

UNLOCKING GROWTH:

The role of universities in powering the UK's economy



Disclaimer

CBI Economics is the economic consultancy arm of the Confederation of British Industry (CBI), delivering independent, data-driven research and analysis to a wide range of public and private sector clients. Our work is grounded in robust economic methodologies and tailored to meet the specific objectives of each client project.

This report was produced by CBI Economics on a commissioned basis for the University of Manchester. The analysis, findings and recommendations presented herein are those of CBI Economics and do not necessarily reflect the views or policy positions of the CBI or its members. CBI Economics operates independently from the CBI's member-led policy teams, and its consultancy work is not influenced by CBI membership or advocacy priorities.

While care has been taken to ensure the accuracy of the information and analysis contained in this report, CBI Economics does not accept liability for any decisions taken based on the content of this document. Any errors or omissions remain the responsibility of CBI Economics.

Contents

Forewords	Page 4
Executive summary	Page 7
1 Introduction	Page 11
2 Universities are central to how the UK delivers growth through business capability	Page 13
3 The current system limits how far university-business collaboration can scale	Page 21
4 Access to talent is a binding constraint on growth	Page 28
5 Universities are already delivering in practice	Page 39
6 There is a clear opportunity to unlock further growth	Page 47
Conclusion: Unlocking the UK's growth potential	Page 61

Foreword – The University of Manchester

Economic growth depends on our ability to turn talent and ideas into new products, services, and industries. The countries that do this best will lead the global economy. This report shows why collaboration between universities and business is central to that challenge.

8 in 10 businesses surveyed for this report already recognise the positive contribution of working with the higher education sector. They know universities provide them with the talent that drives innovation, the research that creates ideas that lead to innovation and the expertise and infrastructure to scale. The ones who engage with our sector the most – in advanced manufacturing, clean energy, digital technologies and life sciences – tell us they simply could not innovate at the pace they do without university partnerships.

But universities are not just individual institutions. They are anchors within wider ecosystems that connect education, research, investment and industry across places and regions. These connections matter. They link skills to opportunity, ideas to investment and research to commercial success. It is through these connections that growth is created.

When collaboration works well, its impact extends far beyond the organisations directly involved. A single university-business partnership can attract suppliers, investors and new regional partners, creating a multiplier effect across the wider economy. This opens opportunities for innovation and growth that would otherwise remain out of reach. The University of Manchester's Innovation Factory alone expects to support over 100 spinouts this year across life sciences, digital technologies and advanced manufacturing. Companies like these are not a by-product of growth; they are one of its engines.

Yet too often the UK makes collaboration harder than it needs to be. As this report highlights, changes to R&D tax relief have increased administrative burdens for businesses working with universities, with smaller firms particularly affected. Even where ambition exists on both sides, partnerships can be slow and bureaucratic to establish. Businesses describe arrangements that take months to put in place, while competitors overseas can move from first contact to collaboration in a matter of days. In sectors such as AI and life sciences, speed matters. Innovators should not have to leave the UK to realise their ambitions, but too often that remains the easier path.

Universities must also rise to this challenge. We need to be more ambitious, more responsive and more outward-looking in how we work with employers and entrepreneurs. That means rethinking the role of universities as active partners in the ecosystems that create opportunity, drive innovation and generate prosperity.

At the heart of this challenge is talent. The issue is not whether the UK produces highly skilled people. It is whether those skills can be connected quickly and effectively to the places, sectors, communities and businesses that need them most.

At The University of Manchester, our partnerships with industry demonstrate what is possible. Through our new innovation agency – Unit M – we are making engagement simpler, faster and more agile, helping businesses access the University's expertise more easily. Our collaboration with other universities shows how combining regional strengths can help firms grow, innovate and remain in the UK.

The potential is clear. University-business collaboration can drive growth, strengthen competitiveness and create opportunities across every part of the country. We already have many of the foundations in place. The challenge now is to scale what works. As this report makes clear, by strengthening skills pipelines, removing barriers to collaboration and backing innovation wherever it emerges, we can unlock far more of what universities and businesses can achieve together. This is what the country needs and what we are committed to delivering.



Professor Duncan Ivison

President and Vice Chancellor, The University of Manchester



Foreword – CBI Economics

The UK's growth challenge is well understood. Productivity growth has been weak for too long, business investment has been subdued, and the UK faces increasing competition in the industries that will shape future prosperity. But while the challenge is familiar, the route to stronger growth is often discussed too abstractly.

This report looks at one practical system through which growth happens: the relationship between universities and businesses. It shows that universities are part of the infrastructure that enables firms to access talent, develop new ideas, adopt technologies and compete in high-value markets. Across the economy, businesses and government rely on them to deliver the skills, research capability and specialist expertise firms need to invest, innovate and grow, including in sectors central to the UK's Industrial Strategy.

The findings are encouraging, but not complacent. University-business collaboration is already delivering value, from commercial product development and productivity gains to access to specialist facilities and research expertise. But this impact is not yet realised at the scale the economy needs. Businesses face barriers around complexity, awareness, cost and incentives, while shortages in technical, digital and specialist skills are already shaping investment, growth and location decisions.

This matters for policy. The UK does not need to build this system from scratch: many of the ingredients are already there, including world-class research, strong institutions, innovative firms and examples of collaboration that work. The opportunity is to make that system easier to access, better aligned with business needs and more consistent across firms, sectors and regions. Achieving this will require action from universities, businesses and government. At its core, this report is about unlocking more of what already exists: better connecting talent, research and business need to support faster innovation, stronger productivity growth and greater investment in the sectors that will shape the future economy.

Louise Hellem

Louise Hellem

Chief Economist, Confederation of British Industry



Executive summary

Key takeaways from the report:

- **Universities are critical to the UK's growth ambitions:** Businesses across the economy rely on universities for talent, research capability, specialist expertise and innovation support, with this role especially pronounced in frontier sector firms.
- **University-business collaboration delivers value, but the system is not operating at scale:** Businesses report strong outcomes from engagement, yet complexity, fragmented systems and slow processes continue to limit access and participation, particularly for SMEs.
- **Talent shortages are constraining business growth:** Firms consistently report that the main challenge is not graduate quality, but insufficient supply of people with the right technical and specialist skills.
- **Restricting access to international talent risks constraining growth in frontier sectors:** Firms already invest in domestic skills and use international recruitment to complement UK talent pipelines. Frontier businesses warn that reduced access to international talent could delay investment, slow innovation and increase the risk of high-value activity shifting outside the UK.
- **There is a major opportunity to unlock further growth by strengthening systems that already exist:** Better alignment of skills, innovation, funding and policy could enable universities and businesses to deliver greater economic impact, particularly for Industrial Strategy sector firms.

Universities are central to UK growth, but their impact is not yet realised at scale

The UK's growth ambitions are increasingly concentrated in sectors that are knowledge-intensive, innovation-led and reliant on advanced skills. Across these sectors, businesses consistently identify two core drivers of performance: access to talent and the ability to innovate. This report finds that universities sit at the centre of both.

Universities are not peripheral contributors to economic growth. They are embedded in how firms develop products, build capability and compete, particularly in the sectors most closely associated with productivity and long-term competitiveness. Through the provision of skilled graduates and access to research capability, infrastructure and expertise, universities form part of the core system through which businesses operate and scale.

Growth sectors are more dependent on universities than the wider economy

This relationship is most pronounced in the UK's frontier (IS-8) sectors, including advanced manufacturing, digital technologies and life sciences. Firms operating in these areas are more likely to engage with universities, more likely to report innovation-related benefits, and more likely to view universities as making a meaningful contribution to their regional economy.

For these businesses, universities provide access to capabilities that are not easily replicated internally, including specialist knowledge, advanced facilities and research capacity. In many cases, firms report that without access to university capability, key elements of innovation and product development would not take place.

Universities are therefore not simply valuable partners, they are a core part of the infrastructure underpinning the sectors driving UK growth.



Universities enable growth through a combined system of talent and innovation

Businesses experience the role of universities through two interdependent pathways: talent and collaboration. Universities act as a primary pipeline of skilled labour, while collaboration provides access to external expertise and research capacity that enables firms to accelerate innovation and reduce risk.

These pathways reinforce one another in practice. Access to talent enables firms to engage more effectively in innovation, while collaboration strengthens talent pipelines. Together, they underpin productivity, innovation and scale.

While engagement is widespread and often highly effective, it is not operating at the scale or consistency required. Businesses report barriers including complexity, slow processes and difficulty accessing the right points of contact, particularly for SMEs. This creates a gap between what universities are already delivering and what they could deliver at greater scale.

Talent availability, not quality, is the binding constraint on growth

Alongside these challenges, access to talent emerges as the most significant constraint on business growth. Demand for graduate and technical skills is increasing across all sectors, particularly in digital, data and specialist technical roles. However, businesses report persistent shortages in these areas, with direct impacts on productivity, innovation and expansion.

Crucially, this is not primarily a question of quality. Businesses generally view graduates as capable and well-trained, but report that there are insufficient numbers of individuals with the right skills. Even where suitable candidates exist, firms highlight challenges in accessing talent at the pace required.

Talent availability is therefore acting as a binding constraint on growth, particularly in the sectors most critical to the UK's economic performance.

Restricting access to talent risks constraining growth in key sectors

International talent plays an important role in addressing skills gaps, particularly in technical and specialist roles. However, businesses do not rely on international recruitment in place of domestic training. Instead, they prioritise upskilling UK workers and use international talent to complement domestic supply.

This challenges the assumption that restricting access to international talent will lead to significantly higher levels of domestic training. Firms are already investing in domestic skills, and evidence suggests that reduced access to talent is more likely to result in increased hiring difficulty, higher costs and constraints on growth.

These effects are most pronounced in frontier sectors, where access to specialised skills is essential. Businesses report that, where talent cannot be accessed, they are more likely to delay investment, scale back innovation or shift activity to other locations.

The UK can unlock further growth by strengthening systems that already exist

Universities are already delivering meaningful economic value, but their impact is not yet realised at scale. The challenge is not to create new systems, but to enable existing ones to operate more effectively.

There is a clear opportunity to unlock further growth by:

- strengthening the supply and alignment of skills
- improving access to collaboration, particularly for SMEs
- aligning policy on skills, innovation and talent with growth objectives

If these constraints are addressed, the potential gains are substantial. **More effective university-business engagement would support faster innovation, stronger productivity growth and increased investment in the sectors most critical to the UK's future.**

The UK does not need to build this system from scratch – it already exists. The opportunity now is to unlock more of what it is already capable of delivering.

1 Introduction

Growth, productivity and the role of knowledge-intensive businesses

The UK's long-term economic performance continues to be shaped by persistent challenges around productivity growth and business investment. Over the past decade, productivity growth has remained historically weak, with output per hour growing at less than half the rate seen prior to the financial crisis.¹ At the same time, the UK faces increasing international competition in sectors driven by innovation, advanced technologies and high-value services.

In response, economic policy has placed growing emphasis on sectors that are knowledge-intensive, innovation-led and reliant on advanced skills. These sectors, reflected in the UK's Industrial Strategy priorities, are central to improving productivity, supporting higher-value activity and strengthening the UK's global competitiveness. They are also characterised by a strong dependence on research capability, highly skilled labour and the ability to translate knowledge into commercial application.

Universities as part of the UK's innovation and skills system

Universities play a central role within this system. They contribute to economic performance through the supply of graduates and researchers, the production and diffusion of knowledge, and collaboration with businesses on research and development.²

Existing evidence consistently identifies universities as key nodes within innovation systems, supporting knowledge transfer, firm-level innovation and regional economic development. Analysis of graduate labour market outcomes shows that graduates are disproportionately employed in high-skill and high-productivity sectors, underlining the importance of higher education in supporting growth.³ Similarly, evidence on business-university collaboration indicates that firms engaging with universities are more likely to innovate, adopt new technologies and improve performance.

Universities also play a wider role as anchor institutions within regional economies. Through their scale, research strengths and networks, they contribute to the development of local clusters, support the growth of high-value sectors and help attract investment and talent.^{4,5}

¹ [Briefing paper No.9: Forecasting productivity - Office for Budget Responsibility](#)

² [The economic impact of universities_ Evidence from across the globe](#)

³ [What explains the UK's productivity problem? - The Productivity Institute](#)

⁴ [The Role of Universities in Regional Innovation Ecosystems](#)

⁵ [Contextualizing the role of universities to regional development](#)

A system under pressure

Despite this established role, the system linking universities and businesses is under pressure. Businesses report increasing difficulty in accessing the skills they need, particularly in technical and specialist areas, with national data pointing to persistent skills shortages in STEM, digital and sector-specific capabilities.^{6,7} At the same time, university-business engagement, while often highly valuable, is not always straightforward. Previous studies highlight barriers including complexity, misaligned incentives and challenges in translating research into commercial outcomes, particularly for smaller firms.⁸

Policy developments are also reshaping the context in which this system operates. Changes to immigration policy, funding arrangements and innovation support mechanisms all influence how businesses access talent and collaborate with universities.

Understanding how effectively the system supports growth

Against this backdrop, a key question emerges: **to what extent is the UK's current system of university-business engagement supporting growth in practice, and where are the constraints limiting its impact?** While there is strong evidence on the importance of universities to the economy, there is less clarity on how effectively businesses access and utilise this capability, particularly in the sectors most critical to productivity and innovation.

This report seeks to address this gap, combining new survey evidence from 610 businesses with in-depth qualitative insights from ten interviews with firms and university stakeholders. The analysis focuses in particular on sectors aligned with the **UK's Industrial Strategy (IS-8)**, where demand for advanced skills and innovation capability is most pronounced.

