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NATIONAL STRATEGY AND PLACE

A VIEW FROM THE SEMICONDUCTOR SECTOR IN CAMBRIDGE

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About the Fellowship

The Heywood Fellowship was created by the Heywood Foundation in memory of Jeremy Heywood, Cabinet Secretary 2012–18. This visiting fellowship gives a senior UK civil servant the opportunity to explore public service and policy issues outside their immediate government duties. The Fellowship is based at the Blavatnik School of Government, University of Oxford, with support from the Cabinet Office. The fellow is associated with Hertford College, Lord Heywood's former college.

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NATIONAL STRATEGY AND PLACE

A VIEW FROM THE SEMICONDUCTOR SECTOR IN CAMBRIDGE

In a nutshell

- This case study is part of our work looking at how an aligned, agile, capable national strategic practice can meaningfully account for place. This case study looks at this question from the lens of the semiconductor sector in Cambridge.
- Our interviewees felt strongly that places like Cambridge can be drivers of national success in their own right, but stressed that turning that potential into long-term economic value — especially scaling firms and securing global market share — requires a more purposeful, tactical national approach.
- We derived several insights from the case study on how a national strategy practice should meaningfully account for place. An effective national strategy practice should:
- **Recognise the salience of place-led strategies**: which, when enabled and supported, can be as nationally significant as those designed centrally.
- **End "closed system" fallacy**: avoid fostering artificial competition between places and instead help to actively identify, map and connect regional assets to reveal hidden or under-exploited synergies and opportunities to capture global value.
- **Use place-based perspectives to inform prioritisation**: a national strategy practice should enable mature, hard-edged conversations between places to help identify where impacts or priorities and big bets might be amplified, risks might concentrate, or opportunities might be unlocked.
- **Incentivise aligned action:** some interviewees felt that structural reform to improve the UK's long-term focus, particularly rebalancing powers and fiscal levers across levels of government, was needed to achieve an effective distribution of accountability, risk and reward for good long-term strategy. But they were pragmatic about the time and appetite for such structural reform. In the short-term interviewees underlined the importance of **leadership** to align action. A **shared, trusted evidence base** was also seen as a necessary foundation for collective decision-making.
- **Root national strategy in local identity:** public engagement should build on past discussions rather than starting from scratch each time, reinforcing trust and legitimacy.

Introduction

This project starts from the belief that the UK and countries like it are at a generational turning point. The assumptions we have held previously won't hold for the future. We believe this moment calls for a more outward-looking, future-focused, and nationally-grounded approach to setting ambition and direction. It also requires a more strategic practice, one that is agile, aligned, and capable of responding to fast-moving pressures while staying focused on long-term national goals. Our aim is to explore, describe, and define that practice and to develop frameworks that help governments think strategically and make coordinated, collective pivots when needed.

To be effective, this national strategy practice must be open and make sense not just in Whitehall but have meaning in towns, cities, regions, and nations across the UK. It must be able to set an overarching sense of long-term direction and mobilise governments and partners operating at different spatial levels. It must draw on place-specific opportunities and strengths to understand UK's overall comparative advantage, to assess trade-offs and make bold future-oriented decisions.

Achieving this is not easy given that such a national strategy practice will need to operate across overlapping electoral cycles, political leaderships, mandates and priorities. To understand how a national strategy practice can meaningfully account for place we reversed the lens and examined long-term strategy through the experiences of specific places and sectors in the UK.

Partnering with PolicyWISE and the Future Governance Forum, we engaged experts from inside and outside government to explore how a national strategy practice can harness place-specific strengths to address national challenges and shape strategic priorities, including identifying the 'big bets' most likely to deliver long-term impact. We also examined how such outcomes can be designed and delivered effectively within the UK's devolution landscape, where policy levers are distributed unevenly across different levels of government. In this case study, we share insights from our work through the lens of the semiconductor sector in Cambridge.

Rationale and approach to case study

Our case studies have followed a purposive sampling approach. Our criteria is based on how relevant the case is to our questions of interest and availability of expert interviews withing our research timelines. We have also considered variation of the case studies overall in terms of sector and geographical selection, so each case study offers insights into our research questions from a different perspective.

