

PROSPERITY AND ECONOMIC DEVELOPMENT SCRUTINY COMMITTEE

FINAL REPORT

A NEW KIND OF UNIVERSITY CITY – A REVIEW OF AIM 1 OF THE ECONOMIC MASTERPLAN

Contents

	Page Number
Foreword	2
Introduction	4
Terms of Reference	4
Membership of Scrutiny Committee	4
Methods of Investigation	5
Findings	5
Conclusion	23
Recommendations	25
Acknowledgements	36

1 FOREWORD FROM THE CHAIRMAN OF THE COMMITTEE

It gives me great pleasure to be able to introduce the Prosperity and Economic Development Scrutiny Committee's policy review into Aim 1 of the Economic Masterplan – "A New Kind of University City".

At the start of the year, when the Committee was considering which issues to include in its work programme, we had pretty much unanimous support to focus on the progress being made on Aim 1 of the Economic Masterplan – the development of a new kind of University City.

The Committee's review set out to examine the measures being taken by the Council, the University and all of our partners to this end and consider the influence and impact that the University has on the city's economy at the present time and the potential for this to be increased. The Committee examined the way in which the Council and the University can more fully integrate the University into the city's economy, including business start up and growth; the development of workforce skills through education and retention and the potential for research to support business growth through innovation, graduate placement and management and staff development.

In our work, we were supported throughout by staff and academics from the University and we would particularly like to thank the University's Vice Chancellor and Chief Executive), Deputy Vince Chancellor and Deputy Chief Executive and the Assistant Director for their support and guidance during the review.

The Committee's report includes a number of significant recommendations. Firstly, that the Council and University should continue to investigate means of developing partnership working around Aim 1 of the Economic Masterplan in order to coordinate work on business growth and economic development and to make the most of available resources. We also consider that the University should look to further develop its links with the City's business community and increase its understanding of the needs of local businesses and the ways in which it can respond with appropriate expertise, support and guidance including through a large scale networking event or a high profile trade fair. We suggest that the University and Council should continue to work together to ensure that business advice and guidance is provided in a coordinated and complementary manner along the lines of a one stop shop approach.

We consider that there is scope for the University to further promote its profile in the city and better publicise and market its considerable strengths and successes including through the development of a promotional document summarising its contribution to the local economy and economic regeneration in the city and the region. We consider it important that the University conduct further research into the factors surrounding the levels of retention of students; including the influence of the local jobs market and job opportunities and continue to work with partners

in order to monitor and react quickly to help meet local skills requirements and to continue to develop links with local Further Education Colleges and schools. Finally, we think that the Council and the University should work closely together to develop ways of linking and integrating the city campus to the rest of the city and improve the quality of the public realm.

In conclusion, I would like to thank my colleagues on the Prosperity and Economic Development Scrutiny Committee for their hard work during the course of the review and thank them for their valuable contribution.

Councillor Michael Mordey, Chairman of the Prosperity and Economic Development Scrutiny Committee

2 INTRODUCTION

- 2.1 On 15 June 2012, the Committee agreed to undertake a policy review into Aim 1 of the Economic Masterplan – A New Kind of University City. The Committee felt that it was important to look into this issue in view of the important role played by Aim 1 of the Economic Masterplan in promoting the economic prosperity of the city.
- 2.2 The final draft of the report has been prepared for consideration by the Committee. Once agreed the final report will be submitted to the meeting of the Cabinet on June 2012.

3 TERMS OF REFERENCE

- 3.1 At its meeting on 27 July 2011, the Committee agreed the following terms of reference for the policy review:-
- i. To consider what the Council and its partners should be doing to support the development of a new kind of University City;
 - ii. To gain an understanding of the influence that the University has on the city's economy at the present time and the potential for this to be increased.
 - iii. To look into the way in which the University of Sunderland can be more fully integrated into the city's economy, including business start up and growth;
 - iv. To investigate the development of workforce skills through education and graduate retention;
 - v. To investigate the potential for research to support business growth through innovation, graduate placement and management and staff development;
 - vi. To investigate the experiences of a similar University and the role it plays in its own city's economy.

4 MEMBERSHIP OF THE COMMITTEE

- 4.1 The membership of the Prosperity and Economic Development Scrutiny Committee consisted of Councillors Michael Mordey (Chair), Dianne Snowdon (Vice Chairman), Ellen Ball, Richard Bell, Sheila Ellis, Stephen Foster, John Gallagher, Peter Gibson, George Howe, Lilian Walton, Amy Wilson.

5 METHODS OF INVESTIGATION

- 5.1 The following methods of investigation were used for the review:
- (i) Evidence from relevant Council officers and partner organisations;
 - (ii) Visit to University of Sunderland
 - (iii) Visit to Sheffield Hallam University.

