to be at the heart of that because they're reaching into the communities that, with the greatest respect to the universities, they're never going to really be able to reach into" (Business, BRCD).

And to provide key links to the SME business base across the region:

"There's a whole bunch of employers out there that never in a month of Sundays [would] approach [a] university. What relevance has a university got to my business ... [a] small business ... but colleges are a lot more accessible to them, and they can relate a lot more to colleges" (FE, GCR).

However, FE is often sidelined as the "Cinderella" of the ecosystem: underfunded and undervalued as a key actor in the inclusive innovation puzzle:

"Nobody talks about the role of colleges in the Quadruple Helix" (HE, BRCD).

GM has pioneered the most ambitious attempt to integrate FE colleges into the innovation ecosystem through the Further Education Innovation Fund (see Box 2).

The programme introduced novel roles including Business Innovation Advisors, Innovators in Residence, and Innovation Literacy Coordinators who trained apprentices in "innovation literacy". As one participant noted:

"The real interesting aspect is that further education colleges oftentimes interact with different types of businesses than the universities will... immediately, you're hitting a segment of the private sector community that doesn't ordinarily get the opportunity to engage in innovation type activities" (Government, GMCR).

The Navigator and FE Innovation Programme represent complementary approaches to the same challenge: reaching businesses that do not engage with universities or Innovate UK schemes. However, both face sustainability challenges as their funding comes to an end. In relation to the FE innovation model, the GMCA has so far allocated £1m of the Innovation element of its Integrated Settlement budget for 26/27 to continue funding of the Business Innovation Connector role in all 10 of GM's FE colleges, and is exploring how devolved funding can be used to sustain delivery of the Innovation Literacy offer across the city-region.

3.1.3 Involvement of community and Voluntary, Community and Social Enterprise (VCSE) sector

In Greater Manchester, the VCSE sector has found unexpected space within the innovation ecosystem through the Foundational Economy Innovation Fund. As one government representative noted: *"What really struck me... was how much crossover there is between the challenges and barriers faced by foundational economy businesses, and possibly even small businesses more generally, and voluntary organisations"* (Government, GMCR).

The fund has attracted 60-70% voluntary organisation recipients, *"where innovation and social purpose meets"* (Roundtable participant, Government, GMCR). However, participants acknowledged that VCSE voices remain marginal to mainstream innovation discussions. The Sister Innovation District in Manchester is actively working to address this, for instance, conducting youth insight workshop sessions with charities such as Youth Manchester. Their social value strategy encompasses "Connected Communities, Collective Well-being, and Inclusive Growth"—explicitly centring community benefit rather than treating it as an afterthought.

Yet concerns about institutionalisation persist: *"A lot of civic engagement effort is down to particular individuals... how do we shift engagement from being leadership-dependent to institutionally embedded?"* (Roundtable participant, HE, GMCR).

Others commented on the potential convening roles of newly-created civic partners or organisations:

"The involvement of a civic partner makes it easier to mobilise and connect with businesses for the university. Because the civic actor is in a position to kind of...bring together businesses as a group in a way that universities don't" (Government, CCR).

BOX 2

Greater Manchester’s Further Education Innovation Fund programme (GMFEIP) was a £2.5 million Innovate UK–funded programme launched in April 2024 to test how FE colleges could be embedded directly into the regional innovation ecosystem as active innovation intermediaries, not just skills providers. It established ten FE-based Innovation Centres, one in each GM borough, creating a decentralised network aimed at widening SME access to innovation support beyond central innovation districts. This responded to long-standing evidence that access to innovation services sharply decreased with distance from Manchester’s core, especially for SMEs and foundational economy sectors.

The FEIF introduced a new radial innovation network model, designed to push innovation knowledge outwards through FE colleges into communities and firms traditionally disconnected from university- and R&D-led ecosystems. Each Innovation Centre was staffed with newly created roles to operationalise this diffusion architecture including Business Innovation Advisors (BIAs), Innovators in Residence (IIRs)—sectoral experts aligned to GM’s four frontier sectors, and Innovation Literacy Coordinators (ILCs), who trained apprentices within local firms in “innovation literacy”, creating Apprentice Innovation Ambassadors able to support process improvements and technology adoption on the shop floor. It aimed to support SMEs with digitalisation, AI application, business model development, and strategic innovation through workshops, diagnostics, CPD, and tailored advice.

The programme reached firms that had never previously engaged with innovation support: By December 2024, 842 businesses had engaged with the FEIF network, around 70% of whom were completely new to structured innovation programmes. The programme is widely seen—across GMCA, FE leaders, and universities—as a “game changer” for embedding FE in economic development.