The remainder of the report is structured as follows:

- **Chapter 2** sets out the role universities play in supporting growth, focusing on how businesses access talent and innovation capability.
- **Chapter 3** examines the extent to which this system is operating effectively in practice, identifying the barriers that limit engagement.
- **Chapter 4** explores the role of talent in more detail, highlighting the extent to which skills availability is acting as a constraint on growth.
- **Chapter 5** illustrates how collaboration works in practice through a series of business case studies.
- **Chapter 6** considers the implications for growth and sets out where there is an opportunity to unlock further impact.

⁶ [Release home - Employer Skills Survey - Explore education statistics - GOV.UK](#)

⁷ [UK STEM skills pipeline](#)

⁸ [UKRI KEF Review Report](#)

2 Businesses rely on universities for talent, research and innovation capability

The UK's Industrial Strategy places increasing emphasis on sectors that are knowledge-intensive, innovation-led and reliant on advanced skills. For firms operating in these areas, access to talent, research capability and specialist infrastructure is central to how they develop products, compete and scale.

Universities are a key part of this system. They supply skilled graduates, support research and innovation, and provide access to expertise and facilities that many firms cannot easily replicate internally. This section sets out the evidence on how businesses use and value these inputs, particularly in frontier sectors, before the report turns to the barriers limiting the scale and consistency of engagement.

Key takeaways:

- **Firms in the UK's growth-driving (IS-8) sectors are disproportionately reliant on universities** for both talent and innovation capability.
- Universities provide **non-substitutable inputs**, including specialist expertise, infrastructure and research capacity, that firms cannot replicate internally.
- This role is **embedded in how firms operate, innovate and scale**, not an optional or peripheral input.
- Universities also act as **anchors for high-growth clusters**, shaping where investment and economic activity take place.

2.1 Universities are core to frontier sectors driving productivity and growth in the UK

Universities support business growth by providing skilled talent, research capability, specialist expertise and access to innovation infrastructure. These contributions are relevant across the economy, but are particularly important in knowledge-intensive and innovation-led sectors, where firms rely on advanced skills and R&D to develop products, compete and scale.

Survey evidence shows that this role is widely recognised by businesses. The most commonly identified contributions universities make to local and regional economies are through **supplying skilled graduates and talent (36%)** and **supporting research, development and innovation (29%)**. Overall, **more than 80% of businesses identify at least one positive contribution**, indicating that the economic role of universities is broad-based and well understood across the business community.

Figure 1: In which of the following areas do universities make the greatest positive contribution to your regional/local economy? (%), N=506



Source: CBI Economics survey (2026).

Note: "N" refers to the number of survey respondents answering each question. Bases vary by question because some questions were filtered or not answered by all respondents.

The results are especially pronounced among larger firms. Almost two-thirds identify talent supply as a key contribution (65%), while over half identify R&D and innovation (54%). Perceptions also vary across the business base: while 18% of firms overall say universities make a limited or no positive contribution to their regional economy, this response is more concentrated among small and medium-sized firms and those outside frontier sectors. For the higher education sector, this points to an opportunity to make universities' economic contribution more visible and accessible to firms with less direct exposure to collaboration. Among firms operating in frontier sectors, only around 8 to 12% select this option, compared with over 20% of non-frontier firms. This suggests that lower recognition of university contribution is partly linked to differences in exposure and engagement, rather than necessarily indicating limited economic value. As Chapter 3 shows, **awareness, access and internal capacity remain important barriers to engagement, particularly for smaller firms.**

Interviews reinforce this finding. Firms emphasise that universities provide access to specialist expertise, advanced infrastructure and cutting-edge research that they could not replicate internally. As one firm put it, "without the university, we would not have been able to progress," while another highlighted access to facilities they "would never justify buying" in-house.

Business examples show how this works in practice. One multinational used university materials science expertise and specialist infrastructure to progress complex technical challenges linked to net zero technologies, while one SME used university testing and validation facilities to accelerate product development and access new procurement opportunities.

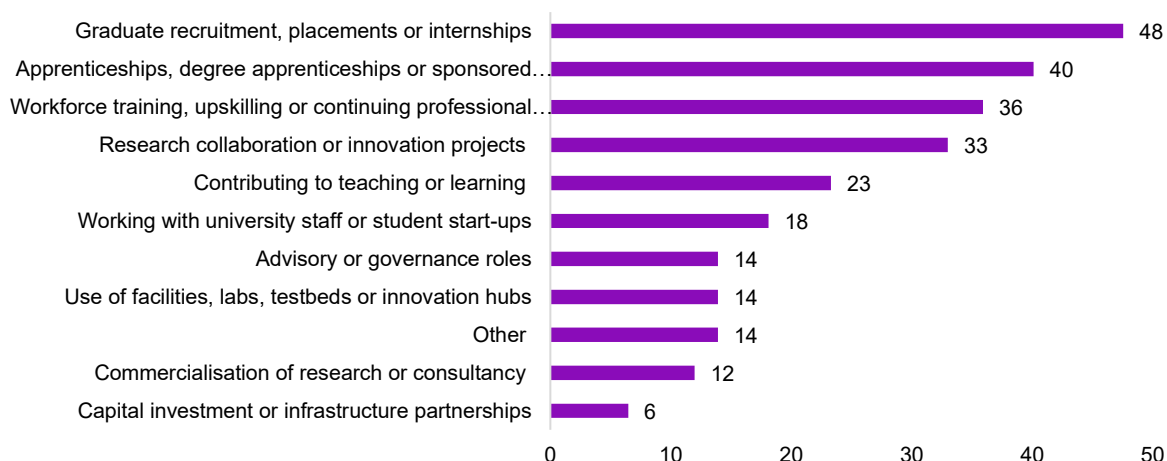
This shows how universities support innovation and capability building across the business base, with the role especially visible among larger firms and frontier-sector businesses most closely linked to productivity and long-term growth.

2.2 Universities enable growth through talent and innovation

2.2.1 Frontier firms rely on universities for both talent and innovation capability

Universities support business growth through two closely linked pathways: talent and collaboration. In the survey, among firms engaging with universities, the most common routes are **graduate recruitment, placements or internships (48%)**, **apprenticeships, degree apprenticeships or sponsored studentships (40%)**, and **workforce training, upskilling or continuing professional development (36%)**. A substantial share also engage through **research collaboration or innovation projects (33%)**, showing that university engagement supports both skills development and access to innovation capability. **These routes often reinforce one another in practice, shaping how firms build capability, develop products and scale.**

Figure 2: Which of the following types of engagement does your organisation have with universities? (Select all that apply) (%), N=309

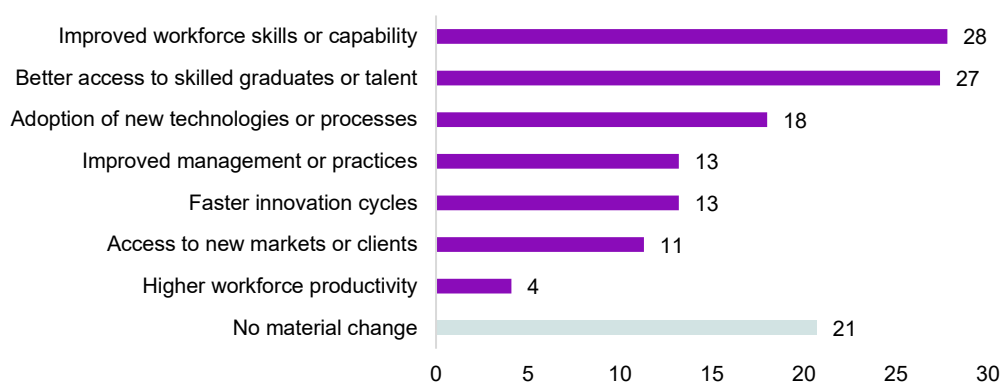


Source: CBI Economics survey (2026)

Looking beyond the type of engagement, overall engagement is particularly concentrated among larger firms and those operating in growth sectors. **Over 90% of large businesses report at least one form of engagement**, compared with much lower rates among smaller firms. Engagement is also more prevalent among firms operating in or contributing to frontier sectors, with especially high levels in areas such as **life sciences (90%)**. This suggests that firms most reliant on advanced skills and innovation capability are also among those most actively engaged with universities.

The benefits reported by businesses reinforce this picture. Firms most frequently identify **improved workforce skills (28%)** and **better access to skilled graduates or talent (27%)** as outcomes of engagement. Benefits also extend into innovation and operational performance, including **adoption of new technologies or processes (18%)**, **faster innovation cycles (13%)** and **improvements in management practices (13%)**. At the same time, **21%** report no material change, suggesting that while engagement often delivers value, outcomes are not automatic and depend on how collaboration is structured and used.

Figure 3: Has engagement with universities resulted in any of the following benefits for your organisation? (Select all that apply) (%), N=266



Source: CBI Economics survey (2026)

The distribution of responses is important. While workforce-related benefits are most widely reported overall, frontier sector firms are more likely to identify innovation-related outcomes, particularly technology adoption and faster innovation cycles. **Around a third of businesses in sectors such as advanced manufacturing and digital technologies report technology adoption as a direct benefit of engagement.** This suggests that more innovation-intensive firms are not only more likely to engage with universities, but also more likely to realise benefits linked to innovation and capability building.

Open-ended survey responses and interviews provide further context on how these benefits are delivered in practice. Firms describe university engagement as helping them build new skills, develop new techniques and expand into new areas of activity, with one business reporting that long-term collaboration had “allowed our teams to improve skills, knowledge and behaviours,” and another saying engagement supported new techniques that led directly to a manufacturing opportunity in the UK. Interviews also show that universities provide access to capabilities firms cannot easily replicate internally: one firm highlighted facilities they “would never justify buying” in-house, while another noted that academic partners are often “five, ten years ahead” in specific research domains.

Case study evidence shows how this translates into tangible outcomes. At one engineering SME, a series of Knowledge Transfer Partnerships enabled the business to embed advanced CAD design capability, transforming internal processes and **reducing design time from up to two weeks to around 30 minutes**. This delivered a significant improvement in productivity and output.

This reinforces the way talent and collaboration pathways interact. Universities supply graduates, postgraduates and researchers who support day-to-day delivery and longer-term capability building, while collaboration strengthens talent pipelines through placements, joint training and curriculum input.

2.2.2 Universities act as anchors for frontier clusters and innovation ecosystems

While talent provision and collaboration are the most direct ways universities support firms, businesses also identify a wider role in shaping the regional environments in which they operate, acting as **anchor institutions within local economies**. The sector breakdown of responses shown in Figure 1 suggests that this role is most strongly felt in frontier sectors. Across the eight frontier sectors, an average of **11%** of firms identify universities' contribution to **strengthening local clusters or innovation ecosystems**, compared with **5%** of firms outside these sectors. A similar pattern is seen for **business growth and scale-up activity**, identified by **10%** of frontier-sector firms on average, compared with **3%** of firms outside these sectors. This role is particularly visible in **life sciences**, where **19%** of firms identify universities as contributing to strengthening local clusters or innovation ecosystems. For business growth and scale-up activity, the strongest response is in digital and technologies (**13%**).

Interviews with businesses provide more detail on how this ecosystem role operates in practice. Firms describe universities as **convening platforms**, bringing together businesses, research capability and public sector actors within shared innovation spaces.

One SME pointed to the University of Sheffield Advanced Manufacturing Research Centre as an example of this clustering dynamic, noting that the presence of firms such as McLaren, Rolls-Royce and Boeing in the area is closely linked to access to research capability and skilled labour.

This ecosystem role is particularly important for smaller firms. SMEs highlighted that proximity to a major university can lower barriers to engagement, improve access to expertise, facilities and networks, and support competitiveness where local R&D capability is valued in procurement. Firms also described indirect benefits from university-led ecosystems, including shared training infrastructure, stronger supply chain networks and a deeper local talent pool.

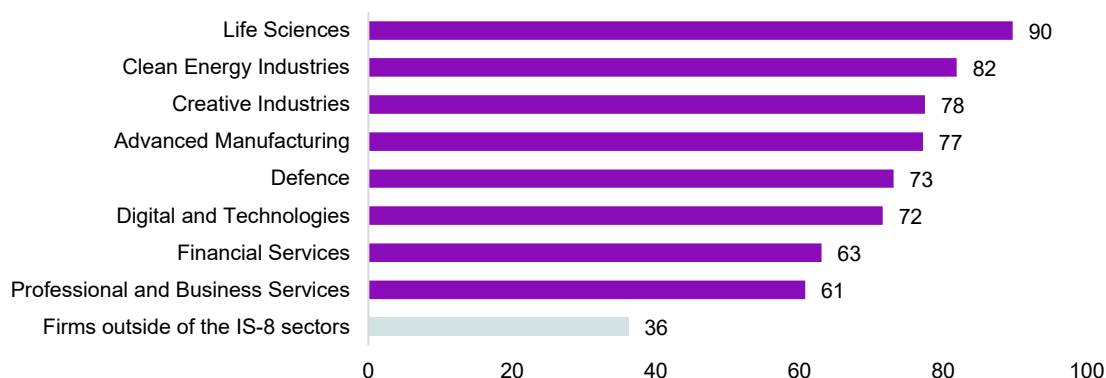
Overall, universities' impact extends beyond one-to-one engagement: as anchors within regional innovation systems, they support cluster formation, knowledge spillovers and the conditions in which high-growth sectors can develop. This role is explored further through the University of Manchester case study in Chapter 5.



2.3 Engagement with universities is concentrated in IS-8 sectors

Building on the wider engagement patterns set out above, the sector breakdown shows that university engagement is particularly concentrated in frontier sectors. **This matters because these are the parts of the economy most reliant on advanced skills, research capability and innovation, and most closely linked to the UK's productivity and growth ambitions.** Drawing on the same survey question as Figure 2, Figure 4 shows that organisations operating in these sectors are significantly more likely to engage with universities. Engagement rates are highest in **life sciences (90%)** and **clean energy industries (82%)**, with similarly strong participation across **advanced manufacturing (77%)**, **creative industries (78%)** and **defence (73%)**.