6 SUNDERLAND ECONOMIC MASTERPLAN

- 6.1 As a starting point for the review, the Committee looked the overall aims and objectives of the Sunderland Economic Masterplan, the key challenges faced and the implications of Aim 1 of the Plan.

Economic Masterplan

- 6.2 The Economic Masterplan sets out to:-
- help set the direction for the City's economy over the next 15 years;
 - establish how Sunderland would earn its living and what it would look like on the ground;
 - identify key actions that public, private and voluntary sector partners need to take to ensure a prosperous and sustainable future
- 6.3 The overall economic vision and strategy is for Sunderland to be 'an entrepreneurial University City at the heart of a low-carbon regional economy.' This vision statement seeks to convey a number of messages about Sunderland:-
- the university will play a new role in the city's economic development;
 - the city will be a vibrant and attractive place where enterprise is encouraged;
 - it will be at the heart of a newly designated "Low Carbon Economic Area" and must develop new infrastructure as part of this;
 - its future is tied to the wider economy and the city must be collaborative and outward looking.
- 6.4 The Masterplan proposes that to become more prosperous, Sunderland must focus on a small number of important sectors and on the city centre and do this by developing a low carbon economy. To achieve this it must make more of four key assets:-

- Nissan, to exploit electric vehicle technology and become a world leader in producing electric vehicles;
- The University of Sunderland to redefine the city as a place where knowledge is a part of the way of life;
- the Port to enable the servicing of new offshore wind farms;
- Using specific development sites to create a new business district in the city centre, more retail sites and an electric vehicle industry.

6.5 In order to attain this vision, five aims have been identified:-

- Aim 1 - a new kind of University City;
- Aim 2 - a national hub of the low-carbon economy;
- Aim 3 - a prosperous and well-connected waterfront city centre;
- Aim 4 - an inclusive City economy - for all ages;
- Aim 5 - a one City approach to economic leadership

Key Challenges

6.6 The key challenges to be addressed by the Masterplan include:-

- the City Centre is underpowered as an economic driver;
- there is a too narrow range of industries, career opportunities and well paid jobs;
- the City has been better at attracting international companies than local growth;
- Sunderland is a City with a University but not a University City;
- the City has a prevalence of low skills and aspirations;
- there is a limited housing choice.

6.7 Worklessness, economic inactivity and a low resident skills base all provide major challenges to the City and form the backbone of the issues the Economic Masterplan is attempting to address.

6.8 Since the decline of the major industries of shipbuilding, coalmining and glass making, 20,000 new jobs have been created over the last 20 years. The city's economic output per resident is higher than the North East average and has been rising faster than the national average. However, Sunderland still suffers from relative weakness in the local economy as well as wages that are lower than the rest of the UK.

6.9 The city has relatively high levels of worklessness with 20.3% of the population on benefits compared to 14.2% for Great Britain overall and 18.7% for the North East. The city also has a high percentage of residents qualified to NVQ1 and 2 levels when compared with the UK average but a

smaller percentage qualified to NVQ level 3 and 4. Consequentially, earnings (and spending power) are lower than average.

Sunderland Skills and Employment Demand Survey 2011

- 6.10 In order to obtain a better understanding of issues surrounding skills and employment demand in Sunderland, the Committee received a report on the Sunderland Skills and Employment Demand Survey. The Survey was undertaken in order to obtain an overview of the current and future demand for employment, skills and labour in the City within key sectors and gather intelligence and data on recent workforce trends and labour forecasts.
- 6.11 The survey highlighted a number of areas of skill shortages and skills gaps in the local economy:-

Skills shortages:

- One fifth (21%) of businesses that had recently tried to recruit had experienced difficulties. This compares with 22% amongst employers based outside Sunderland;
- Over half of Sunderland employers surveyed had experienced difficulty in recruiting to skilled/technical roles;
- The most frequently cited skills that employers struggle to access are 'technical skills' (36%) related to the sector;
- The employers that reported the highest proportion of difficulties were those in medium sized businesses (between 50 and 99 employees);
- The main reported impacts of skills shortages include an increased workload for others, lost business and increased operating costs;

Skills gaps

- 18% of employers in Sunderland's key sectors reported skills gaps. This is higher than the comparative figure for the outside Sunderland area of 16%;
- A slightly smaller proportion of employers in Sunderland reported skills gaps than the proportion that reported skills shortages in Sunderland, suggesting that this is a bigger issue for more employers than skills shortages;
- As with skills shortages, the sector with the largest proportion of employer reported skills gaps was Transport & Logistics;
- Just over half of employers reported skills gaps in skilled and technical roles;
- A difficulty in keeping up with change was the most frequently cited reason for skills gaps.

□ As with skills shortages, a larger proportion (36%) of medium sized businesses in Sunderland (with between 50 and 99 employees) perceive skill gaps in their workforce than smaller or very large businesses;
□ Increased workload for others, increased operating costs and lost business were the most frequently reported impact of skills gaps in Sunderland.