Cambridge, as a high-growth area, offers a particularly valuable lens through which to examine long-term strategy. Three distinct aspects make it especially insightful.

First, it is a place where non-governmental actors — businesses, the University, and other local partners — play a central role in shaping the growth ecosystem.

Second, Cambridge brings an international perspective, competing directly with leading global innovation hubs and knowledge economies for business investment and talent.

Third, it is a place where there has been long-term commitment by government to transform Cambridge into Europe's leading science and innovation hub by 2050.[1] Together, these factors make Cambridge a strong case study for examining how long-term strategy both shapes, and is shaped by, specific places.

This case study has been based on three stages:

- **Stage 1:** desk research.
- **Stage 2:** semi-structured qualitative interviews between March and May 2025 with experts representing actors with different roles in the context of Cambridge, including central and local government representatives, academics and businesses. The interviews were based on a set of open-ended questions to allow consistency across interviews and case studies balanced against flexibility to explore unexpected insights and follow ups on interesting points raised by participants. Interviews took on average 45 minutes and were conducted virtually.
- **Stage 3:** a roundtable of experts bringing together significant experience of devolution in the UK including case study interviewees to test our conclusions and findings.

The sections below outline reflections from the case study in Cambridge. Our aim has not been to evaluate the specific interventions mentioned by interviewees, but to understand what their reflections reveal about the role of place in shaping effective long-term national strategy. We selected the case study and carried out interviews March and May this year and only reflect developments up to that point. We have not, for example, reflected decisions taken at the Comprehensive Spending Review and the work predates the publication of the UK's Modern Industrial Strategy. We are grateful to the individuals and teams we spoke to for their honesty and knowledge. To preserve the anonymity of colleagues we spoke to, these findings are generalised. The reflections included within this paper are representative of PolicyWISE and the Heywood Fellowship team alone.

Other publications

These findings have fed into our overall paper:

- Place: Thinking of National Strategy from the Ground Up

As well as the semiconductor industry in Cambridge, we have also conducted the following case studies:

- Industrial transformation in Port Talbot

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Context

Cambridge, nestled along the River Cam in the heart of eastern England, has been a centre of learning and inquiry since 1209, when the University of Cambridge first opened its doors. Steeped in centuries of intellectual tradition, the city now stands as one of the UK's most dynamic and prosperous urban centres. It consistently outperforms national benchmarks across a range of key indicators: its gross domestic product (GDP at market prices) reaches £58,989, nearly twice the local authority average of £29,380 across Great Britain. Only 3.2% of its working-age population lacks formal qualifications, compared with 6.6% nationally, and childhood obesity at reception age is just 5.2%, markedly lower than the national average of 9.4%.[2] These figures speak to a city characterised by high levels of education, economic productivity, and public health

Cambridge's economic model is underpinned by its ability to generate and sustain growth through its own energy, assets, and networks. Over time, the city has cultivated a dense, interconnected ecosystem of universities, research institutions, startups, scaleups, and multinational firms, particularly in knowledge-intensive sectors such as life sciences, deep tech, and advanced manufacturing. This includes the presence of a semiconductor cluster, 'Silicon Fen' since the 1990s. The semiconductor sector is currently valued at £10 billion and expected to reach £17 billion in 2030.[3] 40% of this value of the UK semiconductor sector comes from companies that are headquartered in the UK of which Arm, the largest, is located in Cambridge.[3] In addition to Cambridge, other semiconductor clusters in the UK are in Northeast England, Scotland, South Wales and Southwest England.

During interviews, participants shared a range of perspectives on Cambridge's future, highlighting both the city's current challenges and the conditions needed to sustain its growth. While the case study was anchored in the semiconductor sector, interviewees consistently returned to broader themes about the city itself and what in their view is required to support its continued success. We used these insights to understand the role of place in a national strategy practice.

Challenges, priorities and big bets

Cambridge the city

Most interviewees in the case study expressed confidence in Cambridge's continued growth, describing it as a city with deep roots in place-based innovation. They highlighted its ability to attract global talent, foster research and enterprise, and sustain momentum through private sector energy. Cambridge was seen as a place where innovation emerges organically from the dense clustering of talent, institutions, and high-growth firms.