Figure 4: Organisations operating in each frontier sector who engage with universities (%), N=589



Source: CBI Economics survey (2026)

Note: Of the full survey sample of 610 businesses, 334 identified as operating in or contributing to at least one IS-8 sector.

This suggests that engagement is most consistently embedded in the sectors most reliant on advanced skills, research capability and innovation. Interview evidence indicates that these relationships are often long-term and multi-faceted, spanning recruitment, training, research and strategic collaboration. As one firm put it, working with multiple universities had “significantly improved” business performance, while opening up networks of academics and researchers that would not otherwise have been accessible.

However, engagement remains uneven. Relationships can deliver significant value where they are established, but businesses also report that collaboration is not always easy to access or operate in practice. Understanding what sits behind this gap is critical to unlocking the full contribution universities can make to growth, particularly in the IS-8 sectors most central to the UK's economic ambitions.

3 The current system limits how far university-business collaboration can scale

The evidence presented in Chapter 2 demonstrates that universities play an important role in supporting business growth through talent, innovation and specialist capability. However, this impact is not consistently realised at scale.

This chapter examines the factors limiting the effectiveness of university-business engagement in practice. Drawing on survey evidence and interviews with businesses and university stakeholders, it shows that the main barriers are not a lack of demand or value, but the way engagement is structured and accessed. These constraints reflect wider issues around funding, incentives and policy design, and will require coordinated action across government, universities and businesses.

Key takeaways:

- **Collaboration between universities and businesses delivers clear value** but is not operating at scale.
- Businesses face **practical barriers to engagement**, including complexity, slow processes and difficulty accessing the right contacts, with these barriers **most acute for SMEs**.
- Constraints are **structural, not behavioural**, reflecting system design, funding models and incentive misalignment.
- Addressing these challenges requires **coordinated action across universities, government and businesses**.

3.1 Engagement delivers results, but is not operating at scale

As Chapter 2 shows, businesses value university engagement for its role in **strengthening workforce capability, improving access to talent and supporting innovation**. Survey evidence reinforces this: among businesses that engage with universities, **over two-thirds (69%)** report that this engagement is effective, with firms also identifying tangible outcomes such as improved workforce skills and better access to graduates.

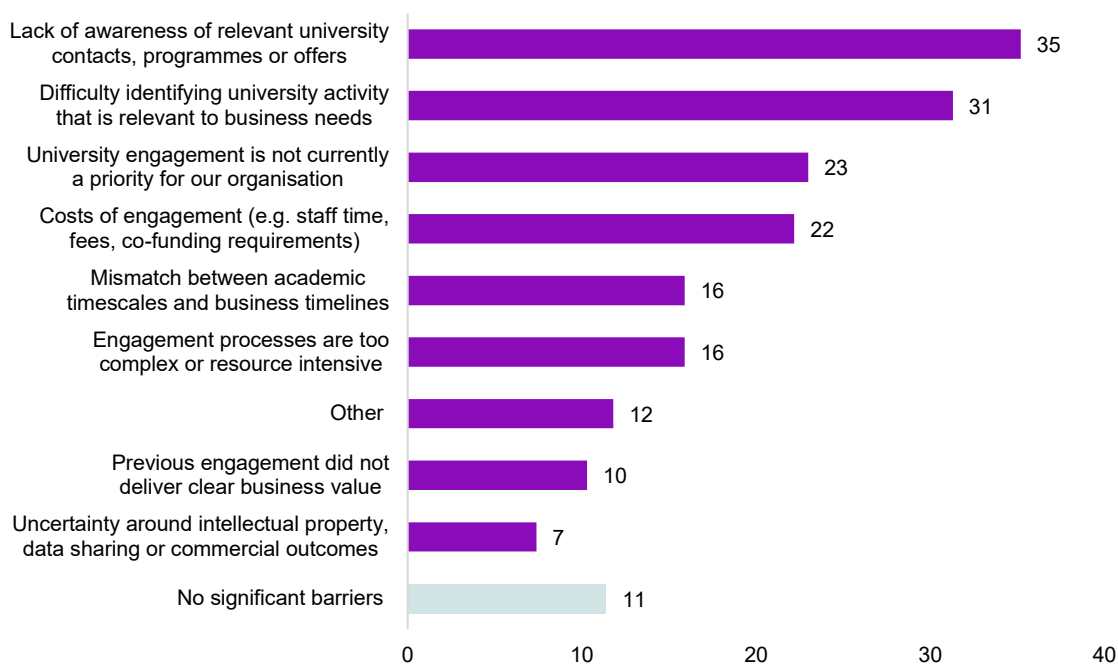
However, both the survey and interviews indicate that engagement is not yet operating at its full potential. Businesses describe engagement as uneven, with successful partnerships often depending on existing relationships, senior leadership commitment or prior experience, rather than being straightforward to access across the wider business base. This creates a gap between what universities already deliver and what they could deliver at greater scale.

3.2 Awareness, complexity and cost are limiting engagement

While there is strong demand for engagement, businesses face practical barriers that limit how easily university relationships can be initiated and scaled. Survey evidence highlights three core constraints: **lack of awareness, complexity of engagement, and cost or resource pressures**. The chart below shows that the most commonly cited barrier is a **lack of awareness of relevant university contacts (35%)**, closely followed by **difficulty identifying relevant activity (31%)**. For many firms, the challenge begins at the point of entry, with uncertainty about where to start or how to access the right parts of the university system.



Figure 5: What, if anything, limits your organisation's ability to engage with universities? (Select all that apply) (%), N=517



Source: CBI Economics survey (2026)

Firms also point to operational barriers. Around a fifth of respondents cite **costs of engagement, mismatches between academic and business timelines, and engagement processes being too complex or resource-intensive**. These barriers vary by firm type: SMEs are more likely than large firms to identify **lack of awareness** and **competing priorities** as key barriers, reflecting more limited internal capacity to navigate complex systems. Firms operating in frontier sectors are more likely to cite **costs of engagement** and **mismatches between academic and business timelines**, reported by around a quarter of respondents in these sectors.

Interviews provide further detail on how these barriers are experienced in practice. Firms describe engagement as slower and more complex than their internal decision-making processes, with commercial timelines often outpacing the speed at which university partnerships can be established.

As one firm put it, **“it can take months... and that’s a real barrier,”** while another noted that **“you just have to jump through the hoops, but it would put a lot of people off.”**

This friction is particularly acute at the early stages of engagement. Businesses describe delays in identifying the right contacts, progressing initial discussions and navigating contracting or funding processes. In some cases, applications must be framed to meet specific funding criteria, adding further complexity and administrative burden. Firms also highlight challenges around intellectual property negotiations and commercial terms, which can slow or discourage collaboration, particularly where processes are unclear or inconsistent.

Examples from the interviews illustrate how these barriers play out in practice. One SME described how establishing initial engagement with a university could take several months, from securing the right contact through to progressing discussions. This contrasted sharply with their experience in other countries, where similar partnerships could be initiated within days. Other firms pointed to the cumulative effect of formal processes, including Knowledge Transfer Partnership applications that can take six months or more, changes to R&D tax relief, and funding constraints within universities that can limit flexibility.

At the same time, firms emphasise that these barriers are not fixed. Where relationships are already established, engagement becomes significantly easier, with repeat collaboration and prior experience reducing friction over time. Interviews also suggest that collaboration is easier to initiate and sustain where senior leaders are already bought into its value. Without this internal sponsorship, firms can find it harder to justify the time, resource and uncertainty involved, particularly where processes are complex or benefits are not immediate.

Recent University of Manchester initiatives point to the types of practical steps universities can take. This includes plans to offer all undergraduates **meaningful real-world experience**, such as placements, internships, live employer projects or work with public and community organisations, and the launch of the five year, £5m, **Future of Work Alliance with BNY**, focused on responsible human-led AI. The alliance is relevant because it turns live business challenges into structured student projects, postgraduate internships, executive education and applied research, creating a **clearer route for employers to access university talent and expertise** while supporting skills development in a fast-growing area of business need.

These examples demonstrate the role universities can play in reducing barriers to engagement. However, institutional action alone cannot address the wider constraints around funding, incentives and policy design that continue to limit the scale and consistency of university-business collaboration.

3.3 System design and incentives are limiting the scale of collaboration

The barriers described in Chapter 3.2 are not simply isolated inefficiencies. Interviews with businesses and university stakeholders consistently point to **structural features of the UK system** that shape the pace, accessibility and scale of collaboration. The main constraint is not a lack of willingness to work together, but a system in which universities, businesses and public bodies operate across multiple funding streams, governance structures and regulatory requirements.

One of the most widely cited issues is the **complexity of institutional and funding environments**. Universities operate within multi-layered legal, financial and governance frameworks that shape contracting, approvals and the use of funding. As one university stakeholder put it, **“we’ve got this incredibly disjointed system,”** reflecting the fragmentation across higher education, further education, apprenticeships and research funding. **This complexity is most visible at the early stages of engagement**, where contracting, funding mobilisation and governance processes can lag behind commercial timelines, creating a barrier to entry for firms without prior experience of working with universities.

A second structural constraint is **misaligned incentives**. Current funding and incentive structures often encourage universities to prioritise traditional research outputs over industry collaboration and ecosystem-building activity. While policy increasingly emphasises growth and impact, the underlying incentives do not always fully support these objectives.

As one interviewee noted, “**the incentives to do more with industry are relatively weak**” meaning collaboration can depend on institutional effort rather than being systematically supported.

Government funding models can reinforce this challenge. Competitive funding can fragment activity and limit opportunities for sustained or large-scale collaboration, particularly where partnerships would benefit from shared risk and continuity. Firms also highlight financial and administrative frictions, including changes to **R&D tax relief** and restrictions on how certain costs are classified, which can increase compliance burdens and reduce the net benefit of collaborative activity, particularly for SMEs.

A further constraint is the gap between research and commercial deployment. While the UK has strong research capability, businesses and university stakeholders describe a “middle stage” where academic expertise, applied development capability and commercial input need to come together. Progress can stall where firms lack access to the facilities, funding or structured collaboration needed to test, develop and scale ideas. In these cases, the constraint is not a lack of research or ideas, but **the absence of effective pathways to translate them into commercial outcomes**.

These structural features are also linked to broader **challenges in the skills and talent system**. Interviewees highlight fragmentation across the post-16 landscape and misalignment between higher education, further education and industry demand. Overall, the evidence suggests that **complexity, fragmented incentives and misaligned funding structures** slow collaboration and limit its scale, even where relationships are strong and demand is high.

3.4 Immigration policy changes risk constraining talent access in frontier sectors

Government policy directly affects businesses' ability to access the skills and talent needed for growth, particularly in innovation-intensive sectors that rely on specialist and international expertise. Survey evidence suggests that immigration policy changes are already a concern for many firms, with **around a third of respondents reporting concern about the impact of immigration policy on access to skills (33%)**, including **19% somewhat concerned** and **14% very concerned**.

Concern is particularly pronounced in frontier sector firms. **Over half of firms in areas such as advanced manufacturing, clean energy, digital technologies and life sciences report concern about policy changes affecting access to talent.** Interview evidence reinforces this, with businesses and university stakeholders highlighting that policy settings do not always align with growth ambitions, particularly where firms depend on international talent to fill specialist skills gaps.

This adds a further policy constraint to the system-level barriers identified in Chapter 3.3. Aligning policy on talent, funding and incentives will be critical to unlocking the full contribution of university-business collaboration, with the implications for talent access, investment and business behaviour explored in more detail in Chapter 6.



4 Access to talent is a binding constraint on growth

The previous chapters have shown that universities play a central role in supporting business growth, but that this impact is not being realised at scale. At the heart of this gap sits a more fundamental constraint: access to talent.

This challenge is particularly pronounced in the sectors most critical to the UK's growth ambitions, where demand for advanced skills and specialist capability is highest. Drawing on survey evidence and interviews, this section shows that shortages are already constraining business performance, and that the issue is primarily one of availability and alignment, rather than graduate quality.

Key takeaways:

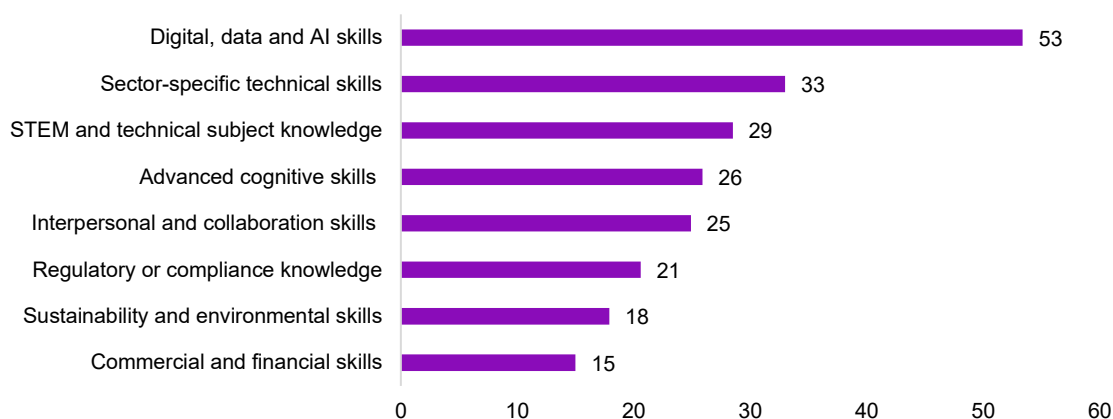
- **Demand for graduate and technical skills is increasing across all sectors**, particularly in frontier industries.
- Businesses report **persistent shortages in technical and specialist roles**, with direct impacts on performance.
- The constraint is **one of availability, not quality** - there are not enough individuals with the right skills.
- Skills shortages are already **limiting productivity, innovation and expansion**, even where demand is strong.
- **Talent availability is the primary constraint on growth**, particularly in high-skill, innovation-led sectors.