6.12 The survey highlights that much needs to be done to address skill shortages and gaps and in the local economy.

7 AIM 1 OF THE ECONOMIC MASTERPLAN – “A NEW KIND OF UNIVERSITY CITY”

7.1 The Committee then went on to look in more detail at the aims and objectives of Aim 1 of the Economic Masterplan.

7.2 Aim 1 of the Economic Masterplan sets out the aim for Sunderland to be a vibrant, creative and attractive city, with a strong learning ethic and a focus on developing and supporting enterprise, with the University of Sunderland at its heart.

7.3 Universities are seen as vital instruments in the creation of a knowledge based economy. If graduates can be retained they can create a more skilled labour force. University research and technological developments have the potential to be commercialised in collaboration with local industry for their mutual benefit. Universities can also help to drive cultural change in the city through engaging with their business and resident communities.

7.4 The new kind of University City envisaged in the Economic Masterplan is based on *collaboration* between the public sector, private enterprise, the University of Sunderland and other related institutions. We need to make use of the city's assets to create wealth and jobs and the University has an important role in this by helping to promote enterprise, improving the city's reputation and influencing and fostering cultural change.

7.5 The University has an important role in helping to build the foundations for this by:-

- promoting enterprise
- improving the city's reputation and influence
- fostering cultural change

Promoting Enterprise

7.6 A new City Enterprise and Innovation Strategy will provide a model for promoting innovation in the city and collaboration between the city council,

university and other organisations that support business improvement. This will establish a framework of support for businesses at all levels including:-

- more support for new businesses such as offering advice and after care to people looking to start their own businesses;
- a new unified business network, which will ensure that all businesses in Sunderland have access to a range of business support networks
- targeted support for established small and medium sized enterprises
- targeted support to attract outside investment
- ensuring the appropriate mix of business premises and capital infrastructure (broadband connectivity, transport links etc) is developed and maintained.
- better access to business services (finance, legal and accounting support)

- 7.7 The programme will ensure the development of industry standard premises and facilities to support university/business collaboration on innovation and business growth. The programme will target investment in infrastructure to support collaborative research, innovation, business support and inward investment.
- 7.8 The University also has a key role in supporting innovation within the priority sectors of the Masterplan. This includes two key facilities – the new Ultra Low Carbon Vehicle Testing and Development Facility at Nissan’s Washington site and the Sciences Complex on the City Campus.
- 7.9 As a result of investment secured through the Sunderland Software City initiative, new enterprise centres at the North East Business and Innovation Centre and at Toward Road are being created. Both centres will show case the city’s software sector and provide accommodation and services infrastructure for the industry.
- 7.10 These measures should result in an improved enterprise culture and a more competitive city. There should be growing recognition of Sunderland as a centre for innovation and research and development in priority sectors such as software and low carbon. We should also see improved business collaboration with knowledge institutions and a greater proportion of skilled people living in the city

Improving the City’s Reputation and Influence

- 7.11 The city’s ability to market itself is linked to the strength of its economic leadership. The people responsible for the major economic investment

and spending decisions made in the public, private and not for profit sectors need to become a strong team. The Economic Leadership Programme will use best leadership models to create regular opportunities for new learning and collaborative working supported by external experts and advisors.

- 7.12 The Communications Strategy contained in the Masterplan should help to ensure that all investors and stakeholders understand the need for economic development, the mechanisms that create growth and the planned outcomes for the various sectors and constituents of the city.
- 7.13 Outcomes should include improved leadership, innovative institutions linking regional, national and international opportunities and an increase in business and graduate retention.

Fostering Change

- 7.14 The City will provide better support to creative industries through the development of a Creative Industries Sector Plan. A City Centre Events and Festivals Strategy will be developed, together with opportunities to engage students further in city centre activities.
- 7.15 The City will also develop a Widening Participation Strategy to promote education opportunities to residents of Sunderland aligned to employment in the city and the wider region. A key part of this will be to raise the profile of the University and College in schools.
- 7.16 This should all result in a stronger learning culture and a more attractive city centre.

8 A NEW KIND OF UNIVERSITY CITY

- 8.1 The Committee then went on to examine the progress being made in developing the concept of a New Kind of University City, the impact of the University on the local economy and the work being undertaken by the Council, the University and their partners to make this a reality. In doing so, the Committee visited the University of Sunderland and took the opportunity to speak with Professor Fidler, Vice Chancellor and Chief Executive. We also met with a range of academic and non academic staff, spoke with local students and saw at first sight the range of facilities on offer.
- 8.2 The Committee also visited Sheffield Hallam University and this proved a highly useful opportunity to compare, contrast and exchange ideas on good practice. For both of these visits, the Committee was accompanied

by Mr David Donkin, Assistant Director of Employer Engagement at the University of Sunderland whose advice and guidance proved invaluable.