However, that optimism was tempered by a recognition that Cambridge's success depends on a fortunate convergence of factors — location of the University, talent, business clustering — that are not guaranteed to last. A key concern was the extent to which Cambridge's growth relies on quality of life as a magnet for talent. While proximity to the University and its research centres remains important, many felt that life satisfaction was the primary draw for skilled workers and therefore businesses. This made the city's trajectory vulnerable to shifts in global competition, particularly as other countries adopt more deliberate strategies to attract talent and investment. In the semiconductor sector, this was seen as a particular vulnerability given how governments abroad were competing ever more tactically, for example, targeting large-scale investments in skills.

This global competition made it even more important to maintain competitive advantage and address mounting infrastructure pressures on the city. Interviewees felt the infrastructure constraints facing the city today were the outcome of Cambridge's long-standing planning philosophy — rooted in the 1950 Holford and Wright Report[4] and later reinforced by the establishment of the Green Belt in 1965 — which prioritised preserving Cambridge's historic character and surrounding green spaces. These decisions grew increasingly misaligned with the pace and scale of the city's economic growth. As Cambridge expanded, this legacy of restrictive planning limited the city's ability to adapt physically, leading to present day challenges in housing affordability, transport congestion, and underinvestment in essential utilities, most notably water infrastructure.

These constraints weren't seen by interviewees as necessarily because of local neglect. Cambridge has added more housing, they noted, than many other parts of the UK in recent years and taken meaningful steps, like investing in guided busways, to improve transport. Interviewees also pointed to the new facility planned in the Fens and the pipeline from Grafham Water as positive examples of projects unlocked through coordinated action between national and local government and in partnership with industry and regional stakeholders.

However, the progress observed was incremental rather than transformational, highlighting a deeper issue: the time lag between when strategic decisions—such as those on major infrastructure projects—must be made, and when the need for such projects becomes apparent to users through urgent short-term pressures. Several interviewees shared practical examples of how bottlenecks, such as

planning delays and inadequate infrastructure, were currently limiting the city's ability to accommodate new businesses and innovation spaces. This to us underlines the importance of forward and long-term strategic thinking that understands place-level trends and aligns investment accordingly.

A significant other structural challenge that also came up in interview responses was the architecture of local governance in Cambridge. Interviewees noted that the local set up was overly complex and disjoined. Uncertainty across governance structures was seen as a barrier to coherent decision-making and long-term planning. While many acknowledged recent efforts to reform and devolve power, they still reserved judgement about whether these reforms would lead to clearer, more agile leadership invested in the long-term.

Overall, there was a strong sense that Cambridge works; it is a place with "organic energy", where innovation thrives thanks to the concentration of talent, world-class research institutions, and high-growth firms. Interviewees agreed that the city doesn't need heavy-handed direction from the centre, but rather a national partner that recognises its strengths and plays an enabling role. That means targeted, well-timed interventions that help the city do what it already does best. Interviewees welcomed recent government efforts to invest in the city's long-term future and appetite to address the most immediate barriers to its continued growth.[5]

Semiconductor sector

Over one hundred billion semiconductors are used globally every day and are an essential input for all modern electronic systems.[6] The semiconductor supply chain is highly specialised, fragmented, and globally dispersed, spanning thousands of production stages across multiple countries. This structure didn't emerge by accident. The global distribution of capabilities — from fabrication to packaging to design — has been deliberately shaped by countries willing to take a long-term view and back their ambition with real resources.

We wanted to look at the semiconductor sector given the contrast between the tactical decisions taken by other countries and the UK's approach. To our interviewees the UK's current position in the global semiconductor industry reflects a legacy of underinvestment and strategic drift. Despite being a world leader in chip design, and with strengths in compound semiconductors and research and development, the UK now captures only around two percent of global revenue from the sector.[Error! Bookmark not defined.]