4.1 Demand for advanced skills is increasing, particularly in frontier sectors

Demand for graduate and technical skills is a defining feature of the sectors most closely associated with UK growth. Firms operating in innovation-led and high-productivity industries consistently identify access to skilled labour as central to both their day-to-day operations and their ability to scale.

Survey evidence shows that demand for graduate skills is expected to increase across all skill types over the next three to five years. Growth is strongest in **digital, data and AI skills**, where the net balance of firms expecting an increase is highest.

Figure 6: Net amount of organisations expecting an increase in demand for these graduate skills over the next 3-5 years? (%), N=433



Source: CBI Economics survey (2026)

Two points are particularly important. First, the net balance of respondents expecting an increase in demand is positive across all skill categories, indicating that demand is rising broadly rather than in isolated areas. Second, demand is growing fastest in the skills that are already hardest to recruit, particularly in **digital, data and AI**, where **over half of firms expect demand to grow**. Among large businesses, this rises to **87%**.

This pattern is especially evident in frontier sectors, where a higher proportion of firms expect demand to increase across all skill types compared with those outside these sectors. Firms operating in or contributing to IS-8 sectors are also significantly more likely to recruit graduates, underlining the role of universities in supplying the talent pipeline that supports growth. **This suggests that growth in IS-8 sectors is closely tied to expanding demand for specialised and technical skills.**

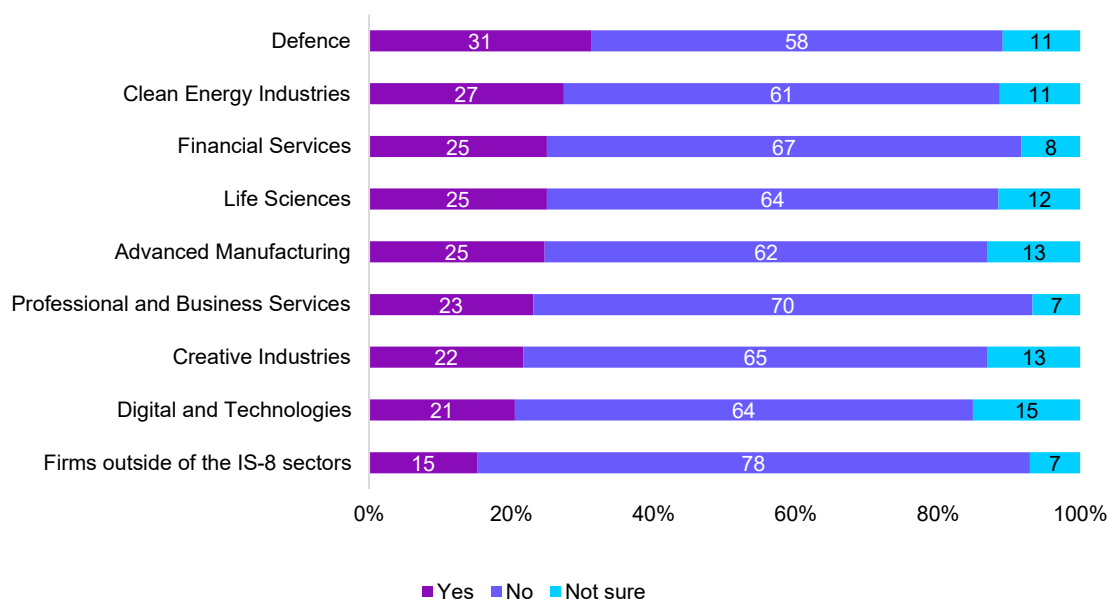
Interviews with businesses provide further context on how this demand is experienced in practice. Firms describe graduate and technical skills as foundational to their operations, rather than an optional input to growth. These skills are required not only to support expansion, but to sustain existing activity, maintain competitiveness and respond to technological change. As one firm described, **access to the right skills is essential to delivering core business functions, particularly in areas such as engineering, advanced manufacturing and digital development**. Others emphasised that as technologies evolve, the need for specialised and adaptable skills continues to grow.

The evidence points to a structural feature of the UK economy: **growth sectors are heavily dependent on access to graduate and technical skills**. As these sectors expand and adopt new technologies, this demand is expected to intensify, increasing the importance of an effective and responsive talent pipeline.

4.2 Skills shortages are already constraining firms, particularly in technical roles

Demand for graduate and technical skills is not being fully matched by supply. Survey responses indicate that **around one in five businesses (19%) are currently experiencing a graduate skills shortage or gap**, with shortages more pronounced among firms operating in frontier sectors. In some sectors, such as defence, reported shortages are significantly higher.

Figure 7: Is your organisation currently experiencing a graduate skills shortage or skills gaps? (%), N=460



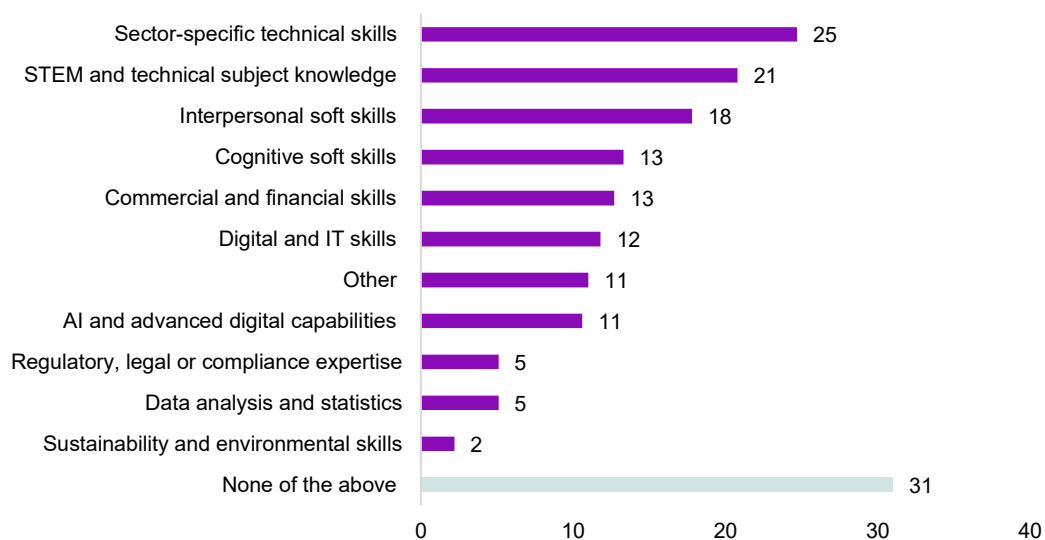
Source: CBI Economics survey (2026)

The headline figure masks important variation in how firms experience skills availability. A significant share of businesses report that overall graduate supply is broadly sufficient, but still highlight gaps in specific roles or skill areas. In total, **around 30% of firms report that they can meet most or all graduate recruitment needs**, while a similar proportion (**24%**) **report that graduate talent is insufficient to meet needs for key roles**. This suggests that the issue is not simply overall graduate supply, but whether firms can access the specific technical or specialist capabilities required to support growth.

This picture is more nuanced across frontier sectors. Across all frontier sectors, a higher proportion of businesses report that graduate supply is adequate or more than adequate than report it as inadequate. A similar pattern is seen in perceptions of graduate preparedness, with more positive responses among frontier firms. However, these firms also report more acute shortages in specific technical areas, suggesting that skills challenges are concentrated in high-demand roles rather than across graduate recruitment as a whole.

The types of skills firms struggle to recruit reinforce this point. Businesses most frequently identify **sector-specific technical skills (25%)**, **STEM subject knowledge (21%)** and **interpersonal and cognitive skills** as the hardest to source. While **around a third of firms** report that skills are generally easy to recruit, this falls to **closer to one in five among firms operating in frontier sectors**.

Figure 8: Which graduate skills are currently most difficult for your organisation to source through recruitment? (%), N=490



Source: CBI Economics survey (2026)

The gap between frontier and non-frontier firms is particularly striking in technical areas. Firms in frontier sectors are significantly more likely to report difficulty recruiting STEM skills, with the proportion reporting challenges around **19 percentage points higher** than those outside these sectors. Similar patterns are seen across digital, commercial and advanced cognitive skills, suggesting that shortages are concentrated in the capabilities most critical to innovation and productivity.

Interviews with businesses provide further insight into how these shortages affect operations. Firms describe difficulty recruiting for specialised technical roles, particularly in areas such as engineering, digital development and advanced manufacturing. These shortages are not limited to smaller firms; they are also reported by large multinational businesses operating at global scale. Firms also highlight that vacancies are often left unfilled for extended periods, with direct implications for delivery.

As one business put it, **“if a role is unfilled, the work attached to that role is simply not done.”**

Even where firms are able to recruit, additional development is often needed. Businesses report that graduates often require further training in applied or industry-specific skills, particularly in technical roles. One SME highlighted the need to invest in additional training in areas such as engineering design, reflecting the gap between academic preparation and workplace requirements.

Overall, the evidence points to a nuanced but consistent picture. **Skills shortages are most acute in the technical and specialist roles that underpin innovation and growth.** For many businesses, the challenge is not simply whether graduates are available, but whether the right skills are available in the right areas. This reinforces the importance of stronger alignment within the talent pipeline.

4.3 The nature of the constraint: quantity, not quality

Interview evidence points to a clear distinction between graduate capability and skills availability. Businesses generally do not describe the core challenge as a lack of graduate quality. Instead, they emphasise that there are not enough people with the right skills, particularly in technical and specialist areas. As one firm put it, **“I don't think it's a quality issue. It's a quantity issue,”** while another highlighted an **“insufficient amount of STEM graduates entering engineering or manufacturing roles.”**

This does not mean graduates are always immediately prepared for the workplace. Survey evidence shows that only **2%** of firms consider graduates to be **very well prepared**, while **21%** say they are **somewhat well prepared** and **32%** report that recruits are **not very well prepared**. However, this should be understood as a distinction between capability and work-readiness. Firms expect graduates to need on-the-job development and adaptation to specific roles, particularly where jobs require applied, technical or industry-specific skills.

The more significant constraint is **the availability of relevant skills at the scale and speed businesses require**. Even where suitable candidates exist, firms often struggle to access them quickly enough to meet operational needs or support growth plans. Large multinational firms report a similar pattern: graduate capability is generally strong, but too few graduates are entering the technical, engineering and specialist roles where demand is rising fastest. For these businesses, the challenge is not developing talent from a low base, but accessing enough people with the right skills to sustain existing activity, deliver new projects and remain competitive.

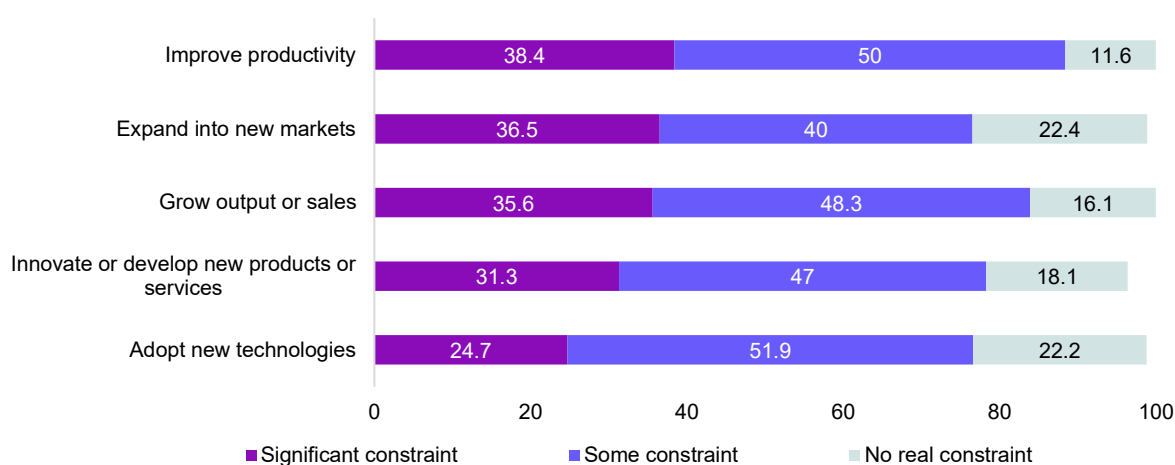
As one business noted, **“the biggest risk... is that we will not be able to get the people quickly enough.”**

Taken together, the evidence suggests that the main challenge is not the underlying quality of graduates, but the availability and alignment of skills in the right areas. This is particularly important for IS-8 sectors, where firms are more reliant on specialised STEM, digital and technical capabilities, and where shortages in specific roles can directly constrain innovation, productivity and growth.

4.4 Talent shortages are already constraining growth, productivity and innovation

Talent constraints are already having direct impacts on business performance, affecting firms' ability to grow, improve productivity and innovate. Survey evidence shows that skills shortages are constraining a wide range of business activities. Among firms reporting a skills gap, **over a third report significant constraints on their ability to improve productivity (38%), expand into new markets (37%) and grow output or sales (36%).**

Figure 9: To what extent do these skills shortages or gaps constrain your organisation's ability to: (%), N=87



Source: CBI Economics survey (2026). Note: Responses exclude "not sure", so totals may not sum to 100%.

These constraints also affect longer-term capability. Firms report that shortages limit their ability to develop new products or services, adopt new technologies and innovate. Among large firms experiencing a skills gap, **all report that their ability to adopt new technologies is constrained to at least some extent.** This shows that talent shortages are not only a recruitment issue, but a constraint on the core drivers of growth.