Background

- 8.3 During our visit to the University, Professor Fidler reminded us that the University's precursor College had been established over 100 years ago and that during its development had always reflected the areas industrial base – engineering, shipbuilding, glass manufacturing. The University had therefore always been an active player in the local economy and promoted an industrial and vocational approach – though now reflecting the changing nature of the local economy with the predominance of science and knowledge based industries. The University therefore maintained close links with major companies such as Nissan and firms in the software and media sectors.
- 8.4 It was considered that the University and the City Council had established good joint working and maintained a very positive working relationship - a relationship based on openness and trust and a recognition of the strengths that each party can bring. The University was very supportive of the Economic Masterplan and had been very involved in the development of the Enterprise and Innovation Strategy.
- 8.5 The University also makes an active and important contribution to the key priority areas set out in the Economic Masterplan, including the development of a software city, the delivery of a low carbon economy and the promotion of the cultural and creative sector.
- 8.6 Prof Fidler noted that there was some uncertainty in the Higher Education sector about the overall impact over changes to the funding model. Possible changes to teacher training and healthcare professional training could add to this uncertainty. Within the Higher Education sector there was developing a greater competition for university funds and a tendency to concentrate on particular research intensive universities in particular parts of the country.
- 8.7 The University was always seeking to maximise its use of the European Regional Development Fund (ERDF) and this was now the principal source of funding for new projects and initiatives in terms of the promotion of skills and enterprise.

Economic Impact of the University

- 8.8 The University has a major impact on the economic well being of the city; both as an educational institution and as a business and investor in the city.

- 8.9 The University is a major employer. It directly employs 1700 people and sub contracts services creating further indirect employment within the City. The University sees it as important to try to procure services from within Sunderland and then from within the region in order to make the most of the local economic multiplying effect and create more wealth within Sunderland and the North East.
- 8.10 The students and staff provide significant spending power to businesses located within the City. Annual turnover of the University is around £130m a year. It is estimated that the students alone bring £50m to the Sunderland economy. The large student population can also have significant impact on tourism. For example, during the 1 week graduation at Stadium of Light, the city received around 16,000 visitors.
- 8.11 The University currently has 14,000 students, 8,500 of which are undergraduates. This includes students from over 30 different countries across the world. The presence of a high number of international students was of considerable economic benefit to the city. As well as the direct economic benefit that they contributed to the economy while studying at the University, there was also the potential contribution they made when they subsequently obtained employment and were in a position to choose to direct investment back into the city.
- 8.12 It is estimated that 24% of students live in Sunderland and around 80% of students are from the North East or immediate locality.
- 8.13 The University through its investment has had a significant impact on the regeneration of the city. Indeed, the University has invested £35m in the City Centre over the past 5 years.

Skills and Widening Participation

- 8.14 One of the key issues in developing the local economy will be the need to boost the level and types of skills in the city and in this the University is clearly a key player.
- 8.15 David Donkin referred to the work going on to try to promote the attractiveness of science careers. The University was working with 6th forms to get companies in to talk about employment opportunities in science areas. It was important that career path to science related career was not considered unfashionable if we were to help to redress an imbalance in the national and local economy.
- 8.16 The Council and the University have an important role in working together to try to widen levels of participation in further and higher education. A

great deal of work was going on to try to anticipate where jobs will be in the future and helping to equip people with the necessary skills. This could only be done by widening the participation agenda and building on the existing strong links with schools.

- 8.17 The Committee considers that in order to further the economic growth and prosperity of the city, the University should continue to work with partners in order to monitor and react quickly to help meet local skills requirements and to continue to develop links with local Further Education Colleges and schools;

Retention

- 8.18 The economic impact of the University will obviously be greater if the city is able to retain a high proportion of its graduates. Retaining a high proportion is an important component to the long term health of the local economy. Prof Fidler noted that the University has 70% student retention rate in the area and that the principal reason why students choose to leave is because of the conditions of the local labour market. In essence, the problem for Sunderland and the whole of the North East is that they often do not have enough high quality jobs for graduates who are thereby forced to move elsewhere. This was also likely to be a growing problem given the economic recession and increasing levels of unemployment among young people.
- 8.19 It is important that the city continues to try to creating sufficient high quality employment opportunities and an entrepreneurial environment which helps encourage students to stay in the area. In a number of areas such as software and the cultural and media, opportunities exist for the development of entrepreneurship, self employment and the creation of small scale businesses. It was felt that there was a growing recognition among young people of the potential of self employment and the University has developed a range of programmes and provides advice for students for whom this is an attractive option.
- 8.20 However, there are other methods of improving the opportunity of graduates to gain employment in the area such as short term placements with local employers, Knowledge Transfer Partnerships and the Graduate Internship Scheme. These schemes are important not only in improving rates of retention but in also providing the student with vital work experience and the firm with hopefully fresh ideas and innovation.