BOX 3

Cinderella no more? The role of Further Education Colleges in Belfast

Belfast’s four FE colleges play a crucial role in the skills and employability agenda within the BRCD through the development of a skills pipeline for specific sectors. The colleges also play a role as partners with the universities in leveraging wider benefits from capital projects and as key actors in “outreach” to the various communities of the region. The avowed intention is to design new apprenticeship models and “*inclusive pathways*” to ensure that people from all backgrounds, including those in deprived areas, can access the high-value jobs being created.

One prominent example is the Assured Skills Academies programme, first developed and delivered by Belfast Met in conjunction with Deloitte, and funded by DfE. These are bespoke pre-employment academies co-created with employers seeking new employees. Typically run over eight to 10 weeks, the programmes conclude with a guaranteed job interview with the partner company. These academies have proven effective as part of the offer to potential foreign investors and an employment rate of up to 93% has been reported.

Another area of innovation has been FE colleges taking lead roles in research and innovation projects. For example, Belfast Met became the first FE college in the UK to be the lead coordinator of a Horizon2020 project in 2018

Overall, the FE Colleges of BRCD (and NI) play a fuller and more rounded role in their innovation ecosystems than was generally found elsewhere. One FE representative commented, “*We have a broader remit to support business growth, business startup, business Innovation...we’ve more reach into that particular aspect of business as opposed to maybe English colleges [which are] mostly focused on skills and employability. We are focused on business, innovation, skills and employability*”.

Summary overview of Sectoral dimension

City-region	Belfast Region City Deal	Cardiff Capital Region	Greater Manchester Combined Authority	Glasgow City Region
Summary statement	Capital-Heavy, Sector-Led	“Backing Winners” Logic	Explicit Dual Focus	Increasingly dual focus, with tech still the dominant concern
Sectoral Priorities	Strong applied focus through city deal pillars (e.g. AMIC, Studio Ulster). Sector emphasis not aligned to SME base. Danger long-term projects may mismatch local needs.	Few sectoral strengths → need tiered/portfolio approach Debate between "backing winners" vs equal spread Need international competitiveness, not just Welsh excellence	Strong frontier sectors. Most explicit foundational economy commitment via FEIF, but funding modest. National Industrial Strategy growth-driving sectors (IS-8) priorities create pressure to "go back to the frontier stuff".	Set in regional economic strategy, and reinforced by complexity analysis. Foundational economy its own concern, and a recent concern signalled for inclusive innovation with novel baseline work.
Frontier vs Foundational	Technology focus doesn't suit SME base. Skills as "bolt-on" not core to capital projects. Businesses need communications in "everyday language".	Frontier dominates (compound semiconductors, life sciences, cyber) Foundational economy perceived as "less glamorous"	Tensions remain but explicit attempt to bridge both. Foundational Economy Fund has 60-70% VCSE recipients.	Attempts to do both at present, but focus and funding arguably more directed to frontier (e.g. innovation accelerator). SE providing conditions on frontier support.
Engagement with Firms	Firms unclear where "front door" is. Innovation ecosystem is confusing and innovation language too abstract for SMEs. Universities strong but risk-averse and not SME-friendly.	SMEs lack clear gateway and need joined-up support Limited resources for small firms Universities underutilised although strong in HE-aligned sectors (CSCs, cyber)	SME-dominated base described as "Mittelstand" but weakly connected to innovation system. Growth Company Navigator helps firms "navigate complexity". FE colleges reaching "missing middle" that universities cannot. Unit M created as translational hub.	A suite of support, from hands on SE account management at the frontier to more ad hoc advisory.

3.2 Dimension 2 – Socio-Spatial

The second dimension considers the socio-spatial focus of innovation activity in each of the city-regions, specifically the balance between urban city centre developments alongside activity located in more peripheral, “left behind” areas and disadvantaged communities within each city-region. This dimension explores the extent to which the four city-region authorities are managing the new innovation policy mix where their place-based strategies are increasingly obliged to meet the twin goals of efficiency and equity by promoting economic competitiveness on the one hand and socio-spatial inclusion on the other (Morgan and Henderson, 2023; Mulgan et al, 2024; Parsons et al, 2024). Our analysis shows that, in all cases, innovation activity is heavily concentrated on the urban city centre “core” with peripheral areas and communities reliant on uncertain trickle-down mechanisms. This section outlines the core-periphery challenges across each of the city-regions alongside the (re)distribution mechanisms in place.

3.2.1 Core-periphery challenges

As noted above from the statement in the GCR innovation plan, which explicitly focuses on inclusive innovation, there is a concern for the geographic distribution of innovation activities and beneficiaries. The challenge here is in ensuring that the benefits of the growth within the city centre are passed on to those living within the city centre by actively engaging disadvantaged communities through directed skills and education support into employment:

“I suppose that’s the piece of the jigsaw that we want to try to really focus on... North and West [Belfast]. So, like those stats really have not shifted over time and they are the same areas where deprivation is large, they’re also the same areas probably most affected by likes of the Troubles. So, you know, that’s those parts of the city, I suppose development has effectively happened around them and you had that kind of intergenerational un-employment, economic inactivity. (Government, BRCD).

