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Higher Education

Purpose of report

For discussion and direction.

Summary

A key strand from the Board's local growth campaign in 2012 focused on the role of higher education in promoting local growth and innovation. Our discussions with member councils have identified gaps in three key areas where councils, higher education institutions (HEI's) and business can collaborate to promote and support local economic growth:

1. Through ensuring that HEIs are firmly positioned within the local ambition and strategy for growth.
2. Closer working on supporting graduates into work and raising their job prospects.
3. Supporting innovation and small and medium enterprises (SMEs).

Chris Hale, Deputy Director of Policy, Universities UK and Professor John Coyne, Vice Chancellor from University of Derby and a member of the UUK's Employability, Business and Industry Policy Network will provide a short presentation on how the HEI sector is supporting local economic growth and how it can work with councils and LEPs. Biographies for both speakers are included at the end of the paper.

Recommendations

Members are asked to:

1. agree the proposed actions to promote closer collaboration between local government and HEIs on economic growth
2. provide input to UUK's work on innovation and supporting local growth
3. provide a steer as to what output they would like to see from the April summit in Manchester.

Action

Officers to take actions as directed.

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Higher Education

Aim

1. A key message emanating from the LGA's local growth campaign last year was that better relationships between local government, higher education institutions (HEIs) and local businesses were an important way of driving local innovation and growth. As such an initial scope for a programme of work was produced for the Local Leadership, Local Growth publication in July 2012, with the stated aim to:
 - 1.1 "promote greater collaboration between councils and local higher education institutions".
2. Independent research and discussions with member councils have identified gaps compared to international practice, for example in how effective universities are in helping to attract inward investment. In his review of business-university collaboration, Professor Wilson states:
 - 2.1 "The UK has 25 of the top 150 research universities globally and the diversity of universities in this country provides a rich supply chain of high level skills and innovation capability to companies; yet it is not apparent that UK universities are the magnet for inward investment in a manner that meets their potential. Some places, notably Cambridge, can claim such a status, but this phenomenon does not appear to have been created through strategic policy, rather through the initiative and activities of entrepreneurial individuals, supported by the civic authorities at that time."
3. This is not about starting from a zero basis – there is already some very good practice which has been highlighted through last year's town hall debates. Developments such as Catapult Centres and University Technology Centres are welcome developments. However, evidence and recommendations from a number of pieces of recent research point to three key areas, set out below, where greater collaboration between local authorities and the HE sector can better promote local economic priorities. This paper sets out how the LGA can help by establishing building a better relationship with sector leaders at the national level which could assist discussion at a local level.

Background

Being part of the solution for local economic growth

4. As part of the Government's 2011 higher education white paper, Professor Sir Tim Wilson was asked to undertake a review. This review looks at how we make the UK the best place in the world for university-industry collaboration. The independent report 'A review of business-university collaboration' was published in February 2012. It calls for universities to be at the heart of the economy, to promote growth in the UK and to improve the employability of our graduates.
5. However, his report recognises that universities choose to engage in their communities in different ways.

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6. "For example, some universities have a stronger focus on international links and world-class research, whilst others are rooted within the economy of their cities or regions, playing a central role in driving economic growth and social regeneration. Individual university missions will dictate the priorities of each university but each has an obligation to its local community as a major employer, a source of high-level skills and a centre of research and innovation."
7. Research by Universities UK has demonstrated that universities have a significant economic impact on regions. For every £1 million of university output a further £1.38 million of output is generated in other sectors of the economy (UUK 2009).
8. However, there is potential for improvement here. According to a recent report by IPPR North commissioned by Universities UK, "only 4 per cent of higher education institutions (HEIs) see their locality as being a priority of their mission and almost a third of HEIs do not see any geographical area as part of their mission. Just 12 per cent of universities see supporting community development as a main area where they make a contribution to economic development. In terms of community regeneration, about a third of universities see themselves in a leadership role within their local area."
9. Local enterprise partnerships were encouraged to have a university representative on their boards, but it was not mandatory. Of the 39 local enterprise partnerships across England 35 have higher education representation at Board level.
10. *What are members' views on how best HEIs can engage in local dialogue and action on economic growth and how best can the leadership of HE sector and LGA support local efforts?*

Graduate job prospects

11. The LGA's recent analysis "Hidden talents: a statistical review of destinations of young graduates" revealed that record numbers of university leavers are failing to find work with almost half still looking for a job three months after graduating. The report also highlighted that the number of graduates in full-time work is at its second-lowest level since 2003, with just 51 per cent in full-time employment in 2010, a sizable decline from 57 per cent in 2003. However, there is some excellent council/ university good practice in collaboration and some places are bucking the trend. The LGA is calling for all universities to work with councils so all students are offered robust careers advice in their final year – including information on job opportunities available where they choose to live.
12. *Is there any good practice that all HEIs should be adopting? How can HEIs work better with local careers service providers and businesses to maximise the opportunities to both local employers and graduates?*

Supporting innovation

13. Innovation and the ability of UK businesses to maximise the commercial outcome from innovation is recognised at the highest levels. Innovation accounts for 63 per cent of all annual labour productivity growth since 2002.
14. A small proportion of Small and Medium-sized Enterprises (SMEs) are critical to driving innovative growth. The 6 per cent of UK businesses with the highest growth rates

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generated half of the new jobs created by existing businesses between 2002 and 2008. They were far more likely to be innovative, and data shows that their innovation was a source of growth.