Knowledge Transfer Partnerships

- 8.21 Knowledge Transfer Partnership is a UK wide programme enabling businesses to improve their competitiveness and productivity. This involves

forming a partnership between a business and the University enabling access to skills and expertise. This involves projects being undertaken by students recruited to work on a specific project.

- 8.22 The aim of knowledge transfer is to enhance knowledge and skills and the stimulation of innovation through collaborative projects. This should facilitate the transfer of knowledge and the spread of technical and business skills. It should also provide company based training for graduates to enhance their business and specialist skills and increase the extent of interactions between firms and Universities
- 8.23 David Donkin confirmed that Knowledge Transfer Partnerships have been a big success and should deliver significant economic benefits for the city. Such a transfer of knowledge should lead to additional private sector investment and job creation either through the commercialisation of Intellectual Property and spin off businesses.

Graduate Internship Scheme

- 8.24 The Graduate Internship Scheme involves a graduate being placed in a business in order to develop appropriate skills and experience for a graduate level career. The scheme is open to small and medium sized private sector organisations. The scheme enables businesses, the University and graduates to work together to deliver a practical approach to graduate employment. Business receive a financial contribution to employ a recent graduate on a six month fixed term contract. They also receive high quality graduate expertise and new ideas and energy in the workplace. The graduates receive a six month paid graduate level job, the opportunity to develop a range of skills essential to career development and valuable work experience that should help to secure future employment. Again, David Donkin referred to the popularity and potential of the Graduate Internship Scheme.
- 8.25 While the condition of the local jobs market and the prospect for employment is a key factor in encouraging retention. It is important to remember that there are a number of other factors at work including the availability of high quality housing and education, good shopping facilities, access to an attractive local environment and a vibrant cultural scene.
- 8.26 Clearly the issue of student retention is a major issue for the long term economic welfare of the city. We feel that it would be useful for the University to conduct further research into the factors surrounding the levels of retention of students; including the influence of the local jobs market and job opportunities.

Buildings

8.27 During our visit to the University, we saw at first hand the scale of the capital investment in the city. We also met with Phil Marsh, Director of Facilities who outlined the progress made to date and the plans for the future.

8.28 This has included:-

- £8.5m investment in Phase 1 of the Sciences Complex supporting the University's excellence in Pharmacy and Health through improved facilities and equipment;
- The Gateway – a £4m regeneration of the 1960's teaching building to create a one stop shop for student support services;
- £12m investment in CitySpace to provide an innovative campus hub for sports, social and events activities;
- £5m phased programme for regeneration of the campus library to provide an innovative and accessible learning environment;
- £2m investment in new equipment at the David Puttnam Media Centre to further enhance the centre which now incorporates a 200 seater cinema, radio station and TV studios;
- Sports and social facilities for students, staff and the Sunderland community
- Exhibition, performance and conference capability
- Design awards

8.29 The University has also established an events and conferences business under the "Unispace" brand which was launched in Autumn 2011. This aims to raise the profile of Sunderland as an events destination and create demand for complimentary facilities (such as hotel and leisure). It is an important vehicle for making people more aware of facilities such as the Murray Library which has a tiered lecture theatre seating up to 250 delegates and substantial social space, the National Glass Centre which has meeting and events faculties for up to 300 delegates and the Prospect Building at St Peters Campus which has 3 state of the art lecture theatres seating up to 384 delegates.

8.30 The University has also a number of planned developments for year ahead, including:-

- £6.8m investment in the Priestman Building
- New café, exhibition and gallery space
- Public realm improvements
- £2.5m investment in the National Glass Centre – relaunch planned for 2013;
- High quality exhibition and gallery space

- New 125 bed hotel on the city campus
- Improved student accommodation
- Visitor attraction enhancements
- Development of an outdoor theatre on the open space at the City campus
- Creative industries hub

8.31 One area that it was felt could be developed was the need to take measures to encourage the public to make better use of the facilities at the University. While a great deal of development had taken place, it seemed likely that many would be unaware of the kinds of facilities available. It is very positive that the University is so keen to attract a greater number of people to make use of the University's facilities for outside events.

Public Realm and Linkages to the City Centre

8.32 From our visit, we saw the way in which the University has already worked with the Council to improve the standard of public realm in the city. The Committee also look forward to further progress in this area. During our visit to Sheffield Hallam University, we were very impressed by the way in which public realm works had improved the attractiveness and quality of the local environment and contributed to the on going regeneration of the city. We feel that the improvements in public realm in the city are a concrete example of the University using its capital assets to help regenerate the city centre.

8.33 During our discussions, both Prof Fidler and Phil Marsh stressed the importance of developing linkages between the University and the town centre. The University see the need to encourage students to come to the City and to join the University to the city centre. This includes opening up a route from St Peters to link with Minster Square. The University was also keen that the Council and the University should work together to improve any barriers to access and the road network around Chester Road and St Michael's Way.