The inclusion and participation of wider communities is reliant not only on adequate skills, education and development but also requires intentionality and inclusion in the design of innovation districts, hubs and centres of excellence at the outset. Outside the city centre, in Mid-Ulster, in particular, a place-based approach to innovation activity (e.g. Advanced manufacturing cluster) has drawn on regional strengths, assets and resources, engaging with the local workforce. But tensions remain in addressing geographic “divides” across Northern

Ireland through innovation policy, specifically the North/South divide and the East/West divide, some of which originate from The Troubles:

“There’s a bit of what I call gatekeeping. Because of the history of the troubles and the European monies and peace monies we had, there are lots of vested interests in communities to keep people cocooned in their communities”. (FE, BRCD)

Within CCR hyperlocal tensions arise between the focus on M4 corridor (Cardiff/Newport) and the lack of investment in the Northern Valleys (covering six local authority areas in the South-East Wales valleys from Torfaen in the East through to Bridgend in the West). Whilst some CCR members claimed that *“you could throw billions at the Northern Valleys and not achieve anything”* (Business, CCR), others recognised the need for targeted absorptive capacity building across the Northern Valleys so that actors within these peripheral areas are better equipped and supported in leveraging funding opportunities: *“I guess there has to be that acknowledgement that you’re going to have to try harder to get the projects. You can’t just say “oh, well, we tried, but nothing came forward”* (Government, CCR).

At the same time, there is a recognition that actors across the Northern Valleys have a part to play in *“making a bigger fuss”* and working together *“hand in glove”* (Government, CCR) to exploit the opportunities presented to them in a more strategic way which convinces fund holders that *“they are clearly thinking about research and innovation and how that can then mobilise and grow their economy”* (Government, CCR).

In Greater Manchester, the core-periphery tension manifests as a divide between the prosperous city centre (particularly the Oxford Road Corridor and Salford Quays) and the peripheral boroughs of Oldham, Rochdale, Bury, and Wigan. As one academic participant noted: *“absolutely the geography of central GM looks very different from the economic structure of Rochdale or Wigan”* (HE, GMCR).

Evidence from business support services confirms the spatial dimension of innovation engagement: *“You’ve got technology clusters within Greater Manchester... Manchester itself, particularly the digital cluster is here and also the health innovation. So, you’ve got the Oxford Road corridor... but then you do tend to have Oldham, Rochdale, Bury very manufacturing heavy”* (Business, GMCR). One government representative noted that *“access to innovation support services diminishes as you get further out from the centre”* (FE, GMCR), with productivity levels following similar patterns.

3.2.2 Redistribution mechanisms

The question that remains in all four city-regions, therefore, is: redistribute activity or improve access to the core? There was a recognition that either way, *“you can make the geography work if you really want to”* (Government, BRCD) but there needs to be an intentionality and desire to engage the peripheral areas in innovation activity and to ensure benefits are felt within the periphery too. Participants in BRCD, for example, were united in acknowledging the perceived focus of *“Belfast versus the rest of Northern Ireland”* (Business, BRCD) but aired frustrations at conflicting agendas as to how to increase participation of communities in periphery areas in innovation activity. Others cited a perceived reluctance of residents to *“travel 20 miles, 30 miles down the road to get to an area of excellence”* (Business, BRCD) recognising that businesses will naturally want to cluster around areas of perceived strategic advantage and sectoral strength and that residents may need to travel to work in these clusters and innovation districts.

Across CCR, participants were divided in their views of the concentration on the M4 corridor with some justifying that *“good jobs”* and employment opportunities are *“much more likely North or South of the M4”* and that the only way for people living in peripheral areas such as the Northern Valleys to enjoy good jobs and employment opportunities is to *“make sure the transport systems are in place so they can get to work and they can get back home”* (Business, CCR). On the other hand, participants expressed a recognition of the historical legacy and the need to intentionally focus on economic development in these *“left behind”* places:

“They’re not looking for the financial returns. They’re looking for the economic development returns.... Those communities gave the rest of Wales, you know, major income and major benefits, etc, for, you know, for 200 years and you can’t simply walk away from them” (Business, CCR).

Greater Manchester has been the most intentional of the four city-regions in developing redistribution mechanisms, though these remain emergent. The Atom Valley initiative in northeast Greater Manchester (covering Rochdale, Oldham, and Bury) represents the most significant attempt to create an alternative innovation pole: *“The aim of the Atom Valley initiative is really threefold: we’ve got an existing business base, we would want to support them in their ambitions to expand... as we produce spin-out companies from the universities, scale-ups need space, but they also need to be part of a system”* (HE, GMCR). The logic is

explicitly spatial: *"What kind of economic growth would we like to see in Rochdale, Oldham, Bury? It's probably going to be manufacturing because the existing business base there is largely manufacturing"* (HE, GMCR).