Interviews reinforce this picture. Businesses describe talent availability as a key constraint on execution, with firms unable to deliver fully on growth plans even where demand and funding are strong. As one firm put it, **"the biggest risk we have... is actually the talent,"** while another noted that **"growth opportunities are being missed."**

For some firms, these constraints are material and immediate. One fast-growing SME described having the opportunity to significantly expand its operations, but being unable to do so due to limitations in hiring. As they explained, “I have the opportunity to more than double or triple my turnover... as a UK, we miss an opportunity.” This firm reported strong market demand and a clear pipeline of growth opportunities, but identified talent availability as the primary constraint on execution. At board level, **skills shortages were viewed as the single biggest risk to delivering the company's strategy**, with unfilled roles delaying development and limiting the firm's ability to scale.

Overall, the evidence indicates that **talent shortages are already acting as a binding constraint on business performance**. They limit firms' ability to convert demand into output, improve productivity and pursue innovation, particularly in the sectors most critical to the UK's growth trajectory.



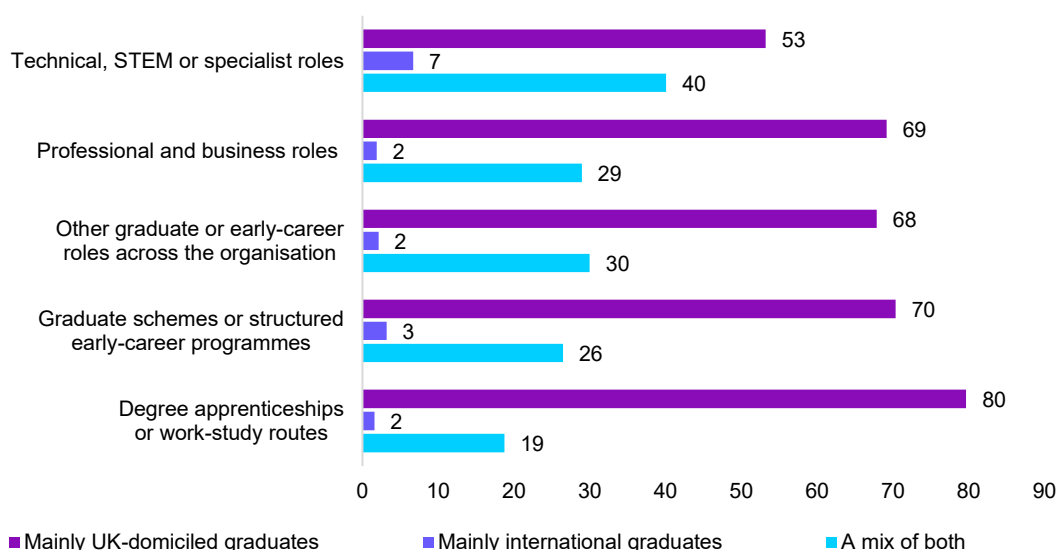
4.5 International talent supports innovation and fills critical skill shortages

International talent forms an important part of the talent pipeline for many businesses, particularly in sectors that rely on specialised and technical skills. While domestic talent remains the primary source of labour for most firms, access to international students and graduates plays a complementary role in addressing skills gaps and supporting innovation.

Survey evidence shows that **around a quarter of firms (26%)** consider international students and graduates an important part of their current talent pipeline, with this rising significantly in frontier sectors. Around half or more of firms report that international talent is moderately or very important in **advanced manufacturing (50%), clean energy industries (54%), digital and technologies (57%)** and **life sciences (64%)**.

The distribution of roles filled by international and domestic graduates provides further insight. While most roles are still filled by UK-domiciled graduates, international graduates are more likely to contribute to technical, STEM and specialist roles, where skill shortages are most acute.

Figure 10: Which types of roles within your organisation are most likely to be filled by UK-domiciled graduates or by international graduates? (% of businesses who recruit graduates into those roles) N=224

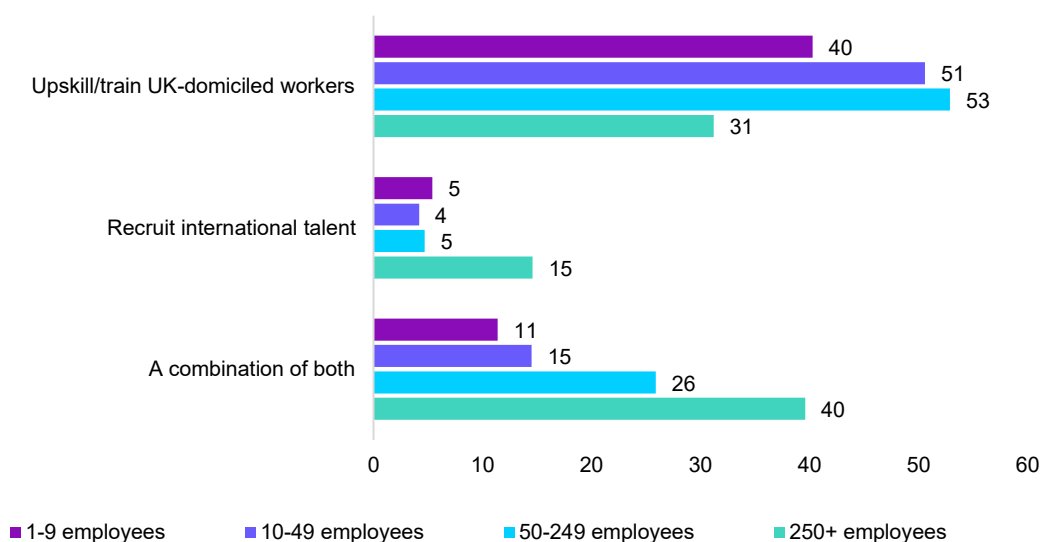


Source: CBI Economics survey (2026)

This reinforces the view that **international talent is filling targeted skills gaps rather than displacing domestic workers**. Even in technical roles, over half of firms report that these positions are primarily filled by UK-domiciled graduates, highlighting the continued importance of the domestic talent pipeline.

Firm responses to skills shortages support this interpretation. When facing a shortage, businesses are significantly more likely to upskill or train UK-domiciled workers than to recruit internationally. Across the survey, **46% of firms** say they would prioritise training domestic workers, compared with **6%** who would recruit international talent alone. Among large firms, the most common response is a combination of both, reported by **40%**.

Figure 11: What action is your organisation most likely to take when facing a skills shortage? (%), N=448



Source: CBI Economics survey (2026)

This suggests that businesses do not view international recruitment as a substitute for domestic talent development. Instead, they combine approaches, including training, recruitment and, in some cases, automation or outsourcing. Interviews with businesses reinforce this with firms emphasising that access to international talent is important not only for filling vacancies, but for maintaining innovation quality and global competitiveness.

As one firm noted, **“if I can’t get the best candidate, I can’t do the best work,”** while another highlighted that a lack of global perspective and diversity of thought can **limit the ability to innovate and develop competitive products.**

The evidence therefore points to a balanced but important role for international talent. **It supports innovation, enhances competitiveness and helps address shortages in critical areas, particularly in growth sectors.** However, it operates alongside, rather than replacing, the domestic talent pipeline, reinforcing the need for a coordinated approach to skills supply.



5 Universities are already delivering in practice

The previous chapters have shown that universities play a central role in supporting business growth, but that this impact is not consistently realised at scale due to constraints in the wider system. At the same time, evidence from businesses and universities highlights that collaboration is already delivering tangible outcomes in practice.

Drawing on case studies, survey evidence and interviews, this chapter examines how university–business collaboration operates at firm level, showing how it supports innovation, capability building and commercial outcomes. It also explores how universities contribute more broadly to growth as regional anchor institutions, shaping clusters, supporting high-productivity sectors and strengthening the conditions for economic development.

Key takeaways:

- **University-business collaboration delivers tangible commercial outcomes**, including innovation, productivity gains and market expansion.
- Engagement is typically **long-term, relationship-driven and multi-faceted**.
- Effective collaboration is **aligned to business needs** and evolves over time as capability and trust build.
- Universities support firms in **different ways simultaneously**, through talent, research and problem-solving.
- Real-world examples show that collaboration is often **enabling, not just supporting**, business activity.

5.1 University-business collaboration in practice

University-business collaboration does not follow a single model. It spans research partnerships, knowledge transfer, workforce development, placements and joint funding programmes, reflecting the different ways firms access university capability to address specific business challenges.

As set out in Chapter 2, engagement is generally effective where it takes place, with **over two-thirds of firms reporting positive outcomes**. However, interviews show that collaboration is typically **iterative and relationship-driven**, rather than transactional. Firms often begin with smaller, targeted interactions, such as placements or short-term projects, before progressing into deeper partnerships as trust builds and both sides learn how to work together effectively.

Collaboration is also problem-led. Businesses engage with universities to address defined technical, operational or commercial challenges, from accessing specialist expertise and developing new products to strengthening internal capability. As relationships mature, collaboration can become more embedded and strategic, supporting ongoing innovation, talent development and capability building.

Across these models, collaboration is most effective where it is aligned to business need, built over time and supported by clear points of contact within universities. This helps explain why the case studies that follow are often long-term and multi-faceted, rather than one-off interactions.

5.2 Case studies: collaboration delivering tangible growth outcomes

University-business collaboration delivers a range of tangible outcomes, from product development and market expansion to internal capability building and productivity improvements. These outcomes are not abstract; in many cases, they translate directly into changes in how firms operate, compete and grow.

The case studies below show how this works in practice, from scientific discovery and commercial product development, to access to specialist R&D capability and productivity-enhancing knowledge transfer.

No7: From scientific discovery to commercial success

No7's long-standing collaboration with the University of Manchester illustrates how university partnerships can evolve from early-stage research into a core driver of commercial success and innovation capability. The relationship began with a small exploratory study to test whether a No7 product had measurable effects on the skin. The results, independently validated by university researchers, provided scientific credibility that cut through the market. As No7 described it, the impact was immediate: *"It changed our strategic category focus over the following years."*

That initial project became the foundation for a much deeper partnership, now spanning nearly 20 years and structured around successive five-year programmes of joint work. Over time, the university's role has expanded from scientific discovery into the full innovation and product development lifecycle, from understanding skin biology and developing new technologies, to validating product performance and translating insight into commercially viable applications. For a retailer-led business that did not historically operate its own scientific discovery programmes, collaboration with Manchester introduced new capability and helped build an innovation model based on discovery, translation and validation.

The commercial impact is clear. The partnership has contributed directly to new technologies, including peptide-based innovations, which have fed into major product launches such as the **Future Renew** range, launched in 2023 and described by No7 as one of the largest beauty launches in UK history. This reflects not a single successful product, but a pipeline of innovation built on sustained scientific collaboration. No7 also highlights that the University of Manchester provides access to specialist infrastructure, biological materials and scientific expertise that complement its internal strengths. As the business put it, *"Partnerships are a critical enabler of our innovation strategy"*.

The relationship also demonstrates how effective collaboration develops over time. Sustained engagement allowed both sides to align scientific and commercial objectives, with No7 reflecting that *"it takes quite a long time to start to really sing from the same hymn sheet because we've got different agendas, different KPIs."* Today, the partnership plays a central role in No7's long-term innovation planning, brand identity and market positioning, with scientific credibility underpinned by university collaboration becoming a core pillar of the No7 brand.

While No7 illustrates the role of collaboration in driving product-level innovation, partnerships also play a critical role in enabling access to specialist expertise and infrastructure. This is particularly important in more research-intensive and frontier areas, where progress depends on access to cutting-edge facilities and academic expertise. Firms report that universities can act as an extension of their R&D capability, allowing them to test concepts, validate approaches and accelerate development timelines.

Cummins: Enabling advanced R&D and accelerating technical development

Cummins' strategic partnership with the University of Manchester illustrates how collaboration can extend a firm's R&D capability and accelerate progress on complex technical challenges. Developed over more than a decade, the relationship has evolved from individual research projects into a formal strategic partnership, with repeated collaboration building trust and enabling more efficient ways of working.

As the partnership matured, both organisations invested in frameworks for intellectual property, confidentiality and commercial terms, reducing the need to renegotiate agreements for each new project. This has improved both speed and ease of engagement: Cummins can now approach the university directly with technical challenges and receive rapid feedback on feasibility, approach and cost. As Cummins put it, the *"door is already open,"* allowing collaboration to move at a pace more closely aligned with business needs.

The partnership gives Cummins access to specialist expertise and infrastructure that complement its internal R&D capacity. Some equipment, particularly in materials science, would be difficult to justify investing in directly because of cost and utilisation, while academic expertise can be *"five, ten years ahead"* in specific research domains. This allows Cummins to increase effective R&D capacity, run projects in parallel and validate concepts more quickly.

In some cases, the collaboration enables activity that would not otherwise be possible. As the business noted, *"without the university, we would not have been able to progress to a point of understanding the development of the concept."* The partnership is also sustained by strong engagement infrastructure, including dedicated account management, regular interaction and understanding of commercial timelines, helping reduce friction and support repeat collaboration.

For smaller firms, collaboration is often more directly tied to building capability and unlocking new activity. One engineering firm described how working with a university enabled it to embed advanced design capability, transforming internal processes and significantly reducing design time. Another SME highlighted that access to specialist facilities and expertise allowed it to develop new products and enter markets that would not have been accessible otherwise. In this case, collaboration reduced the cost and uncertainty associated with developing new capability in-house, enabling the business to pursue opportunities that would otherwise have been out of reach.

In both cases, programmes such as **Knowledge Transfer Partnerships** provided a structured way to embed new skills and expertise within the business, rather than delivering external advice or one-off outputs. This created lasting capability that extended beyond the initial collaboration.

5.3 What effective collaboration looks like in practice

The case studies above show that university-business collaboration can deliver significant commercial and innovation outcomes. Interview evidence also highlights several common features of effective collaboration.