8.34 Clearly, the level of resources available to progress such work is limited at the present. However, the Committee was impressed by the commitment of the Council and the University to make progress and work together in order to make the most of available resources and to deliver and continue to deliver on their plans.

A couple of quotes summarise the progress made that has been made:-

“the design of the new City Campus has changed the landscape of the centre of the city. It has made the University accessible to the public. The

University is saying it is more than just an educator. It is saying it is a true civic partner and is proactively encouraging its community to interact with it.”

“ the University has been instrumental in delivering regeneration on a wider civic scale. The on going investment in the City Campus in particular has seen further integration of the University and its students and staff into the city centre, adding to the vibrancy and supporting its economic well being.”

- 8.35 The Committee was also impressed by another example of joint working that is developing links within the city. In this case it is the low carbon bus partnership between the University, the Council and Nexus. The bus service is clearly popular with local students and will hopefully be the first in further initiatives to improve transport links in the city.
- 8.36 As well as the more direct economic benefits that the University provides for the city, there are also a number of other equally significant indirect benefits. These include support for local businesses through business advice, promoting local competitiveness and innovation, research and development, the provision of accommodation and facilities, knowledge transfer and placements and help with business start ups.

Engaging with Business

- 8.37 During our visit the University, we discussed the importance of developing links with local businesses in order to provide advice, guidance and support where it was required. We saw at first hand the range of schemes and initiatives aimed at promoting business development within the city. We also heard about the importance of working in partnership in order that we can best find out the needs of business and who would be the right people to assist. Often companies are not totally clear as to the help which they require and that it was frequently a question of having a general discussion about overall needs and teasing out the kind of help that could be required. David Donkin noted that a great deal of time was devoted to actually recruiting companies as compared to actually delivering assistance and that this balance needed to be reversed. It was hoped that the Enterprise Hub should help by co-locating the people who actually work and provide advice to business.

Innovation Vouchers

- 8.38 Another way in which the University has sought to engage local business is through the use of Innovation Vouchers. Innovation Vouchers are publicly funded to allow companies to buy support from the University which can be put toward the cost of designing products, improving

processes and developing business models. While only recently introduced for a limited time period, the vouchers had proved a great success. The University looks forward to the re-introduction of Innovation Vouchers.

- 8.39 It was recognised that more needed to be done to encourage business to work with the University. At the present time only a relatively small percentage of all firms actually collaborate with the University and there was therefore considerable scope to expand. It was often the case that business was only interested in working with the University when they felt that there was a clear, tangible benefit to them – even though experience had shown that businesses that collaborate with universities generally perform better than those who do not.

SCM Pharma

- 8.40 As an example of the way in which the University has developed links with the business sector in an innovative and exciting way, the Committee spoke with a representative from SCM Pharma. SCM Pharma work in the pharmaceutical industry developing drugs for other companies. Due to the nature of their industry, the company work in a tightly controlled environment. Following an informal discussion with representatives from the University, the firm took some available space at the University in order to undertake research. The firm was attracted by the excellent reputation of the University in Pharmacy and the excellent facilities on offer. However, the firm was not only attracted by the University's academic excellence but also by the vocational approach and the high standard of support. Being on site allowed the firm to have close access to the academic knowledge available and helped promote the transfer of ideas and innovation. While many small firms had innovative ideas, they often needed assistance to develop their ideas and transform their knowledge into something practical.
- 8.41 The experience of working with SCM Pharma demonstrated the benefits of focusing on areas of academic excellence and the considerable capital outlay that had been directed to Pharmacy. We were told that the University had invested £8m into their sciences complex and laboratories and were able to offer the very best facilities for teaching, learning and research in pharmaceuticals and related science subjects.
- 8.42 During a tour of the facilities, the Committee saw at first hand the considerable investment in equipment which meant that laboratory was now amongst the best in the country. It was felt that these provide students with access to the best facilities available which not only equips them for the world of work but makes it more likely that they will be able to obtain subsequent employment.

- 8.43 The Committee was most impressed by this interesting and innovative approach to working with local businesses. It was felt the University should do all it can to better publicise and promote these successes.