Critically, GM has positioned FE colleges as *"hyperlocal anchor institutions"* through the Further Education Innovation Fund (see Box 2). With colleges present in every borough, they provide infrastructure for reaching businesses that would never engage with city-centre innovation assets: *"If you think that the average college works with at least 1,000 employers... we have a contact list that the other anchor institutions don't have in the local area"* (FE, GMCR).

The GCR sees the bulk of its HE assets located in or close to the city centre. Furthermore, the majority of City Deal interventions are, in some form, about improving accessibility to and transmission with the city centre of Glasgow, reflecting the area's concentration of employment and role within the wider city-region economy. One may point, however, to innovation potential and practices at the BioCity in North Lanarkshire and Advanced Manufacturing Innovation District Scotland (AMIDS) in Renfrewshire.

Central to the dilemma is a consideration as to whether focus should be on regional growth or regional balance. A focus on regional growth relies on the argument that all areas need growth and to grow first before benefits can be shared across the region: *"You don't neglect your key urban hub and your economic driver, and it's not about regional balance, actually, it's about regional growth. We all need to grow, but balance is the one gets less and the other gets more"* (Business, BRCD)

This argument relies on a *"willingness to tolerate things outside of one's immediate locale for the benefit of indirect or regionally oriented gains further down the road"* (Business, CCR). Here, a shift of mindset is required. One that focuses less on "winners and losers" and takes more of a regional outlook which can conceive of the shared benefits from regional growth as long as the benefits are shared and felt across the peripheries of the region.

The alternative argument for regional balance pays consideration to the *spread* of innovation activity and good job opportunities across the city-region, avoiding "overheating" *"one part of a region and have another part of the region left behind"* (Government representative, CCR). The logic here is that *"if the Investment Zone's only for the south, then what are we doing to sort of counterbalance it?"* (Government, CCR). Here, the focus is not only on areas of current

and projected growth, but also investing in areas of potential future growth: *“If there’s a large growth potential and there’s strong foundations in terms of capacity to deliver infrastructures or things like that, then those are the places that we should be focusing on”* (Government, CCR).

The regional balance argument recognises, therefore, that the trickle-down effect rarely works. Whilst a focus on regional and sectoral strengths in, say, Compound Semi-Conductors based along the M4 corridor, may bring some benefits in terms of good jobs that residents in the Northern Valleys can commute to (subject to suitable social, digital and physical infrastructure of those communities), they are unlikely to bring large scale employment opportunities to peripheral areas of the region. Neither are they likely to bring tangible everyday benefits to the quality of life of those living in such communities. As this representative sums up: *“you can’t eat semiconductors”* (Roundtable participant, Civil society, CCR).

Summary overview of Socio-spatial dimension

City-region	Belfast Region City Deal	Cardiff Capital Region	Greater Manchester Combined Authority	Glasgow City Region
Summary statement	Harbour-centric	M4 Versus Northern Valleys	Concentrated core with intentional periphery strategies	Concentrated core + 7 neighbouring local authorities
Core-Periphery Pattern	<p>Strong Belfast versus "rest of NI" dynamic. Persistent deprivation in North & West Belfast. Innovation districts contested with conflicting local agendas.</p>	<p>Cardiff–M4 corridor dominates. Northern Valleys disadvantaged. Hyper-local tensions. Trickle-down seen as ineffective.</p>	<p>Core strengths in Manchester/Salford (Oxford Road Corridor). Peripheries (Oldham, Rochdale, Bury) less engaged but with manufacturing base. Access to innovation support diminishes with distance.</p>	<p>Glasgow City as the main commercial centre and principal host to HEIs. Deprivation in core and peripheries of city-region.</p>
Redistribution Mechanisms	<p>City Deal has "something for everyone" but mechanisms are unclear. FE outreach role is critical but over-reliance on "trickle-down" economics.</p>	<p>Transport framed as the solution (commute to jobs along M4 corridor). Calls for local jobs not just connectivity. Recognition that Heads of Valleys need to work together.</p>	<p>Most intentional redistribution mechanisms: Atom Valley/AMPI to rebalance. FE colleges as "hyperlocal anchors" "Access to innovation support diminishes with distance".</p>	<p>City-region deal innovation focus is small and was placed within the centre. Transport connections are seen as important for supporting intra-city-region flows.</p>

3.3 Dimension 3 - Political

The third dimension considers the challenges and opportunities presented by multi-level governance (MLG) dynamics across the UK. This political dimension explores issues of fragmentation and continuity in MLG arrangements. At the heart of the political dimension are contrasts between the additional layers of MLG within devolved nations compared to Mayoral Combined Authority approaches in England.

