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To: Growth, Economic Development and Communities Cabinet Committee - 3 March 2016

Subject: Working together with Kent's universities: Scoping report

Classification: Unrestricted

Past pathway of paper: None

Future pathway of paper: None

Electoral Division: All

Summary

Last year, the Cabinet Committee agreed to receive presentations from each of the Kent universities, with the aim of identifying how KCC and the higher education sector could best work together to support economic growth.

With the last university presentation taking place on 3 March, this report is a discussion paper to inform the development of a strategic approach to KCC's relationship with the universities, identifying the areas in which the Council can work most effectively with the sector.

Recommendations

The Growth, Economic Development and Communities Cabinet Committee is recommended to:

- a) CONSIDER this report in the light of the university presentations received to date; and
- b) Agree to RECEIVE a further report at the next meeting of the Cabinet Committee outlining a strategic approach to KCC-university engagement.

1. Introduction: The university sector in Kent and Medway

- 1.1. Kent has a significant university presence. Combined, the county's university campuses account for over 45,000 students and a substantial research base. Some 70% of the county's student base is located at Canterbury, with most of the remainder at Medway, although business links and economic impact are more widely spread. In addition to the four universities (Greenwich, Kent,

Canterbury Christ Church and the University of the Creative Arts), the county's higher education base is also supplemented by specialist research institutions (such as NIAB EMR at East Malling) and by higher education provision offered via further education colleges.

- 1.2. The universities are of course a supply factor in the local economy, providing skills for the labour market. However, they are also economic drivers in their own right as significant direct employers and contractors, originators of research with economic applications and as a cause of highly-skilled in-migration and visitor economy-related activities. Overall, Kent's universities generate over £900 million annually to the county's GVA¹. University-related development has also acted as a key driver of regeneration (for example in the role of the Universities at Medway in supporting the transformation of Chatham Maritime) and in supporting local culture and quality of life.
- 1.3. Last year, the Growth, Economic Development and Communities Cabinet Committee decided to explore the impact of Kent's universities on the local economy and to examine ways in which KCC could work better with them in support of growth. Three of the four Kent universities – Canterbury Christ Church University, University of Greenwich and the University of the Creative Arts – have so far presented to the Committee, with the University of Kent due to present on 3 March alongside this item.
- 1.4. The discussions following the presentations noted both the opportunities associated with closer joint working and the challenges in making this happen. On the one hand, Kent's universities are locally headquartered, have extensive employer links and have a clear interest in economic growth. On the other, they operate in national and international – as well as local – markets, and often face tough competition. Bearing this in mind, this report considers the areas in which KCC and the universities could work together, first in supporting business innovation and growth, and second in developing the local higher-level skills base.

2. Supporting innovation and growth

- 2.1. The role of universities in facilitating economic growth has received significant Government interest in recent years. A recent review of universities and growth carried out for the Government by Sir Andrew Witty recommended that supporting business growth should be recognised as a core part of universities' mission. This includes, for example, measures to increase the transfer of knowledge from university research to business, support for new companies established by academics and students, and increased direct work with SMEs as part of the research process.

¹ Estimate, based on Universities UK (2015), *The Economic Role of UK Universities*, p.2

- 2.2. The Witty Review also recognised the role that universities can play in working with local authorities and with Local Enterprise Partnerships, for example in linking specialist research expertise with local business need. However, university-business links will often be national and global, rather than purely local, and the Review advised against taking too narrow a geographical view:

“A preoccupation with geographical units tends to lead to a myopic concentration on what is inside the boundary, to the exclusion of what is outside”²

- 2.3. KCC should also be clear about where its expertise and added value lies: generally, the Council does not have deep knowledge of particular technologies and their applications, nor do we have experience in accessing research funding. Nevertheless, we do understand the county’s economy and its current business base and there is a major opportunity to take advantage of the economic value of the presence of Kent’s universities. The following are areas that we could explore further in developing a stronger partnership:

Linking business support programmes more effectively

- 2.4. During the sequence of university presentations, the Cabinet Committee heard examples of companies which have benefited from incubation support within the universities and which have also secured support from KCC-backed programmes, such as the Expansion East Kent, Escalate and TIGER schemes. The focus of KCC’s recent programmes on support for innovation and a sectoral concentration on higher-value sectors such as life sciences and low carbon technologies has reinforced this.
- 2.5. There could be mutual benefit in greater cooperation between KCC and university business engagement programmes, in establishing a clear understanding on both sides of what the programmes deliver, better data sharing and informing the design of new financial and other support products that KCC and its partners might develop. This could be accompanied by a better communication to business (in particular the SMEs, on which the Kent economy is largely based) of local universities’ research capabilities and how local firms may be able to engage with them. These areas could be explored with some or all of the universities over the coming months.

Developing concentrations of activity

- 2.6. Although universities have geographically extensive business links, they can play a key role in supporting local concentrations of innovative activity, for

² BIS (2013), *Encouraging a British Invention Revolution: Sir Andrew Witty’s Review of Universities and Growth*, p. 13

example in the incubator and innovation centre facilities currently developed at Canterbury and Medway, and in the emerging higher education presence at Discovery Park.

- 2.7. In the past, Regional Development Agencies (and to some extent local authorities) have made significant capital investment in university-based innovation facilities and business parks. Current resources are clearly more limited, and funds emerging from local sources are likely to be marginal compared with those available to universities either commercially or directly from national Government. Nevertheless, where there are capital projects that would clearly increase the ability to commercialise research for the benefit of the local economy, and where it can be demonstrated that alternative sources of funding are not viable, there may be a case for working with higher education institutions to secure investment from the Local Growth Fund and similar sources.