First, successful partnerships are typically **long-term and iterative**. Firms often begin with smaller, targeted activities before expanding into deeper collaboration as trust, familiarity and confidence build. This allows both sides to test ways of working and develop more sustained, higher-value relationships over time. Second, effective collaboration depends on **alignment between academic and commercial objectives**. Early engagement may involve different priorities, timescales and expectations, but sustained interaction helps partners build a shared understanding of goals and ways of working. This alignment is critical to translating research capability into meaningful business outcomes.

Third, firms emphasise the importance of **clear and structured engagement**. Defined points of contact, regular communication and an understanding of commercial timelines make collaboration easier to navigate and more responsive to business need. Finally, effective collaboration combines **complementary capabilities**. Universities provide specialist expertise, infrastructure and research capacity, while firms contribute commercial context, market understanding and application. Where these strengths are well integrated, collaboration can support more advanced and commercially relevant innovation.

5.4 Universities as regional anchors in practice: the University of Manchester

The previous chapters have highlighted the role universities can play as anchor institutions within regional economies. The University of Manchester provides a clear example of this in practice, acting not only as a source of talent and research, but as a central institution shaping place-based growth, innovation ecosystems and investment.

A defining feature of this role is the university's scale. With a community of around **60,000 people**, including **47,000 students** and **13,000 staff**, the University of Manchester represents a major economic presence, contributing an estimated **£2.1bn** to the Greater Manchester economy and supporting **over 19,000 jobs**.⁹ This scale also creates a sustained talent pipeline: around **15,000 graduates** enter the workforce each year, with approximately **half remaining in Manchester** and around **two-thirds staying within the wider North West**.¹⁰ This directly supports local firms and strengthens the regional labour market.

The university's anchor role is also underpinned by its position as a major research and innovation hub. Since 2015–16, it has been the largest provider of research in the North West, accounting for around half of all research contracts and grant income in the region.¹¹ This translates into measurable innovation output, with over half of patents granted in the North West over the same period linked to the university.

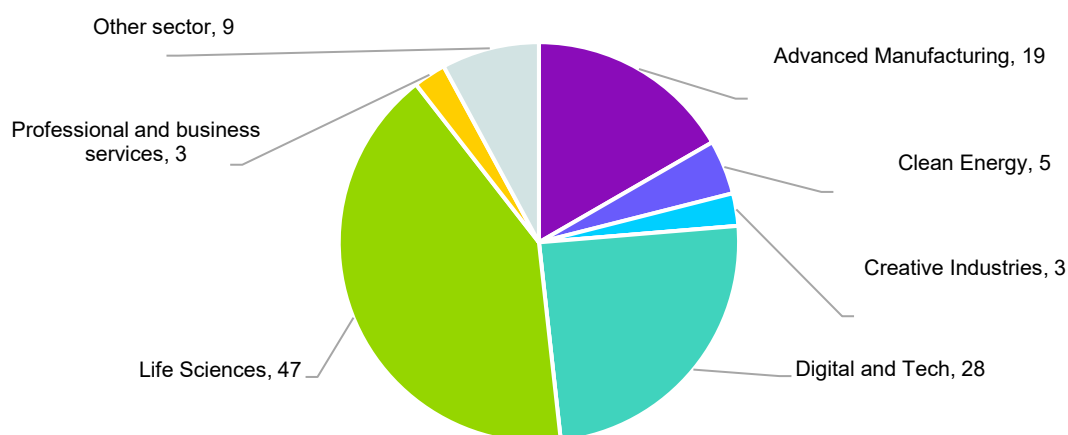
This activity is closely aligned with the sectors most critical to growth. Analysis of industry collaborations shows that the university's top collaborators are concentrated across six major IS-8 sectors, including **life sciences (30%)**, **clean energy industries (28%)** and **advanced manufacturing (24%)**. Spinout activity is also concentrated in these sectors, particularly life sciences, digital technologies and advanced manufacturing.

⁹ [University of Manchester Economic Impact Report 2025 \(Full\) \(The University of Manchester\)](#)

¹⁰ [Release home - LEO Graduate and Postgraduate Outcomes - Explore education statistics - GOV.UK](#)

¹¹ <https://www.hesa.ac.uk/data-and-analysis/finances/table-5>

Figure 12: University of Manchester Innovation Factory spinouts by IS-8 sector



Source: University of Manchester (2026)

Interview evidence highlights the extent to which the University of Manchester is embedded in local governance and economic structures, working with local authorities, the combined authority and businesses to shape regional priorities. The creation of **Unit M** reflects a deliberate effort to bring together innovation programmes and capabilities, provide a clearer interface for external partners and identify gaps in the ecosystem. In practice, this helps businesses access the university more effectively while supporting coordination across multiple organisations.

The University of Manchester also plays a central role in supporting sectoral clusters aligned with its research strengths, including **advanced materials, digital technologies, life sciences and energy**. Activity in areas such as Rochdale and the Atom Valley initiative reflects a coordinated approach to developing advanced materials and manufacturing capability, supported by university expertise and local government funding. These initiatives show how the university contributes to local cluster development through the combination of place-based activity, research expertise and infrastructure.

This role is reinforced by specialised facilities aligned with these clusters. Assets such as the **Graphene Engineering Innovation Centre, Turing Innovation Catalyst, Pankhurst Institute** and **Industrial Biotechnology Innovation Catalyst** provide firms with access to infrastructure that supports the transition from research to commercial application. These facilities help firms test, develop and scale new technologies within the region. Alongside this, the Innovation Factory supports staff and student spinouts, translating research into new businesses. With **over 100 startups expected this year**, this represents a significant source of new ideas, intellectual property and commercial capability within the regional economy.

Taken together, these activities position the university as a platform for cluster development and new economic activity. Its contribution sits within a wider Greater Manchester growth model that has prioritised innovation-led, place-based growth through consistent policy direction, coordinated public and private investment, and focus on priority sectors.

Combining regional strengths to support scale: the Manchester–Cambridge partnership

The university's contribution also extends to attracting investment and enabling scale. This is evident in the emerging partnership between the University of Manchester and the University of Cambridge, which is designed to show how university-led growth can translate into national economic impact. Rather than competing for investment, the partnership combines complementary regional strengths.

Cambridge provides a highly concentrated, research-intensive environment suited to early-stage innovation, but faces constraints around space and infrastructure for large-scale expansion. Manchester offers a larger economic base, greater workforce depth and capacity to support scale-up activity. **Together, this creates a stronger proposition for firms and investors than either place could offer alone.** In practice, it could enable firms to locate early-stage R&D activity in Cambridge while expanding larger-scale operations in Manchester. As described in interviews, this could support the transition from a **50-person research function to a 500-person operation**, helping activity remain within the UK rather than moving overseas.

Overall, the University of Manchester demonstrates how universities can operate as anchor institutions within regional economies. Its role extends beyond supporting individual firms to shaping the conditions in which businesses operate, innovate and grow, through talent, research, coordination, infrastructure and the development of sectoral and regional capability. The Manchester-Cambridge partnership shows how this anchor role can also support larger-scale national growth models, provided policy and system conditions enable these approaches to develop and scale.

6 There is a clear opportunity to unlock further growth

The evidence presented in this report highlights both a significant opportunity to unlock further growth and clear risks if current constraints persist. Universities are already supporting business growth through talent, research and collaboration, but barriers around access, alignment and policy are limiting the extent to which this impact is realised at scale.

This section examines what is at stake for business growth, investment and location decisions if these constraints continue. It then considers where targeted improvements to talent pipelines, collaboration systems and policy alignment could enable universities and businesses to deliver greater impact.

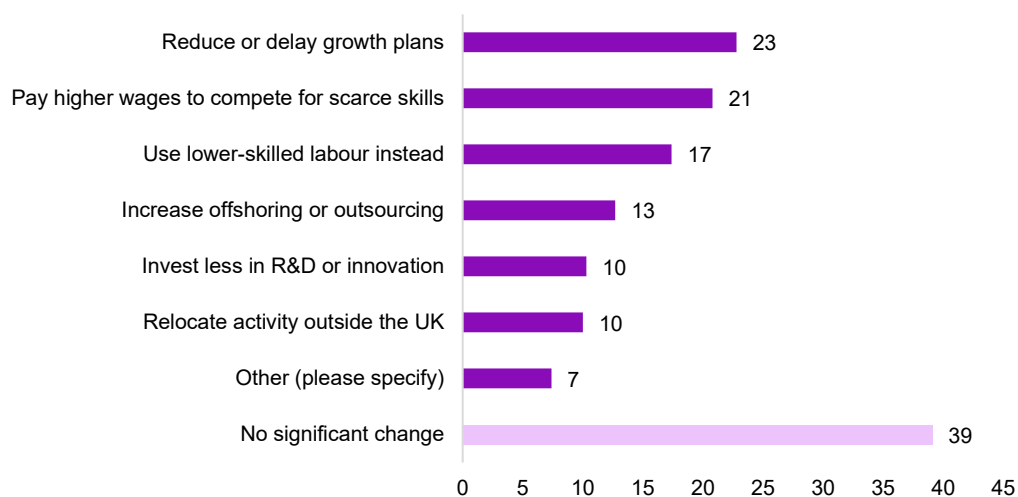
Key takeaways:

- **Constraints on talent and collaboration are already affecting business decisions**, including investment, innovation and location.
- Firms in frontier sectors are more likely to **delay growth, reduce R&D or shift activity outside the UK** when these constraints persist.
- **International talent plays a complementary role** in addressing shortages in technical and specialist skills, but policy assumptions that **restrictions will increase domestic training are uncertain**.
- There is a clear opportunity to unlock growth by **strengthening talent pipelines, improving collaboration and aligning policy with business needs**.

6.1 Constraints risk shifting high-value activity away from the UK

Constraints on talent and university-business collaboration are already affecting business performance. If they persist, the implications extend beyond immediate operational challenges, shaping how firms grow, invest and decide where activity takes place. Survey evidence reinforces the scale of this risk. If universities were less able to supply skilled graduates or collaborate with businesses, firms report that they would **reduce or delay growth plans (23%)**, **increase wages to compete for scarce skills (21%)**, **use lower-skilled labour (17%)**, **increase offshoring or outsourcing (13%)** and **reduce investment in R&D and innovation (10%)**. Firms selecting “Other” commonly cited training more junior staff or accelerating the adoption of AI to mitigate skills gaps.

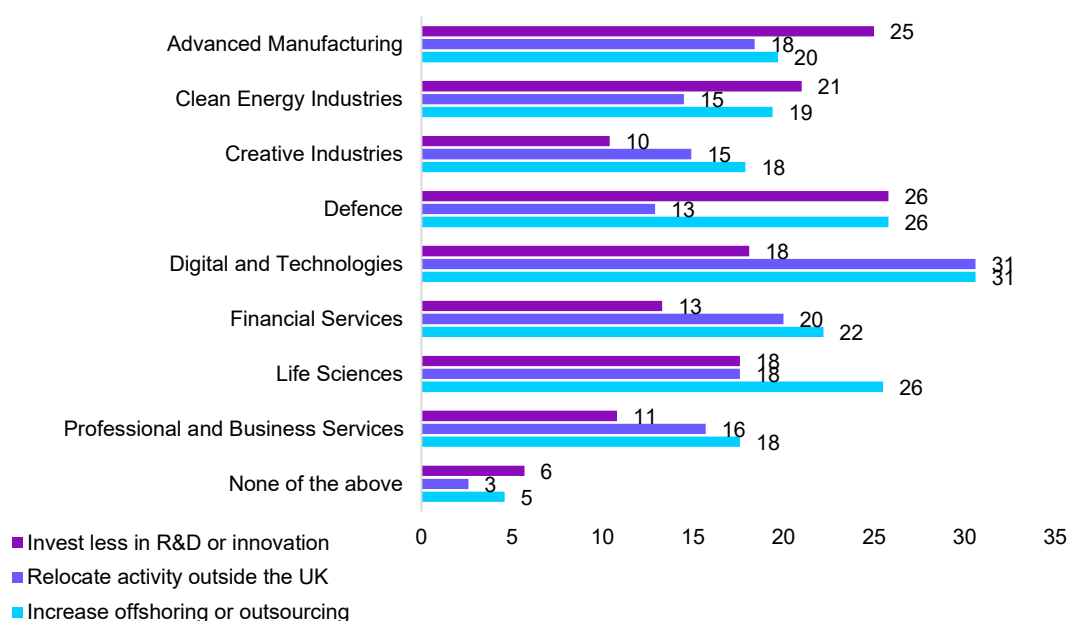
Figure 13: What do you think the impact would be on your business if universities were less able to supply skilled graduates or collaborate with business? (Select all that apply) (%), N=448



Source: CBI Economics survey (2026)

These risks are more pronounced among firms operating in frontier sectors. While **55% of firms outside these sectors** report that reduced access to university capability would have no significant impact, this falls substantially among frontier firms, where the share reporting no impact ranges from **18% to 31%**, depending on the sector.