Participants across all four cases report a gap between devolution rhetoric and reality with regional bodies holding responsibility for delivering inclusive innovation without the appropriate/ sufficient funding levers, revenue and long-term continuity to be able to deliver, the unfunded mandate problem (Rodriguez-Pose and Vidal-Bover, 2022).

For example, in Greater Manchester, despite having the most mature governance structures among the four city-regions, participants highlighted tensions between devolution rhetoric and practice:

"If you compare it to central government, we've had one mayor since 2017, but we've had five prime ministers and however many Secretaries of State for science. We've had about three different departments running science and innovation in that time. We've gone through levelling up, come out the other side, and the department's been renamed" (HE, GMCR).

The continuity afforded by mayoral leadership was seen as a significant advantage, yet participants still expressed frustration at the gap between aspirations and reality:

"Despite the narrative, the devolution of R&D side of things isn't motoring ahead... it's been traditionally a very centralised area... there's a distrust of devolving things to local places because of lack of capacity." (HE, GMCR).

Policy levers were viewed as key, but just as important is the capacity and resource to be able to deliver on those policies:

"You've got nobody to deliver that capability to drive it, you know, the revenue funding is a huge issue from our perspective. You know we can go to Welsh Government through various pots; we can go to CCR, we can go to local authorities - it's all there

but nobody can access it or use it because there's nobody there to access or use it"
(Roundtable participant, FE, CCR).

Specifically, a lack of flexibility in revenue funding was perceived to restrict the degree to which City Deals and city-region approaches were able to deliver on their expectations, bringing in to question the degree to which we can expect innovation levers to achieve inclusive growth and regional development.

Long-term commitments to funding are therefore crucial to deliver sustained economic growth and without those long-term commitments business, government and academic partners cannot make long term plans that offer assurance to partners and the public:

"We need long term commitments to funding. ... We can...co-design things, you can, but you need to have a decent run at it. You know, the previous ESF rounds, five to seven-year windows, allowed for things to be properly informed through evidence, and ultimately with there being a commitment to funding for a decent period of time. (FE, CCR).

Here, the complexity of MLG arrangements were perceived to compound the issue with devolved nations facing additional layers of governance and inferior funding settlements through devolution:

"Funding is a massive issue for CJsCs [Corporate Joint Committees] at the moment. We've seen a single settlement going to England, to the devolved regions and our funding is still very short term which makes it really difficult, you know, to get a regional transport plan, a strategic development plan together for 10/20 years times when we're still dealing with yearly funding opportunities for roles, and capacity development from Welsh Government" (Roundtable participant, Government, CCR).

In addition to the cross-cutting tensions experienced across the four city-regions, we observed nuanced variation in the specific challenges faced by each region in relation to MLG structure, fragmentation and continuity, and the devolution gap. These variances are explored in turn.

3.3.1 Multi-level governance structures

Greater Manchester represents the most mature mayoral combined authority model in England, with an elected mayor since 2017 and a direct bilateral relationship with UK

Government. Unlike the devolved nations, GMCR operates with fewer tiers of governance, though participants were careful to distinguish between ecosystem maturity and governance maturity. As one government representative explained:

"Combined authorities are emerging or evolving from being convening bodies... essentially GMCA when it started had very little formal power or budget, but it had a lot of soft power which necessitates a certain set of stakeholder engagement structures. Then as the CA evolves and gets more hard power, you have both the soft power and the hard power and all different structures" (Government, GMCR).

The complexity of GM's governance ecosystem was acknowledged even by insiders: *"I find the governance ecosystem in GM to be quite complex. In some ways that can help... but it can slow things down as well sometimes"* (Government, GMCR). Innovation GM, the region's triple helix partnership, was described as *"taking quite a while to bed in as an organisation"* having been initially focused on operational delivery of the innovation accelerator rather than strategic coordination. However, this maturity also brings advantages:

"GM's ability to sell itself based on its ability to deliver as a region that government can actually trust with funding in this space. You can't take that for granted because that's taken years to actually put in place" (Government, GMCR)

Devolved nations operate in an even more complex governance structure with additional levels of government. The complexity of multiple levels of governance creates confusion *"about what happens between UK government and local government"* (Business, CCR) and with devolution comes responsibility, but not power or clarity over who does what:

"Over the last five years the landscape has become much busier. The introduction of City Deals created obviously the city deal model and Welsh Government, Welsh ministers took that further by introducing CJsCs, thinking that with the CJC we'll see a lot of activities moved up from the tiers of local authorities to the regional tier. I don't see much evidence that that's happening. Local authorities have kept economic development activities in place, so what we've actually done is create a tier in-between" (Government, CCR).