Interviewees pointed out that this limited footprint is not the result of lack of talent or innovation, but of a failure over time to make the kind of long-term, coordinated investments seen in countries like Taiwan, South Korea and Japan. During our recent visits to Japan and Korea, the boldness of their investments was striking. Japan's $11 billion investment in sub-two-nanometre semiconductor manufacturing, for example, was repeatedly described as a strategic bet: its success is not guaranteed, but to be judged by its contribution to economic security and

domestic capability, not profit. These countries spent decades building advanced fabrication facilities, industrial partnerships, and centres of excellence, laying the foundations for global competitiveness in high-value parts of the supply chain. A detailed UK parliamentary inquiry into the semiconductor industry in the UK, including a comprehensive diagnosis of the sector, noted that the UK does not have the equivalent of the Fraunhofer Institutes in Germany and the Tyndall Institute in Ireland, both of which receive public funding and provide a contract research service which can help businesses commercialise successfully, a gap in the UK.[6]

In contrast, the UK now finds itself effectively excluded from large-scale semiconductor manufacturing. Interviewees were clear that this space is no longer a realistic target: the scale, capital intensity, and established global players make late entry extremely difficult. "For all practical purposes," one said, "the UK is out of the game." But they also saw the value of a different opportunity, rooted in a more realistic and mature understanding of where the UK *can* lead. Rather than competing across the full spectrum, the UK has the potential to specialise in globally competitive niches, particularly in design, where significant value in the semiconductor sector is now created. Many felt the UK's 2023 Semiconductor Strategy[7] was a step in the right direction, offering a clearer-eyed assessment of national and regional capabilities in the UK and that of its competitors, giving credit to the decisions of competitor countries in East Asia to provide incentives and subsidies and investments in highly skilled workforce to achieve success. Interviewees noted, however, the sector's absence from the Industrial Strategy Green Paper[8] was a sign that follow-through remains inconsistent. They were confident that their feedback on this would be addressed in the publication of the final Industrial Strategy.[9]

Cambridge is home to an ecosystem of semiconductor design firms, including Arm, which accounts for a large share of the UK's semiconductor value creation. This success has been built not just on the University's research strengths, but on a sustained ecosystem of talent, quality of life, and industry clustering. Interviewees highlighted this as a model of how local capabilities, developed over decades, can support national strategic positioning in globally important industries. However, our interviewees stressed that continued success depends on a more tactical approach to the industry. There were comparisons made to countries in this context as well, for example, Ireland which has created 'gravity' around their tech sectors by threading strategic investment in infrastructure, translational research, and supply chain integration. Interviewees argued that the UK must now do the same: mobilising national tools to reinforce and scale Cambridge's strengths, and connect to other places in the UK working in the sector to amplify impact. From a national strategy practice perspective this underlined for us the importance of long-term commitment, tactical coordination and more far-sighted public investment that could help the UK move from marginal participation in global markets toward a more resilient and value-rich position.

Table 1 *— Selected developments in the semiconductor sector: UK and Cambridge*

Period	UK semiconductor sector	Cambridge-specific developments
1940s-50s	• Small scale experimental machine - University of Manchester • First commercial computer (1951) • Ferranti, Plessey, GEC begin early component work • First model of an integrated circuit (1957), one year before first chip made	• EDSAC the most user-friendly of four prototype computers in the world is in Cambridge
1960s	• Growing R&D investment and government funding into semiconductors	• Cambridge strengthens position in computing science with early interest in commercialising research
1970s	• Rising global competition • UK out of the market for standard, volume, commodity chips • Creation of Inmos (1978), a state-backed semiconductor initiative • Government funds Alvey research programme	• Acorn Computers founded (1978), first wave of Cambridge's tech startup activity begins • Early development of ARM-related architecture
1980s	• Inmos develops the Transputer, a pioneering parallel processor. Later sold to Thorn. • Alvery programme produces mixed results; UK leading firms lose ground; mergers increase	• Acorn develops BBC Micro-backed by UK government • ARM architecture begins development in collaboration with Apple and VLSI • Emergence of 'Silicon Fen' tech cluster
1990–1997	• Focus shifts to chip design and IP	• ARM spun out from Acorn (1990) • Cambridge cements role as world leader in chip IP
1997–2010	• Emphasis on innovation and digital economy • Compound semiconductor R&D gains traction in Wales and Sheffield	• Introduction of smartphones increases demand; ARM responds • Rise of firms like CSR (Cambridge Silicon Radio)
2010–2015	• Limited public investment • Private capital drives sector growth	• ARM expands into IoT and embedded systems (2014) • CSR acquired by Qualcomm (2015) • Cambridge retains role as national semiconductor design hub