Figure 14: What do you think the impact would be on your business if universities were less able to supply skilled graduates or collaborate with business? (Select all that apply) (%), N=448

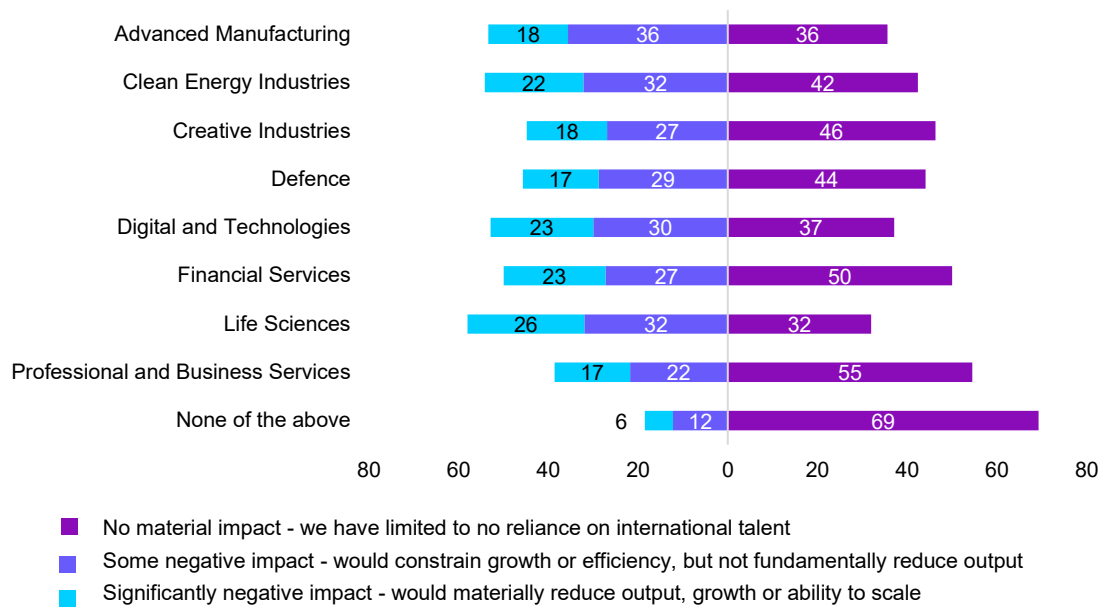


Source: CBI Economics survey (2026)

Compared with firms outside these sectors, **frontier firms are around three times more likely to reduce investment in R&D or innovation (18% vs. 6%), around seven times more likely to relocate activity outside the UK (18% vs. 3%), and around five times more likely to increase offshoring or outsourcing (22% vs. 5%).** This suggests that the sectors most critical to the UK's growth ambitions are also the most exposed to constraints on talent and collaboration.

A similar pattern is evident in relation to international talent. **30% of firms** report that reduced access to international talent would negatively affect output or growth, rising to **between 39% and 58% among firms in frontier sectors**. This highlights the importance of global talent pipelines in supporting high-skill, innovation-led activity.

Figure 15: If access to international talent were reduced, what impact would this have on your organisation's output or growth? (%), N=438



Source: CBI Economics survey (2026). Note: Responses exclude "not sure", so totals may not sum to 100%.

Interview evidence shows how these risks play out in practice. For firms operating across multiple markets, **activity does not necessarily disappear when talent is unavailable in the UK, but it may move elsewhere.**

As one business put it, **"it doesn't mean the work doesn't get done, just means it doesn't get done here."**

A multinational interviewed for this study described making location decisions across an international network, with **access to talent a central factor in determining where work is carried out. Where the necessary skills cannot be sourced in the UK, activity can be allocated to other countries instead.** The risk is therefore not that high-value work does not happen, but that it happens elsewhere.

Similar dynamics are emerging among smaller firms. One business reported that where talent cannot be accessed quickly enough, growth opportunities may be delayed, scaled back or missed entirely, even where demand is strong. **The risk is therefore that high-value R&D, innovation and production activity continues, but increasingly outside the UK,** particularly in the sectors most critical to long-term economic performance.

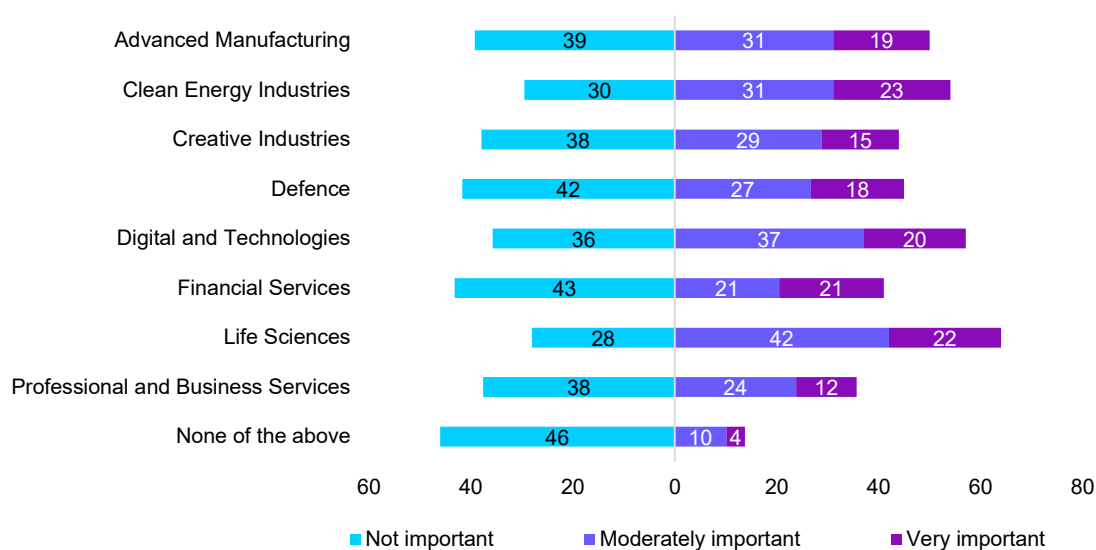


6.2 International talent is critical to growth, particularly in frontier sectors

International talent plays an important role in the UK's skills and innovation ecosystem, particularly in sectors that rely on specialised and technical capability. **While domestic talent remains the primary source of labour for most firms, access to international students and graduates provides a complementary pipeline that supports growth, innovation and competitiveness.**

As set out in chapter 4.5, survey evidence shows that **over a quarter of firms (26%)** consider international students and graduates to be an important part of their current talent pipeline, with this importance significantly more pronounced in frontier sectors. In **advanced manufacturing, clean energy, digital technologies and life sciences**, at least half of firms report that international talent is moderately or very important to their workforce.

Figure 16: How important are international students and graduates to your organisation's current talent pipeline? (%), N=439



Source: CBI Economics survey (2026). Note: Responses exclude "not sure", so totals may not sum to 100%.

This reflects the role international talent plays in high-skill and innovation-led activity. Firms in frontier sectors are more likely to require specialised expertise and face more acute skills shortages, meaning access to a broader global talent pool is often necessary to meet demand.

6.2.1 Policy assumptions on immigration and training are uncertain

Recent immigration policy changes are designed to reduce overall migration while strengthening incentives for domestic skills development. The Government's *Restoring control over the immigration system* White Paper, published in May 2025, introduces measures including higher salary thresholds, increased skills thresholds for visa routes, and changes affecting international students and post-study work opportunities.

The stated objective is to reduce net migration while linking the immigration system more closely to domestic training and workforce development. A central assumption behind this approach is that restricting access to international talent will encourage firms to invest more in domestic skills, reducing reliance on immigration to meet workforce needs. The Government's impact assessment on the Spring 2025 Immigration Rules changes reflects this logic. It recognises that reducing migration is likely to have negative "first-order" impacts, including reduced labour supply, lower output and fiscal costs, but suggests these may be offset over time by "second-order" benefits, as firms respond through increased domestic training and upskilling. **The expected economic impact of the policy therefore depends heavily on this behavioural response materialising in practice.**

The evidence supporting this mechanism is uncertain. Existing literature, including reviews by the Migration Advisory Committee, finds limited evidence that access to international labour reduces training for UK-born workers. Where effects are observed, they tend to be limited and concentrated in lower-value forms of training, rather than indicating a broad disincentive to invest in skills.

Findings from this study reinforce this conclusion. Survey evidence shows that firms already prioritise domestic training as their main response to skills shortages. When faced with a gap, **46% of businesses** report that they would upskill or train UK-domiciled workers, compared with only **6%** who identify recruiting international talent as their primary response. Among large businesses, international recruitment plays a more prominent role, but still alongside domestic training: **31%** prioritise upskilling UK workers, **15%** would recruit internationally, and the most common response is a combination of both (**40%**).

Further survey evidence shows that international graduates are most likely to contribute to technical, STEM and specialist roles, where shortages are most acute. However, even in these areas, **over half of firms (53%)** recruiting graduates into these roles report that they are filled mainly by UK-domiciled graduates. **This suggests that international recruitment complements domestic skills pipelines, rather than replacing them.**

The Government's impact assessment acknowledges uncertainty around how businesses will respond to reduced migration. Findings from this study suggest that this uncertainty matters. Firms facing talent constraints may not simply respond by increasing domestic training; they may also adjust investment and location decisions. As set out in chapter 6.1, this risk is particularly pronounced in frontier sectors, where firms are **around seven times more likely than those outside these sectors to relocate activity outside the UK and around five times more likely to increase offshoring or outsourcing.**

Businesses also stressed that international talent contributes to **innovation quality and competitiveness through diversity of thought and global perspective.**

As one firm noted, **“in developing innovation... having no understanding of how the world actually really looks like outside the UK is really a weakness,”** highlighting the role that diverse perspective plays in shaping competitive products and services.

This suggests that some of the benefits of international talent are not directly substitutable through domestic training alone.

Overall, the evidence challenges the central assumption that restricting access to international talent will lead to a significant increase in domestic training. Firms are already pursuing domestic upskilling, while using international talent to address specific gaps. If the assumed “second-order” benefits do not materialise, the negative “first-order” effects of reduced labour supply, including constraints on growth, productivity and investment, are less likely to be offset over time.

6.2.2 Impacts are already emerging, particularly in frontier sectors

Early evidence suggests that immigration policy changes are already beginning to affect business access to skills. **A third of firms (33%)** report that they are at least somewhat concerned about the impact of policy changes on access to labour, rising to over half of firms in several frontier sectors. Although it is still early, **13% of all firms** and **31% of large employers** report that they are already experiencing impacts related to reduced access to skilled labour, including international talent.

Among firms already experiencing or expecting impacts, the most commonly reported effects are **slower business growth or reduced output (65%)**, **increased hiring difficulty (59%)** and **higher operating costs (58%)**, alongside **reduced productivity (51%)** and constraints on expansion into new markets.

Figure 17: Which of the following resulting impacts are relevant for your organisation? (Select all that apply) (%), N=83

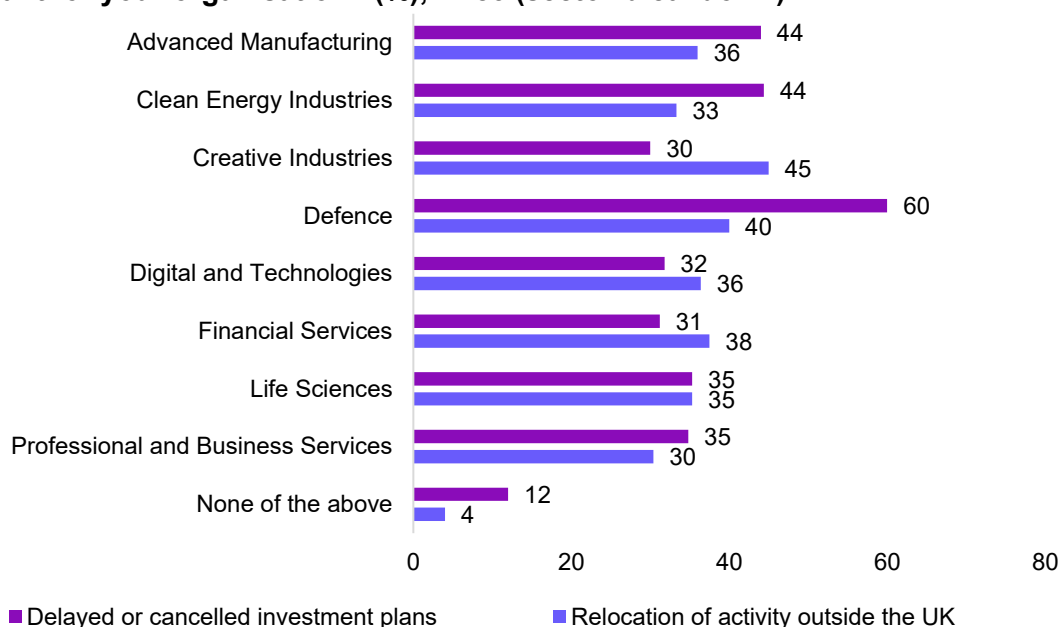


Source: CBI Economics survey (2026)

Interview evidence provides further context. Businesses report that reduced access to skilled labour is narrowing candidate pools and increasing hiring difficulty, particularly for specialised and technical roles. Firms also highlight reduced flexibility in workforce planning and difficulties filling vacancies at the pace required, indicating that these impacts are both operational and strategic.

Crucially, these effects are not evenly distributed across the economy. Survey evidence indicates that firms operating in frontier sectors are significantly more likely to report impacts on investment and location decisions. On average, **39% of firms in these sectors** report delaying or cancelling investment plans, and **37%** report relocating activity outside the UK, compared with **12%** and **4%** respectively among firms outside frontier sectors.

Figure 18: Which of the following resulting impacts from immigration policy changes are relevant for your organisation? (%), N=83 (sector breakdown)



Source: CBI Economics survey (2026)

This uneven distribution is important. It suggests that the impacts of policy are concentrated in sectors that are central to the UK's productivity and growth ambitions, where access to specialised skills and international talent is most important. As a result, even relatively modest changes in access to talent may translate into **disproportionately large effects on investment, innovation and economic activity**.

6.3 Unlocking growth through stronger talent and collaboration systems

Chapters 6.1 and 6.2 show that constraints on talent and collaboration are already affecting business performance, investment and the location of high-value activity. However, they also point to a clear opportunity. Universities and businesses are already delivering economic benefits through talent, research and collaboration, but these benefits are not yet being realised at full scale.

The challenge is therefore not to build entirely new systems, but to improve how existing ones operate. Strengthening the talent pipeline and enabling more effective collaboration would allow universities and businesses to deliver greater impact across firms, sectors and regions.