In order to "get to regional growth" (Business, CCR), participants expressed a need for simplification and clarification of the various partners operating in this space.

Participants from across the devolved nations also expressed concern relating to a lack of parity in the relationships *"between English, city-regions, and the Welsh and Scottish equivalents"*, the *"unintended consequences"* of which are that regional partners *"miss out on direct access"* to UK Government and are *"behind the curve"* with respect to new policies (Government, CCR). For some, "envy" of the direct links with UKG was acknowledged, alongside a recognition that it is up to regional bodies to "get better" at developing those relationships (Business, BRCD,). The Mayoral model present in GMCR was regarded as a model of enhanced coordination and stronger connections with UKG:

"I think the big challenge and the big opportunity that has come forward for me is having that coordinated central function and the metro Mayors are very fortunate, but also a fantastic construct and, in my view, and achievement, it's obviously not everything's perfect.....I think there's a lot to be learned from the Metro Mayor example" (Business, BRCD).

In contrast, the negative effect of the complexity of MLG arrangements on the speed and agency afforded to regional governance bodies in devolved nations was referred to by one participant as "devo drag" (Government, CCR) such was the perceived inequity experienced through devolution with the recent funding allocation related to Investment Zones cited as a prime case in point.:

"It would seem to me that were UK Government going to create a policy like the Investment Zone, they could have the discussion with the devolved administrations up front...But I think it's that early engagement rather than just making an announcement and saying, "this is what we'll do in England, and we'll work out later, what we're doing in Wales or Scotland" (Government, CCR).

3.3.2 Fragmentation and continuity

All cases aired frustrations at the implications of the fragmented nature of multi-level governance arrangements on innovation policy. In Belfast, one business representative cited a "silo mentality" across the region, calling for a more "targeted approach" towards innovation rather than spreading the jam too thin so that "everybody gets a fiver".

This sentiment was also shared by participants from across GMCR which, although more mature than the other city-regions, still experiences fragmentation. However, fragmentation

manifests differently to the devolved nations, stemming primarily from short-term funding cycles and pilot proliferation rather than unclear governance tiers. As one delivery partner observed: "One thing that's come up again and again is that short-term funding cycles - one, two-year funding cycles - are killer. They eat up so much capacity, time, money, and personnel, constantly standing stuff up and then standing stuff down" (Government, GMCR). The consequence is perpetual piloting without scaling.

Despite Innovation GM's coordinating role, visibility and coordination challenges persist: *"There's lots of really good stuff happening in Greater Manchester [...]. But it's all a little bit disjointed, fragmented. The coordination and visibility is not as good as it could be"* (Government, GMCR). This fragmentation extends to innovation support for businesses:

"One of the things that businesses fed back to us is that there are that many different business support organisations, universities, research technology organisations... it's so complex to be able to know how to navigate through that" (Business, GMCR).

Some similar issues of fragmentation were also causing concern in Glasgow:

"I think this is where we're struggling with this and it might seem at the more, you know, basic level. But you know, it's true that a lot of the strategies around well-being, economy ... [and] innovation don't really relate to what we do or there isn't enough engagement between government departments and different officers to try and make sense of it at the local level" (Government, GCR)

In CCR, the main contributory factor towards fragmentation was perceived to stem from a lack of joined-up thinking and planning between key actors, not just between UK and Welsh Government, but also between regional actors across CCR:

"My concern at the moment is that unevenness across Wales... If we're all unsure on what the role and responsibilities are at each level, but we're all going ahead and deciding that at different points in time, what does that mean for 5-10 years down the line, you know, in terms of regionalism within Wales? And I think that's a big question we've got to probably get on top of sooner rather than later" (Roundtable participant, Government, CCR).

Regional actors across CCR reflected that where delivery was concerned, partners *could* and *did* pull together to work towards shared outcomes, the issue was a lack of coordination in co-designing innovation activity through aligned strategic goals, priorities and delivery plans:

“What we’re not doing is co-planning what we do. What we’re not doing is saying, you know, “here you go, here are things you want to do, how do we work together in a single plan to deliver”? We’re not doing that in my experience (Government, CCR).

3.3.3 Devolution gap

The Corporate Joint Committee (CJC) model is in some ways seen as the Welsh version of a Mayoral Combined Authority. While the two are clearly *“not the same, the CJC offers a regional entity that serves as a connection between the academic base, the civic actors, [and] the businesses”* (Government Representative, CCR). It is incumbent on CJCs, like CCR, however, to represent and include leaders from the ten local authorities that comprise it. CCR leaders have raised questions as to how this approach towards decision making works *“in comparison to the mayoral models that we see in England”* (Roundtable participant, Government, CCR). For example, this business representative in CCR raised questions surrounding the implications of this additional tier of governance on the distribution of Shared Prosperity funds across the region:

“I think it’s unfortunate... that UK government decided to by-pass Welsh government, go directly to the local authorities. I think that was a political decision, to do that, to, you know, to remove some elements of power from Welsh government, specifically. I’m really interested in what’s going to happen now coming up with the CCR and the industrial strategy whether Welsh government will go back into that role – if you like, being the “distributor” of funds and whether the CJC’s will be part of that position?” (Roundtable participant, Business, CCR).