Period	UK semiconductor sector	Cambridge-specific developments
2015–2024	• ARM acquired by SoftBank (2016) • Compound Semiconductor Applications Catapult formed (2018) • Global shortage of semiconductors (2020) • UK Innovation Strategy (2021)[10] • Attempted Nvidia acquisition blocked (2022) • Levelling Up White Paper (2022) with a focus of supporting innovation clusters[11] • Newport Wafer Fab bought by US firm after government orders Nexperia, a Chinese owned firm, to sell its stake for security reasons (2023) • National Quantum Strategy (2023) designates electronics, photonics and quantum technologies as a family[12] • Launch of UK Semiconductor Strategy (2023)[7]	• Arm initial public offering valued at over £43 billion in 2023; continues to be global industry leader in tech licensed to semiconductor companies
2024–Present	• Industrial Strategy Green Paper[8] • Support for semiconductor scaleups[13] • UK's modern Industrial Strategy with actions to protect supply chains (2025) and Digital and Technologies Plan establishing new UK Semiconductor Centre; funding innovation and knowledge centre; new Chip Design Enablement Programme and improving talent pipeline[14] • National Security Strategy and Resilience Strategy[15]	• Cambridge poised for growth through increased R&D support. Quantum Advanced Solutions Ltd with the University of Cambridge, is an example of a project developing advanced shortwave infrared (SWIR) sensors • G7 Semiconductors Points of Contact group meets in Cambridge (2024)

Role of place in a national strategy practice: a Cambridge view

Much has already been written about Cambridge and its semiconductor sector; our goal is not to evaluate any policies or strategies directly, but rather to draw lessons from their experience that speak to our core questions:

- How can a national strategy practice effectively mobilise governments and partners operating at different spatial levels?
- How can a country use place-specific opportunities and strengths to better understand its comparative advantage?
- In what ways can place-based perspectives help national leaders assess trade-offs and make bold, future-oriented decisions?
- Can the outcomes that matter most to the nation be led by places themselves?

What came through clearly in this case study is an answer to the last question. Our interviewees felt strongly that places like Cambridge and place-led strategies can be drivers of national success in their own right, not just an add-on to national policy. But interviewees stressed that turning that potential into long-term economic value, especially scaling firms and securing global market share, could not be achieved through interventions at place levels alone. The main message was about smarter alignment: a national strategy that's alive to place, responsive to international competition, and capable of backing clusters with targeted, long-term investment.

Getting this balance right between national direction and places is not easy, and through our interviews we heard about the challenges to incorporating place in a national strategy practice:

- Places have a multiplicity of electoral cycles at national and local levels. This creates challenges for aligning local and national strategies over time.
- Each place has its own ambitions. Leaders of place will always argue for their place. This can sometimes make it harder to build consensus or make the necessary trade-offs for the national good.
- A national strategy must walk a fine line: it must respect and empower different levels of government and private action while still offering a coherent sense of direction.

That said, interviewees were optimistic about the potential of a national strategy that meaningfully accounts for place. They offered several practical recommendations for how this could be achieved.

Local competition versus global positioning

A key insight from the Cambridge case study is the need to frame a place's economic strengths in relation to international, not just domestic, competition. This challenges a common assumption in UK policy development, what several

interviewees described as a "closed system fallacy." Under this model, local and regional strategies are too often encouraged to compete against one another for resources and attention rather than supported to compete more effectively on the global stage. This mindset, stakeholders argued, leads to insular place-based strategies. Instead of enabling regions to collaborate, specialise and capture global market share, policy frameworks can unintentionally pit places against each other in a zero-sum game.

Many firms in Cambridge do not see other UK cities as their primary alternatives. The counterfactual to being based in Cambridge is more likely to be another global innovation hub, such as Boston, Singapore, or Amsterdam, than Manchester or Birmingham.