15. Many councils and Local Enterprise Partnerships recognise the importance of SME's as key drivers of growth and providers of jobs, and are refreshing the support available to them. It will be important that councils, private sector and universities can work together to foster SME growth through providing connectivity to local research talent and resources, and opportunities to do business locally and through international trade and investment.
16. *What more can councils, HEIs and private sector do to support the commercialising of innovation for the benefit of local communities and jobs?*

Outcomes and proposed programme of work

17. In circumstances where public finances are squeezed and resources are tight, it is vital that local public services work collaboratively to maximise opportunities for local people and businesses. The LGA would like to see a new relationship fostered between councils and higher education establishments in their collective drive for economic growth and job creation.
18. The LGA intends to do this through:
- 18.1 Developing a constructive dialogue between LGA leaders and with Universities UK. This will include:
 - 18.1.1 a briefing document showcasing examples of collaboration between councils and HEI's and also mapping out what support is available to support close collaboration. The purpose of this will be to help all areas recognise the value of greater collaboration.
 - 18.1.2 A town hall summit on 22nd April in Manchester with The University of Manchester and Universities UK. We aim to use this event to promote the need for a good relationship between local councils and universities to highlight and promote the benefits that each can bring to the area and each other.
 - 18.1.3 Influencing national strategy for growth with local initiative. One of the recommendations of the Heseltine Review on economic growth, No Stone Unturned, is for BIS and the Technology Strategy Board (TSB) to better connect national strategy with local initiative. Having recently met at an official level, the TSB are keen to channel their resources and expertise through the LGA.
19. As well as launching a briefing/ discussion paper, members are invited to agree on what further outcomes they would like to see?

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20. One suggestion would be to use the summit to demonstrate to others the LGA's commitment to work with the HEI sector by signing a statement of intent with UUK. We envisage that this would serve as a prompt to others to reach out to colleagues and develop a closer working relationship and recognition of HEI's role beyond that of skills.
21. Another recommendation is a letter from LGA and UUK to vice chancellors and chief executives setting out the ambition for this work.

Possible points for discussion

22. Universities UK have been invited to give a presentation and lead a discussion on greater local government and HEI working on local economic growth, and in particular to respond to the three key areas of collaboration. Members have already been invited to comment at various points in this report, however, in their discussion with UUK representatives, they may wish to explore the following issues with UUK:
 - 22.1 What routes can be identified for universities to work more closely with local councils?
 - 22.2 For board members with universities and other HEIs in their locality to share how well they contribute to local economic ambition? How can their power and potential be better harnessed?
 - 22.3 What can councils do to encourage the involvement of universities in local growth strategies?

Recommendations

23. The objective of this work is to develop better collaboration between the LGA and higher education sector leadership, which includes Universities UK. Members are asked to:
 - 23.1 agree the proposed actions to promote closer collaboration between local government and HEIs on economic growth
 - 23.2 provide input to UUK's work on innovation and supporting local growth
 - 23.3 provide a steer as to what output they would like to see from the April summit in Manchester.

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Biographies

Professor John Coyne, Vice-Chancellor, University of Derby

24. Professor John Coyne has been Vice-Chancellor of the University of Derby since 2004. An economist by original discipline, John has a wealth of experience involved with business development, small firms, management buy-outs and new business creation. He has been instrumental in leading the University of Derby to a doubling of its size over the past seven years, increasing its profile both nationally and regionally. Under John's leadership, the University of Derby has a growing reputation for high quality programmes, delivered by committed staff. It is student centred, learning led and committed to making a difference to the communities that it serves. Recognition of the work under John's leadership includes the shortlisting of the University for 'University of the Year' and in 2010 the winning of the 'Leadership Team of the Year' at the Times Higher Education awards. In 2011 John was appointed as a Commissioner to the UK Commission for Employment and Skills (UKCES). UKCES provides strategic leadership on skills and employment issues in the UK. He is also the founder and a director of Cfe Research and Consultancy Ltd, a company that specializes in the development of policy and application in the fields of enterprise, skills development, and the delivery of public services.

Chris Hale, Deputy Director of Policy, Universities UK

25. Chris Hale is the Deputy Director of Policy for Universities UK and is responsible for working with the Director of Policy in the planning, coordination and management of UUK's policy work. Chris has significant expertise in research policy and funding and leads on a number of cross-cutting projects, including efficiency in HE. Before joining UUK, Chris worked at the General Medical Council and the University of Sussex. He holds a degree from the University of Sussex and an MSc in public policy from University College London.