Making the most of KCC's public service mission

- 2.8. There are also some areas in which KCC could use its specific market knowledge as a commissioner of public services to work with universities to develop new technological solutions with commercial potential. For example, there could be a logical relationship between university research expertise in new telecare solutions; KCC's interest in commissioning better and lower-cost care (and its direct access to a provider and customer base); and the commercial opportunities that may be available to firms able to develop new products. This is already being explored and could support a significant area of activity.

3. Developing the local higher-level skills base

- 3.1. There is growing demand for university-level skills. The recent Kent and Medway Workforce Skills Evidence Base demonstrates that by 2022, over half of the county's workforce will require skills at least equivalent to foundation degree level. The Government's current emphasis on bridging the productivity gap between the UK and other major economies also reinforces the need for a more intensive use of higher level skills.
- 3.2. However, while the UK currently has an under-supply of graduates, research indicates that as many as 30% of graduates are 'mismatched' (i.e. unable to secure work in the labour market requiring the qualifications they have obtained)³. This reflects both gaps in 'general' skills (communications, data and analysis, etc.) and technical or job-specific skills that vary between industrial sector and occupation.

³ Universities UK (2015), *Supply and Demand for Higher-Level Skills*, 2, 24

- 3.3. Both KCC and Kent's universities (and the FE colleges offering higher education provision) have an interest in addressing the mismatch issue. Future employment prospects play an increasingly important role in students' choice of university. At the same time, an inability to secure the right skills in the local labour market acts as a brake on business growth – which is likely to be reinforced in Kent by the county's proximity to London and by the relative absence of large anchor companies able to invest heavily in skills development.
- 3.4. There are several ways in which KCC could work together with universities in addressing skills gaps:

Using the Skills Commission network

- 3.5. The Cabinet Committee discussed in the autumn the establishment of the new Kent and Medway Skills Commission. This is intended to provide a stronger business voice in planning future skills provision, and includes business representatives from the sector-based guilds and provider organisations. While the Skills Commission is largely focused on further, rather than higher education (reflecting the fact that universities operate in a national, rather than exclusively local, student market), there is substantial joint working between the HE and FE sectors and there is a university interest in working closely with schools to raise aspiration. The Commission also provides a mechanism to more clearly articulate business demand. As the Commission develops, it would be helpful to link the Kent universities more effectively with it, where they see added value.

Developing new provision to meet business demand

- 3.6. Building on the work of the Skills Commission, where businesses report significant higher-level skills gaps, there is an opportunity for KCC to work together with universities to develop new provision to fill them. This might include supporting business case development (for example, ensuring that business networks are engaged in identifying demand and ensuring that feasibility work takes full account of the needs of the local economy). In some cases, it is possible that while there may be a strong economic rationale for additional provision, viability may be limited in the short term (for example, if there are initial capital costs).
- 3.7. While KCC does not fund higher education and has no budget to do so, the Council could work closely with universities to secure Government and other external funding for new facilities, where they will clearly help to address local business need.

Providing opportunities for graduates and undergraduates

- 3.8. KCC also has a direct role as an employer in providing work experience, internship and temporary opportunities for students at Kent universities. Across the authority, a number of programmes already exist: while these tend to be led within divisions, there could be a value in understanding what we currently offer collectively and whether this could be expanded.
- 3.9. At the same time, all the Kent universities work with a range of employers to provide placement opportunities. Linked with the business support actions outlined in para. 2.5 above, further work could be done to link those businesses with which KCC and Kent and Medway Economic Partnership are engaged with universities, where graduate/ undergraduate placements could help meet business need and provide individual opportunities.

4. Moving forward

- 4.1. Depending on the views of the Cabinet Committee, the strands of activity outlined above could be developed further to set out a clearer approach to KCC's engagement with the higher education sector.
- 4.2. It should be noted however, that not all institutions will necessarily want to engage with KCC at the same level. As the presentations to the Cabinet Committee have highlighted, Kent's universities operate with different sectoral specialisms and geographical footprints, and they are of course independent, non-governmental institutions. So any approach adopted by the Council should be flexible to the range of institutions in Kent – and indeed those beyond the county that may support Kent businesses or recruit students from within the county.
- 4.3. Following discussion by the Cabinet Committee, it is proposed that the activities set out in this paper will be discussed with the universities and with business representatives (for example through the Business Advisory Board). A further paper will then be taken to the Cabinet Committee later in the year for consideration, alongside an outline programme of activity.

5. Recommendations

- 5.1. The Growth, Economic Development and Communities Cabinet Committee is recommended to:
 - a) CONSIDER this report in the light of the university presentations received to date; and
 - b) Agree to RECEIVE a further report at the next meeting of the Cabinet Committee outlining a strategic approach to KCC-university engagement.

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Supporting documents

BIS (2013), *Encouraging a British Invention Revolution: Sir Andrew Witty's Review of Universities and Growth*
<https://www.gov.uk/government/publications/universities-and-growth-the-witty-review>

BIS (2015), *The Dowling Review of Business-University Research Collaborations*
<https://www.gov.uk/government/publications/business-university-research-collaborations-dowling-review-final-report>

Universities UK (2015), *The Economic Role of UK Universities*
<http://www.universitiesuk.ac.uk/highereducation/Pages/TheEconomicRoleofUKUniversities.aspx#.VsMWBkqnyM8>

Universities UK (2015), *Supply and Demand for Higher-Level Skills*
<http://www.universitiesuk.ac.uk/highereducation/Pages/HigherLevelSkillsReport.aspx#.VsMUuEqnyM8>