Places can add value to national decisions on trade and industry, not on public service delivery

Business decisions about where they locate are often shaped just as strongly by national-level factors — trade policy, regulation, international connectivity, and immigration rules — as they are on local assets, such as talent, network and infrastructure. In other words, companies choose locations not only for the strengths of a specific place, but for how that place is embedded within a globally competitive national system.

Interviewees in the case study underlined that places bring valuable intelligence not only on local service delivery, but also on issues with national and international dimensions, such as trade, innovation, and security. Our takeaway is that an effective national strategy must embed a place-based perspective throughout, rather than confining it to narrowly defined areas. Importantly, drawing on place-based intelligence does not mean devolving decision-making authority, it means recognising that local insights are useful to shaping national choices.

Place-led strategies can be as vital to national prosperity as centrally-designed ones, especially when they have national weight behind them

Interviewees felt the UK government should be confident in viewing Cambridge as a continued engine of national growth and innovation. Many welcomed renewed attention to the Oxford–Cambridge growth corridor,[16] seeing it as a chance to align national ambition with local potential. They emphasised that treating the area as a big bet is not about government 'picking winners' in the traditional sense but about recognising and backing places that are already demonstrating globally significant capabilities. Interviewees noted that other countries routinely engage with firms to understand location decisions and use those insights to inform strategic interventions; supporting local economies through enabling, targeted policies grounded in real competitive advantage. While we are not taking a view on whether Cambridge is the right big bet, it highlights a broader point: place-led

strategies can matter just as much to the delivery of nationally significant outcomes as those designed centrally.

Interviewees highlighted the value a long-term national strategy could bring in unlocking the full potential of places like Cambridge, and, by extension, the UK economy. They noted that while Cambridge is described as "the most intense science and tech cluster in the world",[17] particularly strong in early-stage, lab-based innovation, it struggles to scale firms to maturity, with much of the value eventually captured by other countries, particularly the US.

Interviewees argued that a national strategy approach that helps create a level of "strategic connectivity" between investments and innovation clusters across the UK could be crucial in securing and retaining a greater share of global value chains within the UK. This needed long-term coordination across multiple levels of government, integrating local and national priorities, and forging robust partnerships with business and civic stakeholders. Such an approach was not about increased funding, but aligning effort, resources, and intent to create a clear, stable environment that supports sustained place-based growth. Only with this level of strategic, joined-up investment, interviewees felt, could the UK overcome structural barriers and realise the full economic potential of its most dynamic places like Cambridge.

Such an approach could neutralise fragmented responsibilities and shifts in national policy frameworks that currently frequently undermine the ability to pursue long-term investment in places. An example was given of local planners, who must make decisions with a 20–25-year horizon, yet often found that assumptions underpinning national and regional policy shifts led to a mismatch between expectations and reality.

Places can help clarify — not complicate — trade-offs

Our initial instinct was that a place-based lens on all dimensions of strategy might risk being additive, complicating trade-offs rather than clarifying them. But what we heard from Cambridge interviewees was the opposite: places can play an important role in honest, outcome-driven conversations that support prioritisation at both local and national levels. While local stakeholders may initially argue for more resources for their area and "try it on" — as might be expected — they can focus on core priorities when presented with clear strategic parameters. In Cambridge, interviewees emphasised that what frustrates places most is not being told no, but being given no clear rationale for (in)action, especially when they feel that they can help deliver strategic opportunities for the UK that are being missed.

Investing in one particular place does not have to be a zero-sum game. Place input into how resources are prioritised helps connect the dots for growth by seeing areas like Cambridge not in isolation, but as part of a wider ecosystem. When local assets and sector strengths are actively mapped, linked, and scaled, strategic investment in one place can drive innovation and deliver spillover benefits across the UK,

shifting the focus from zero-sum competition to a more multiplicative national impact.

Conditions for successful long-term strategy: a Cambridge view

Based on their reflections, we identified four consistent conditions that interviewees viewed as critical to success delivering long-term outcomes. These themes resonate with what we found in our case study on industrial transformation in Port Talbot.

The importance of a shared evidence base

Interviewees consistently emphasised the importance of a robust evidence base to meaningfully support growth in high-value innovation places like Cambridge. Their insights highlighted several key dimensions of this need.