However, in CCR, the tensions surrounding the transition from City Deal to CJC generally revolve around issues concerning a lack of resources, and administrative burden that comes with the additional legislative responsibilities bestowed upon CJCs as a public body:

“The move to the CJC, away from the City Deal will have brought a huge call on resource, administration, all the paraphernalia that goes [with] running a public body as opposed to.... administering a fund” (Government, CCR).

Summary overview of Political dimension

City-region	Belfast Region City Deal	Cardiff Capital Region	Greater Manchester Combined Authority	Glasgow City Region
Summary statement	<i>Tripartite Complexity</i>	<i>"Busier and Noisier"</i>	<i>Most Mature Model</i>	<i>Mature in DA context</i>
MLG Structure	Lacking coordinating centre. Weak UKG–NI links. Lack of parity with English Mayoral Combined Authorities. Post-conflict context shapes activity.	4+ tiers of Multi level governance (Welsh Government perceived as "middleman"). Unclear "who does what"? "Devolution drag": 12+ months behind counterpart in English regions.	Strong Combined Authority identity. Elected Mayor since 2017. Direct bilateral relationship with UK Government; Innovation GM transitioning from operational to strategic role.	8 local authorities working within a Cabinet structure at the city-region level through the City Deal. Reporting to UKG and SG.
Fragmentation & Continuity	Fragmented. Too many pilots but ICB intended to bring greater coordination. Political turnover results in no long-term strategy. "No front door" for SMEs.	No joined-up planning. Too many actors. Trust deficits between tiers.	"Mature but fragmented". Short-term funding undermines scaling. Multiple overlapping programmes. Pilot proliferation without institutionalisation.	Lack of a follow-on deal is now a concern for leaders. Merits of a mayoral model is being debated.
Devolution Gap	City Deal is capital-heavy with lack of revenue funding. Not genuine devolution. Weak alignment between research assets and policy.	Limited R&D autonomy. Shift from City Deal to CJC increased administrative and legislative burden. Wales has not fully realised devolution potential.	Strong devo-R&D narrative but limited real powers. Innovation accelerator underfunded. Central government retains control through UKRI processes.	Piecemeal initiatives across a number of pots e.g. investment zones; innovation accelerator; tech-scalars.

4. POLICY CHALLENGES

Our four city-region cases are evolving in the protean context of the UK's recently created multilevel polity, a political landscape that many stakeholders at both central and local levels are struggling to navigate. The complexity of this emerging polity stems in part from the confluence of two key governance trends: (a) new *hierarchical* relationships in the post-Brexit era as the UK government has assumed some of the regional development policy functions hitherto performed by the European Commission and (b) a rapidly emerging *polycentric* political system as a result of devolution to city-regions in England and to the devolved administrations in the Celtic nations.

The novelty of this new political landscape needs to be appreciated because the policymaking audience, once confined to the corridors of power in Whitehall and Westminster, is now a far more pluralistic constituency, widely distributed throughout the nations and regions of the UK. This polycentric governance system means that no single territorial level has the knowledge and expertise to design and deliver place-based innovation and development programmes, hence the overriding need for sound inter-organisational working across and between governments in the UK's multilevel polity.

In this brief final section, we distil some of the broad policy implications that emerge from our empirical research. For the sake of brevity, we focus on three levels of the multilevel polity – the UK government level, the Devolved Administration level and the Mayoral Combined Authority level.

Robust and effective place-based policy requires directionality and subsidiarity to be calibrated in a spatially targeted manner (Grillitsch et al, 2025). Directionality (the setting of broad policy priorities by central government) sets the direction of travel and ideally provides a stable and consistent policy framework for the other public, private and civic partners involved in place-based development.

But stable and consistent policy has been conspicuously absent in the UK in recent years as policy churn has been the order of the day under successive central governments, Conservative and Labour. This has been especially evident in the two policy domains covered in this report: in *innovation policy* (e.g. the 2017 Industrial Strategy followed by the Plan for Growth and now the Modern Industrial Strategy) and in *place-based development* policy

(which morphed from the ERDF to the Shared Prosperity Fund and now the Local Growth Fund).