Institute of Automotive and Manufacturing Advanced Practice (AMAP) and support for the Automotive Sector

- 8.44 During our visit to the University, we spoke to Adrian Morris, Operations Manager on the role and support to business provided by AMAP, particularly in the automotive industry.
- 8.45 AMAP specialises in research and development, knowledge transfer and teaching. They work with major companies such as Nissan but also work with smaller firms. This work is centred on the practical application of knowledge and they provide firms with practical support and also students with practical experience and placements.
- 8.46 In terms of research and development, AMAP work with a range of partners from the private and public sectors. Recent work includes car travel range extension using on board hydrogen generation, an evaluation of the EV Fleet and research and development into the use of fuel cells.
- 8.47 In terms of knowledge transfer, the University has managed a project with Nissan and their supply base known as GRASP (this has recently been replaced by Sunderland Campus). In this, 14 students studying for Masters Qualifications were placed with Nissan – and all were subsequently offered job contracts.
- 8.48 AMAP also offer Knowledge Transfer Partnerships (KPT's) and are currently seeking Regional Growth Fund support to work on a large multi company scheme.
- 8.49 AMAP carries on extensive contracting work and is much in demand for the high quality of its facilities and expertise areas such a quality management systems. AMAP also provides expertise and guidance to teaching areas such as MSc LSV technologies, BEng/BSc and Foundation degrees. The University has also recently launched a new academic programme in low carbon technologies
- 8.50 In the future, the AMAP would be looking to develop closer links with local FE Colleges so their work can be extended and developed.

Culture and Creative Industries

- 8.51 The Committee heard that in field of Cultural and Creative Industries, the University was working closely with the Council in order to develop a strategy that will help support and encourage new businesses. The Cultural and Creative sector was seen as an area of the local economy with considerable growth potential for the future.
- 8.52 During our visit to the University, we spoke to Shirley Wheeler, from the Design Department on the development of Creative Industries in the city and the work of the Design Hothouse.
- 8.53 The emphasis was on adopting a flexible approach and tailor student learning plans and business solutions to the needs of individuals and organisations. The University had commissioned work on the creative services sector. This found that there were approximately 640 companies in the creative industries sector. 80 were individuals rather than businesses. Around 2,500 people were employed in creative industry and the turnover was in the region of £136m. However, it was recognised that there remained a great deal of potential for creating new jobs.
- 8.54 A lot of work was concentrated on the fields of accessories and jewellery and this had demonstrated good employment prospects. Work was going on to further develop regional connections with businesses.
- 8.55 The University also operated a project entitled Hot House which provided an opportunity for students to work with local businesses on design and packaging. However, it was stressed that every project was intended to provide a learning opportunity for the student and potentially provide a useful placement experience. Any firm was closely vetted but this ensured that success rates were high and that the students received a positive learning experience.
- 8.56 The Committee also heard about a student start-up business entitled Media Savvy whereby two former students had set up their own NEET training business and were located within the University's business hatchery system. The business uses creative techniques to enable people to "learn by stealth". The project had been highly successful and had been nominated for awards. The Committee were greatly impressed by the innovative and exciting nature of the business.
- 8.57 The Committee was most impressed by the facilities on offer at the David Puttnam Media Centre which now incorporates a 200 seater cinema, radio station and TV studios. The facilities clearly have a lot of potential to provide a high quality learning experience for students and as a resource for the people and businesses in the city. The Media courses have strong reputation nationally and most students are able to access jobs. However,

it was vital that job opportunities were available in the local area, otherwise graduating students would be forced to leave the area.

8.58 The Committee also spoke with the President of the Students Union on their role in the creative and music field and their input in the development of the local economy in general. It was noted that the University was a major entertainment provider in the city and that the student population contributed greatly to the economic well being and vibrancy of the city centre. It was hoped that this could be further built upon through strengthening the link between the student union building and the city centre. It was noted that existing links included:-

- Music in Sunderland Group (links with SPLIT, Independent, City Council, Sunderland LIVE)
- Stadium of Light Concerts Marketing Group
- Nighttime Economy (North Shore, Passion, Freshers, Walkabouts)
- Volunteering (Red House, Groundworks, Book Aid for Africa)

8.59 In terms of future plans the Student Unions prioritised the:-

- Development of a physical presence in the city centre – Students Unions building
- Position North Shore as a city venue
- Increase volunteering and community work
- Extend the student voice into the city (as residents)
- Increased community involvement and outreach
- Increased retention of graduates to area

Software Hatchery

8.60 The Committee undertook a tour of the University's Software Hatchery Incubator. It was noted that the University has significant expertise in software and is a key partner in the Software City initiative. The Software City initiative aims to develop:

- The skills of the areas IT workforce
- Support to allow companies to grow more quickly
- Connections that can make the area a hub for new start ups.

8.61 The Hatchery Business Incubator provides support for people who were interested in starting a business. The scheme allowed students to set up mini projects and work with other students to support one another. The scheme was designed to develop useful and practical projects but also

develop a person's employability skills and make them more attractive to potential employers.

- 8.62 The Software Hatchery provides office space, facilities and mentoring to graduates and entrepreneurs with innovative software business ideas. It also provides the opportunity for networking with potential funders, developers and partners.
- 8.63 At the present time, 32 students use the hatchery. The companies setup through the Software Hatchery includes one that now employs 16 people. Employment prospects in the field of software is strong with a high success rates for new companies. Once new ventures have grown sufficiently then their development path would be to Software City. It was hoped that people involved in the Hatchery would go on and expand into a network of self supporting groups.
- 8.64 While student start-up companies were currently small in numbers in the grand scheme of things they did have the potential to grow particularly in terms of start-ups in the software and creative and cultural sectors of the economy.