First, evidence is essential to identify where national and local strengths lie, and where global opportunities are emerging. Interviewees stressed the need for better data on comparative and competitive advantages, particularly in relation to global value chains. Doing this well requires deep, ongoing intelligence.

Second, evidence was seen as critical for building the case for long-term investment. A stronger, data-driven understanding of trend growth rates, opportunity costs, and potential returns could help unlock more ambitious decisions, especially in places with significant constraints but high growth potential.

Third, better data would help policymakers understand where clusters like Cambridge create value locally, and where that value might be captured elsewhere in the national economy, for example, through advanced manufacturing spin-offs in other regions. This could help make the business case for investments which otherwise can fail to capture benefits generated at different spatial level.

Fourth, better ways of capturing data could also help signal where value was being created. Interviewees pointed to outdated Standard Industrial Classification (SIC) codes as a niche, but instructive example of how current systems fail to reflect modern, innovation-driven sectors. A more responsive and granular data system was seen as key to identifying emerging opportunities and tracking progress more accurately.

Finally, stronger data and evidence could help shape a more compelling national narrative. Interviewees noted, for example, that while government strategies highlight the UK's overall innovation performance, they often overlook more specific global indicators, such as Cambridge's position as a world-leading science and tech innovation cluster. This, they felt, was a missed opportunity to capitalise on world-class, place-based assets.

Effective distribution of risk and reward

A recurring message from interviewees was that successful long-term strategy depends on better alignment of risk and reward across levels of government and sectors. Without this, the ability to take bold decisions, whether in infrastructure, growth, or innovation, is constrained by unclear incentives and fragmented accountability.

Several interviewees thought structural reform was necessary to achieve this and noted the current wave of local governance reform in England as steps in the right direction. They noted however that these reforms did not address limited fiscal devolution in the UK, which interviewees saw as responsible for creating mismatched responsibilities, pushing accountability upwards to central government and limiting local ambition and initiative. This fiscal centralisation, exacerbated by over a decade of tightening public budgets, was seen as both a practical constraint and a symbolic one; it reinforced a perception that places must continually appeal to national government for support, rather than being empowered to manage and invest in their own futures.

Compared to international peers, they noted cities like Cambridge have very limited powers to raise revenue, despite bearing significant responsibility for managing local growth and services. Interviewees spoke about, for example, the longstanding effort to introduce even a modest tourism or overnight stay tax — common in many global cities — that would help fund infrastructure and services needed to support millions of annual visitors.

Bold convening leadership

Interviewees were realistic about the time required for structural reform and emphasised the importance of bold leadership in the short-term in convening actors around a shared purpose.

Several interviewees brought up the example of the recent water scarcity working group, which brought together national and local government, regulators, and private sector representatives to tackle the persistent issue of water shortages in Cambridge. Despite this issue being problematic for years, focused leadership and coordination helped make significant progress. Some interviewees emphasised the role of central government in this, noting that although local authorities were struggling with planning permissions, central government's involvement as a convenor — bringing together local authorities, water companies, and regulatory bodies — helped resolve conflicts and move the issue forward.

Interviewees felt that no matter where initial leadership comes from, once established it can become self-sustaining. Once responsibilities and financial contributions are clearly defined and governance structures formalised, the risk of major shifts in strategic direction decreases significantly. Early buy-in from government, business, and local partners helps build momentum and insulates delivery from political volatility. As one interviewee put it, once the critical phase of

stakeholder alignment is complete, political energy shifts from debating the strategy to focusing on getting it done, a turning point that enables more stable and continuous implementation.

What seemed to be important was that this leadership treats all partners with respect, including businesses, acknowledging their individual contributions and capacities to the shared goal and objective. Interviewees had practical examples of how this respect could be demonstrated, for example giving all stakeholders more time and agency to shape their inputs, rather than asking for short-notice responses.

Effective public engagement

Effective engagement is vital for aligning government strategies with the needs and aspirations of local communities. Several interviewees emphasised that engagement must go beyond high-level visions and be rooted in understanding the unique needs of residents and businesses on the ground.