Apart from the problem of churn, another aspect of central government's innovation policy that creates problems for city-regional strategies is the narrow framing of what constitutes innovation. As we saw in the case studies, some of the most novel aspects of the city-regional innovation strategies involved *social innovation* (e.g. the Challenge Fund in CCR and the Foundational Economy Fund in Manchester), but central government's innovation priorities were confined to eight advanced technology sectors (the so-called IS-8). In other words, there was zero directionality from central government with respect to a local innovation policy priority that was expressly designed to promote *inclusive* innovation.

In addition to the churn and framing of central government policy, perhaps the biggest and most restrictive problem of all is fiscal centralism. Notwithstanding the waves of devolution we have witnessed since 1999, the UK remains one of the most centralised states in the OECD when it comes to fiscal policy. The lack of financial autonomy and the short-term nature of financial planning horizons (e.g. the three-year Spending Review timeframes for resource budgets) means that city-regions feel highly constrained. Even though City Deals have a much longer timeframe in principle, the short-term Gateway Reviews process means that in practice the money is contingent on meeting short term performance indicators. The over-centralised fiscal regime is therefore one of the greatest impediments to local and regional innovation in the UK (Breach et al, 2023; McCann, 2023).

All three of these central government policy problems – churn, framing and centralisation – make it that much more difficult for policymaking to be coordinated within the multilevel polity, especially between London on the one hand and the Devolved Administrations on the other. All four of our city-regions experienced these problems to varying degrees and these problems reflect long-term weaknesses in the UK's governance system because, as the final report of the Industrial Strategy Council put it in 2021, two of the most important policy conditions for a sustained improvement in productivity, pay and prosperity are longevity and policy co-ordination, but “*too often in the past, UK growth plans have failed to satisfy one or more of these principles*” (ISC, 2021: 4).

Turning to the Devolved Administration level, it is common to bracket these three governments together, when the differences are sometimes more important than their

commonalities. In the two policy domains that we address in this report – innovation policy and regional policy – what has emerged is that Wales appears to have experienced more problems in navigating the multilevel polity than its counterparts in Northern Ireland and Scotland. The problems in Wales have occurred at two different scales: poor inter-governmental relations between Cardiff and London and a problematical relationship within Wales between the CCR and the Welsh Government.

The Cardiff-London conflict was most intense during the Conservative governments, when the design of the Shared Prosperity Fund consciously by-passed the Welsh Government as Whitehall preferred to deal directly with local authorities, which effectively omitted the CCR as well, a political decision that bequeathed a toxic legacy in terms of inter-governmental relationships and rendered policy coordination virtually impossible (Morgan and Wyn-Jones, 2023).

The CCR-Welsh Government conflict, having simmered for a number of years, surfaced over very different propositions for projects that should be funded under the UK Investment Zone programme. CCR preferred to deploy the funds to diversify the regional economy by investing in new projects, while the Welsh Government preferred to use the funds to reinforce existing regional strengths in the compound semiconductor cluster, a conflict that highlights the perennial tension in innovation policy between continuity versus novelty (Delbridge and Morgan, 2025).

Conflicts of this sort have not surfaced in Scotland and Northern Ireland, partly because Glasgow City Region has had a more benign relationship with the Scottish Government, while in Northern Ireland the Executive appears to have adopted a stance of benign neglect, allowing Belfast city-region to run its City Deal as it sees fit.

While regional development in the Celtic nations is a trilateral affair, given the involvement of UK government, national government and the city-regions themselves, it is a bilateral process in England, as GMCA tends to negotiate directly with the UK government. Manchester has been positioned as the trailblazer for city-regionalism in the UK and it highlights the scope for, as well as the barriers to, what is possible at the city-regional level. Its local experience also underlines a point that has a wider significance, which is that local growth plans need to be locally owned and delivered and not pale imitations of some Whitehall template.

In other words, local growth plans in England need to be aligned with but not driven by the latest innovation priorities of central government because the latter are subject to the political churn cycle. Having said that, city-regions cannot be expected to deal unilaterally with their most intractable local problems – like how to develop their “left behind places” for example – and therefore they need to draw on national resources to buttress local strategies for spatial equity. Calibrating these two governance principles – the priority setting process of directionality with the local discretion of subsidiarity – has been described as the “holy grail” of place-based development policy (Grillitsch et al, 2025) and it remains one of the biggest challenges in the UK’s multilevel polity.

In summary, the prospects for inclusive innovation are inextricably bound up with the complex multilevel governance architectures in which subnational policymaking is nested. The industrial strategy will provide a key test as to whether inclusive innovation will be part of the renewed concern for place-based policy.

Now that you have read our report, we would love to know if our research has provided you with new insights, improved your processes, or inspired innovative solutions.

Please let us know how our research is making a difference by completing our short feedback form [via this link](#).

You are also welcome to email us if you have any questions about this report or the work of the IRC generally: info@ircaucus.ac.uk

Thank you

The Innovation & Research Caucus

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