9 CONCLUSION

- 9.1 The 'new kind of university city' envisaged in Aim 1 of the Economic Masterplan is based explicitly on collaboration between the public sector, private enterprise, the University of Sunderland and other related institutions. If there is a predominant and reoccurring theme to our review, it has been the importance of collaborative working between the Council, University and their partners in order to make the most of the expertise of individual organisations and also to make the most of available resources.
- 9.2 The University occupies a key role in the local economy. The contribution of students, both local and international and those who choose to work in the region after completing their studies helps to shape the local economy and its culture. A large proportion of the income of many businesses in the leisure, retail and catering industries is derived from the student population and this is essential for a vibrant city centre and nighttime economy. The University is a willing partner in the Economic Masterplan and is seeking ways to increase its impact on the local economy.
- 9.3 The Council and the University should continue to work closely together in order to improve the buildings and public realm of the city. There is scope to improve linkages and connections with the city centre. In this way, the University will be better linked with the rest of the city. Both the University and Council are working closely to help secure a more vibrant city centre.
- 9.4 The retention of graduates is an important issue for the city. It is clear that insufficient economic opportunities are responsible for younger people leaving Sunderland to find higher skilled and higher paid employment opportunities elsewhere.
- 9.5 There is a clear need for the Council and the University to work together with business to improve skill levels and local growth. Workforce skill levels are a critical contributor to the success of any business and many within the north east suffer from skill shortages – despite increased levels of unemployment – and require up to date high level skills to remain innovative. The University is a key element in the skills supply chain with local businesses integrating placements, internships and employment opportunities for its students and graduates to help promote innovation and growth.
- 9.6 The recent recession has highlighted the need to create new economic opportunities for the city. The North East region, especially its construction and manufacturing industries have been hit hard. The city's economy will need to be stronger and more resilient if it is to provide jobs for future generations. The Economic Masterplan points the direction for the

economic opportunities for the city; including software, offshore energy generation and electric vehicle production.

- 9.7 Intellectual capital is vital to the future economic prosperity of the city. Sunderland has a strong further and higher education sector. As we have seen, the University already does much to support business innovation for example through the Institute of Automotive and Manufacturing Advances Practice and the Sunderland Media Centre. It also has a Software Hatchery and "Creativeworks that supports start up businesses in creative industries.
- 9.8 Universities can also help to drive cultural change in the city through engaging with their business and resident communities. The University of Sunderland is particularly well placed for this since it already has an entrepreneurial orientation and is well regarded by local business and government.
- 9.9 It is important for the Council and the University to make the business community more aware of the ways in which they can work with and benefit business. The University can play a role in business support within the City - but we must be mindful that this is not the core role of the University which is and will always be teaching.
- 9.10 More effective marketing of University services to business can increase the proportion of local businesses collaborating with the University. Methods to increase participation could include University-led business clubs and sector specific support networks.
- 9.11 The University could develop a more open approach to innovation making the results of its research more accessible to local companies at an earlier stage in an effort to improve products and services and their route to market more quickly.
- 9.12 In terms of publicity and marketing there is a role for Universities to get the message across that the University has an important role to play.
- 9.13 The University can monitor the need for new types of qualification in a changing local economy and respond with products at appropriate levels, for example, new Foundation Degrees, new high level apprenticeships and a wider range of professional qualifications.

10 RECOMMENDATIONS

1. The Council and University continue to investigate means of developing partnership working around Aim 1 of the Economic Masterplan in order to coordinate work on business growth and economic development and to make the most of available resources;
2. That the University, Council and other delivery partners continue to work together to ensure that business advice and guidance is provided in a coordinated and complementary manner along the lines of a one stop shop approach;
3. That the University looks to further develop its links with the City's business community and increase its understanding of the needs of local businesses and the ways in which it can respond with appropriate expertise, support and guidance including through a large scale networking event or a high profile trade fair;
4. That the University should work to promote its profile in the city and better publicise and market its considerable strengths and successes including through the development of a promotional document summarising its contribution to the local economy and economic regeneration in the city and the region;
5. That the University conduct further research into the factors surrounding the levels of retention of students; including the influence of the local jobs market and job opportunities;
6. That in order to further the economic growth and prosperity of the city, the University continue to work with partners in order to monitor and react quickly to help meet local skills requirements and to continue to develop links with local Further Education Colleges and schools;
7. That the Council and the University work closely together to develop ways of linking and integrating the city campus to the rest of the city centre, improve access to the University around Chester Road and St Michael's Way and continue to improve the quality of the public realm.

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