One common sentiment was the frustration felt when government initiatives are presented as grand visions from afar, without a clear understanding of the realities and nuances of local needs. As one interviewee pointed out, it is essential to consider how such visions are perceived by local residents who have a deep connection to their community. If government strategies are seen as disconnected from the lived experiences of communities, it can lead to resistance or disengagement. In contrast, when engagement is meaningful and inclusive, it fosters a sense of ownership and shared responsibility for the future of the place.

Moreover, there was an important point raised regarding the frequent turnover of government priorities and initiatives. Interviewees highlighted that local partners often feel as though they are constantly dealing with new ideas or shifts in focus from central government. This constant change can undermine the trust and investment of local communities who may have been involved in previous rounds of consultation but feel as though their input is being overlooked in favour of new, untested strategies. Building on past engagements, rather than starting from scratch each time, was seen as a crucial step in fostering stronger, more productive relationships between government and local stakeholders.

Successful engagement, therefore, requires consistency and a long-term commitment to listening to local voices. It also involves a recognition that communities have already engaged deeply with various iterations of policy and strategy, and their experiences and insights must be treated as valuable assets in shaping future plans. In short, effective engagement is about ensuring that dialogue is not only top-down but also bottom-up, with a shared understanding of what matters most to the people and businesses who call these places home.

Summary takeaways

What we found in Cambridge

- Interviewees expressed confidence in Cambridge's continued growth, driven by its strong innovation ecosystem, global talent appeal, and private sector energy.
- However, they highlighted that the city's success rests on a fragile convergence of factors — quality of life, business clustering, and proximity to the University — all which may be vulnerable to aggressively targeted global competition.
- The semiconductor sector, with its strong presence in Cambridge notably with ARM, was cited as an example where the UK, despite strengths in design and R&D, has lost ground to countries with more deliberate strategies and long-term public investment.
- Interviewees argued that sustaining Cambridge's global position will require a more purposeful national approach, one that clears local barriers and builds on regional strengths to capture greater global value.

Lessons for the practice of national strategy

Use place-based perspectives to inform prioritisation

- A place-based view is central to understanding how locations like Cambridge contribute to national value, particularly through innovation, research, and global competitiveness.
- Rather than complicating trade-offs, place-based perspectives can help clarify where priorities might be amplified, risks might concentrate, or new opportunities could be unlocked, making strategic decisions sharper and more effective.

Recognise the salience of place-led strategies

- Place-led strategies, when enabled and supported, can be as nationally significant as those designed by the centre. With the right support, bottom-up approaches can generate breakthroughs with wide-reaching economic and social impacts.

End closed system fallacy

- A major theme from interviewees was the need to end what they called "closed system fallacy". National strategy should be outward-looking, recognising that places like Cambridge compete and collaborate on a global stage. The current place-based model encourages places to measure their strengths relative to other UK places and regionsrather than how they can work together to compete internationally and capture maximum global value in and for the UK.

- The practice of national strategy should actively identify, map and connect regional assets to reveal hidden or under exploited synergies and opportunities for the UK, showing how investments in a particular place can be multiplicative rather than a zero-sum game. Different but complementary strengths across places could be better identified and supported.

Incentivise aligned action

- Interviewees in this case study were clear on the need for structural reform to improve how well the UK's governance framework focuses on long-term outcomes and objectives. The need for reform was described in the way in which power and responsibilities, specifically fiscal levers, are distributed across levels of government. The lack of levers at local government level, interviewees felt, creates a mismatch between responsibility and control, constraining how central government views place, whilst also limiting local ambition and initiative.
- Until such structural reform is delivered, interviewees underlined the importance of leadership to align action and create incentives for all actors — local, regional and national — to drive long-term action.
- A shared, trusted evidence base is a necessary foundation for collective decision-making. This should show not only what value is generated in a place, but how any intervention at place level contributes to wider national gain.

Rooting national strategy in local identity

- Effective national strategy must be rooted in the identity, values, and lived experience of the communities it affects.
- Engagement works best when it builds on what people have already shared, rather than restarting the conversation each time.
- This cumulative approach sustains trust, avoids consultation fatigue, and signals that local insight is respected and acted upon. For national initiatives to gain traction locally, they must reflect local narratives, ambitions, and a sense of shared purpose.

We will be reflecting these lessons as we design and develop a contemporary practice of national strategy.

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