6.3.1 Strengthening the talent pipeline to address binding constraints

Access to talent is a binding constraint on growth, particularly in high-skill and innovation-led sectors. Addressing this will require strengthening the scale and alignment of the domestic skills pipeline, while maintaining access to international talent where gaps persist.

Interview evidence highlights persistent difficulty recruiting specialised STEM and digital skills, with vacancies delaying development programmes and limiting firms' ability to scale. These challenges are not generally described as a reflection of graduate quality, but of the **scale and specialisation of skills supply**, particularly in technical and emerging domains.

Closer collaboration between businesses and universities can help address these gaps. Firms report benefits from working with universities on skills development, including input into course design and curriculum development to support more applied, industry-relevant capabilities. These approaches are effective where they occur, but are not yet sufficiently consistent or scalable.

Interview evidence also points to the need for better coordination across the skills system. University and business stakeholders highlight fragmentation across post-16 pathways and misalignment between higher education, further education and industry demand. International talent also remains an important complementary component of the skills system, particularly where domestic supply is constrained

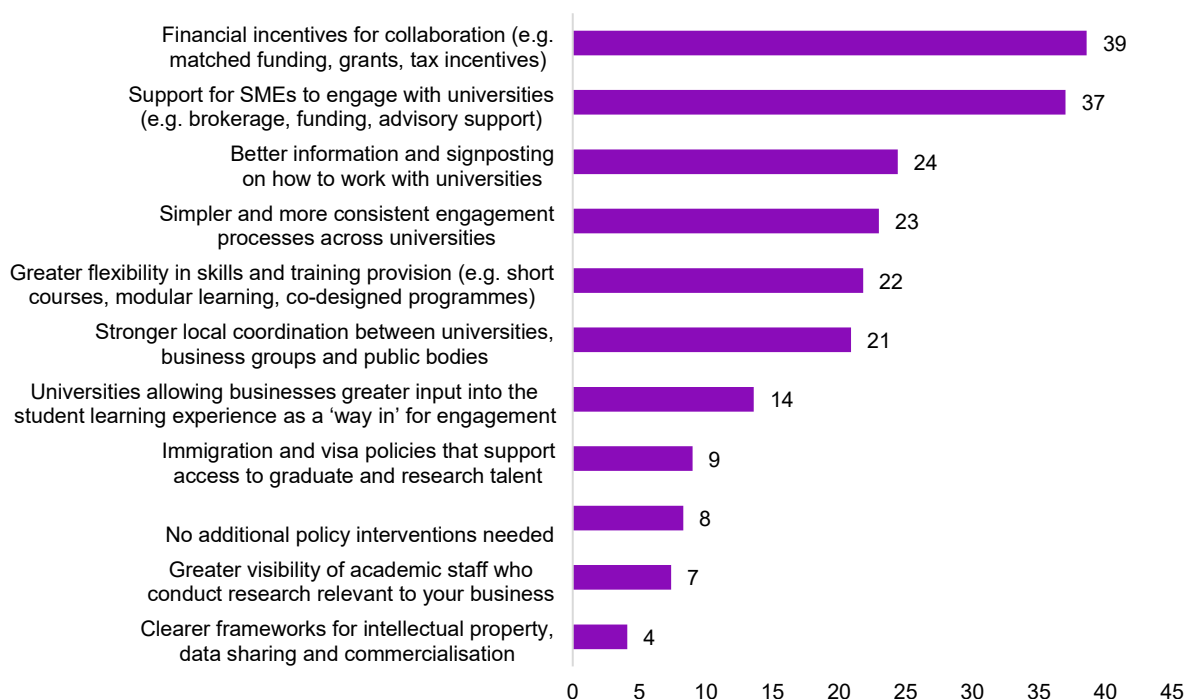
The opportunity is to build on existing strengths by strengthening alignment, improving coordination and scaling effective collaboration between education and industry. From a policy perspective, progress will depend not only on expanding skills supply, but on enabling a more connected and responsive talent system.

6.3.2 Enabling more effective collaboration at scale

University-business collaboration is already delivering clear benefits, including improved workforce capability, innovation outcomes and access to specialist expertise. The opportunity is not to create new forms of engagement, but to enable existing models to operate more effectively and at greater scale.

Survey evidence provides clear insight into where improvements could have the greatest impact. Businesses most commonly identify **financial incentives for collaboration (39%)** and **support for SMEs to engage with universities (37%)** as the most effective ways to strengthen engagement. Firms also highlight the importance of **better information and signposting (24%)** and **simpler, more consistent engagement processes (23%)**, indicating that access and usability remain key considerations.

Figure 19: Which policy interventions would most help strengthen collaboration between business and universities? (%), N=435



Source: CBI Economics survey (2026)

For larger firms, the emphasis shifts towards coordination and system alignment. Businesses identify **stronger local coordination between universities, business groups and public bodies (47%)** and **greater flexibility in skills and training provision (38%)** as priority areas. This reinforces the importance of collaboration not only through individual partnerships, but across wider regional and sectoral ecosystems.

Interview evidence points to three areas where improvements could support scale. First, **better entry points and brokerage** could widen access to university capability, particularly for SMEs. Firms describe difficulty identifying the right contacts and navigating early-stage engagement, with the initial stages of collaboration often slowed by contracting, funding and internal approvals. By contrast, businesses with experience in other markets highlighted how proactive facilitation, including local government or intermediary organisations connecting firms with relevant university partners, can accelerate collaboration. **Targeted improvements to signposting and brokerage could therefore widen access to university capability.**

Second, **stronger incentives and funding mechanisms** could make collaboration more consistent. Businesses and university leaders highlighted that collaboration and ecosystem-building activity are weakly incentivised relative to traditional research outputs, despite policy emphasis on innovation and growth. Firms also reported that changes to **R&D tax relief** and the treatment of collaboration-related costs, including those associated with **Knowledge Transfer Partnerships**, have increased compliance burdens and reduced the financial attractiveness of engagement.

As one business noted, “**we need to look at how we can create new frameworks... that genuinely encourage collaboration.**”

Third, **more flexible delivery models** could improve the pathway from research to application. One large multinational highlighted the value of US-style **pre-competitive consortia**, where multiple firms and research partners collaborate on shared challenges before commercial competition becomes a constraint. These models can enable shared risk, faster iteration and clearer pathways from research to application, while reducing duplication across organisations.

The evidence points to a clear opportunity to scale what is already working. Businesses are not asking for fundamentally new forms of collaboration, but for a system that makes engagement easier to access, better aligned with commercial timelines and more consistently incentivised.

6.3.3 Realising the full growth opportunity

Universities are already delivering measurable benefits for businesses through talent, research and collaboration. Where engagement works well, it supports innovation, productivity, workforce capability and competitiveness. However, constraints in the talent pipeline, collaboration system and wider policy environment mean this impact is not yet being realised at scale.

Businesses are clear on where improvements would have the greatest impact: **strengthening skills pipelines, improving access to collaboration and aligning incentives with innovation outcomes**. These changes would enable existing models to operate more effectively and consistently across firms, sectors and regions.

The UK does not need to build these systems from scratch; it needs to unlock more of what is already working. Strengthening the supply and alignment of skills, maintaining access to international talent and reducing structural barriers to collaboration would enable universities and businesses to operate more effectively as a connected growth system.

If these constraints are addressed, the potential gains are substantial. More effective university-business engagement would support faster innovation, stronger productivity growth and increased investment, particularly in the sectors most critical to the UK's Industrial Strategy ambitions. Expanding these benefits across a broader set of firms, including SMEs, would further strengthen the UK's ability to compete internationally.

Conclusion: Unlocking the UK's growth potential

This report has set out a clear picture of how growth is delivered across the UK economy, and where it is being constrained. At its core, that picture is simple. Businesses, particularly those operating in knowledge-intensive and innovation-led sectors, depend on access to talent and the ability to innovate. Universities sit at the centre of both.

Across the evidence, universities emerge not as peripheral partners, but as part of the underlying infrastructure through which firms operate, compete and scale. This is most visible in the UK's frontier sectors, where access to specialist skills, research capability and advanced infrastructure is fundamental to business activity. In these areas, universities do not simply support growth – they enable it, extending the capability of firms beyond what they can achieve alone.

However, while this system is delivering real value, it is not operating at its full potential. Engagement between universities and businesses is often effective, but it is not consistently accessible or scalable. Barriers around complexity, speed and coordination limit how widely firms can benefit, particularly those without existing relationships or the capacity to navigate the system. As a result, the impact that universities already generate is unevenly distributed and falls short of what could be achieved at scale.

At the same time, the report identifies a more fundamental constraint. Demand for graduate and technical skills is rising, particularly in the sectors most closely associated with productivity and innovation. Yet businesses consistently report that they are unable to access the volume and type of talent they need. This is not primarily a question of quality. Rather, it reflects a shortage in the availability of relevant skills, particularly in technical and specialist areas. In practice, this is already limiting firms' ability to deliver, innovate and grow.

These constraints do not operate in isolation. Challenges in the talent pipeline, barriers to collaboration and wider policy settings interact to shape how effectively the system functions. Where access to skills or collaboration is restricted, businesses adjust – delaying investment, scaling back innovation or locating activity elsewhere. For firms operating internationally, this does not mean that activity disappears, but that it may increasingly take place outside the UK.

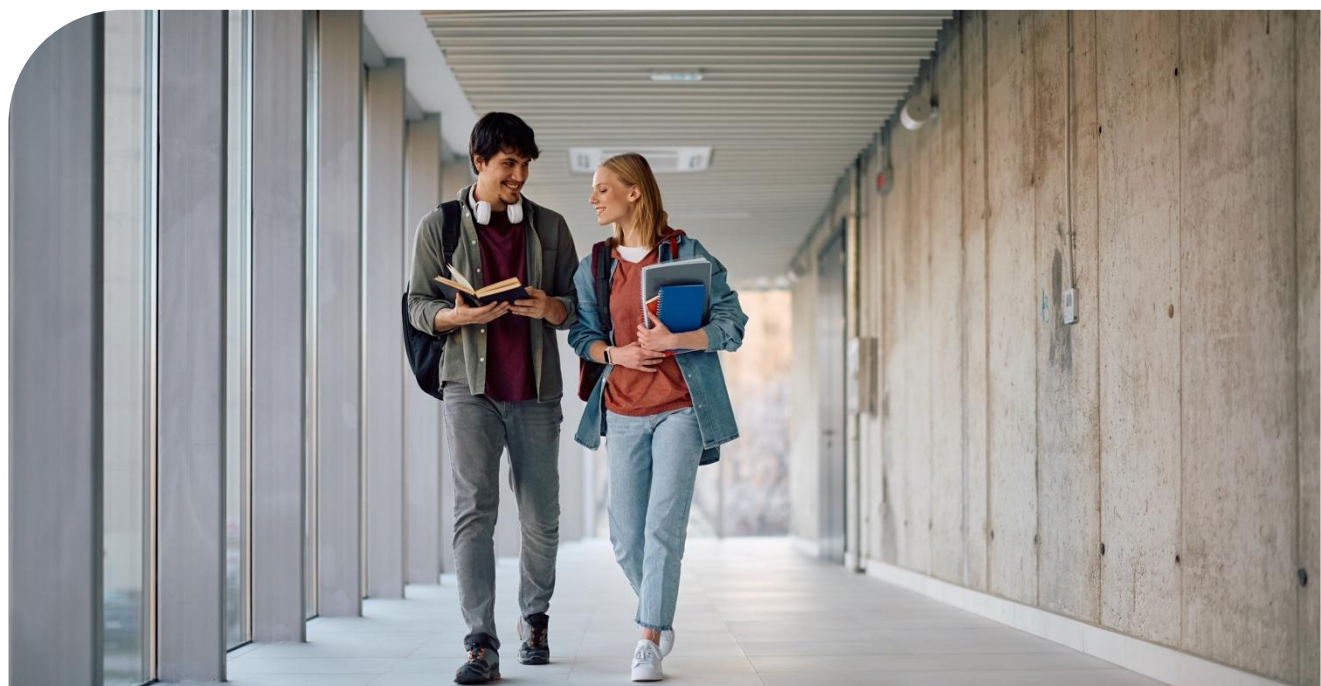
This points to a clear risk. Without change, the UK may continue to generate high-value ideas and capabilities, but fail to capture their full economic benefit domestically. The sectors most critical to future growth are also those most exposed to these constraints.

At the same time, the findings of this report point to a clear opportunity. The UK does not lack the core components of a high-performing growth system. It has world-leading universities, strong research capability and businesses operating at the technological frontier. The challenge is not to build new structures from scratch, but to ensure that existing strengths can be accessed more consistently and operate more effectively together.

This requires a more connected approach. Strengthening the supply and alignment of skills, improving access to collaboration and ensuring that policy frameworks support, rather than constrain, talent and innovation are all central to this. Progress in any one of these areas will have limited impact in isolation. The greatest gains will come from improving how they function as a system.

The prize is significant. More effective alignment between universities and businesses would support faster innovation, stronger productivity growth and increased investment across the economy. It would also enable a broader set of firms, including SMEs, to participate in and benefit from this activity, strengthening growth across regions and sectors.

The UK already has many of the ingredients required to deliver this outcome. The task now is to unlock more of what is already there, and to ensure that the system connecting talent, innovation and business growth is able to operate at the scale the economy requires.



June 2026

For further information about this proposal please contact:

**Adriana Curca, CBI Economics
Director, CBI**

T: 07713 505811

E: Adriana.Curca@cbi.org.uk

W: [cbi.org.uk](https://www.cbi.org.uk)

© Copyright CBI 2026

The content may not be copied, distributed, reported or dealt with in whole or in part without prior consent of the CBI.