

Making the university 'anchor institution' a reality: towards more purposeful local government - university relations

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Summary

- This briefing provides an overview of university impact on and with local areas in general, and local government in particular. It explores the dividends from a more broadly-based, systematic set of relationships between local authorities (LAs) and universities (HEIs), both locally, and in national policy influence.
- The higher education (HE) sector in the UK is huge and diverse. It comprises well over 300 institutions offering degree (and postgraduate) courses to around 2.3million students. Mainstream UK universities (of which there are 133 members of Universities UK [UUK]) generate economic output over £73bn pa., approximately 750,000 jobs (2.7% of employment), and 2.8% of national Gross Value Added (GVA). The HE footprint as an economic sector is akin to that of chemicals, automotive, aerospace and pharmaceutical sectors combined. In local areas, a major HEI will be one of the largest employers, and students can make up well over 10% of resident population.
- This profile and prominence has led to a considerable body of work on universities as 'anchor institutions' in place-shaping and place leadership. Anchor institutions are large, strategically important, spatially (relatively) immobile bodies, most often with some degree of social purpose(s). The concept, and the role of HEIs more generally in place leadership, is increasingly important in local growth and public services reform policy - and will certainly feature in the post-election comprehensive spending review.
- This briefing, therefore, considers how LAs might respond both individually and collectively to the local university footprint and HE sector trends. It argues for a move away from individual ad hoc issues-based relationships to a deep understanding and strategic partnering approach.
- The briefing will be relevant to councillors and officers across all areas and all tiers of local government - particularly those involved with economic development and public service reform.

Briefing in full

Introduction

The higher education (HE) sector in the UK is large and diverse. It comprises well over 300 institutions. These range from designated universities (of which 133 are members of Universities UK [UUK]), through Colleges of Higher Education, Further Education Colleges offering degree courses, to overseas universities with UK campuses, and private universities.

Universities range in size from two 'mega-institutions' - Open University (around 170,000 students) and University of London (around 130,000 students) - down to small specialist colleges, some with less than 1,000 students. Average university size is around 15,000 students with around thirty having 25,000 students or more.

Similarly, the character of HEIs are extremely varied. Most will combine teaching, research and 'third mission' (i.e. support to business, consultancy etc) activity, but balance between these types of activity is wide. There are a number of typologies of universities and 'mission groups' that typically represent cohorts of HEIs.

The ['Russell Group'](#) of 24 research intensive HEIs tend to be the more prestigious, internationally-recognised UK universities - often high in 'league tables' of research excellence, student experience, business interaction etc. This group accounts for about 40% of the overall sector. The [University Alliance](#) of 20 universities focuses on HEIs with particularly strong enterprise and business perspectives; and comprises about 20% of the sector. The ['Million+'](#) group (of 17 HEIs) operates as a Think Tank and tends to champion the newer HEIs and the diversity of the sector. Other cohorts of universities include the [Cathedrals Group](#) (of 16 universities and colleges with a religious foundation), [GuildHE](#) (of mainly most-recently designated HEIs and Colleges of Higher Education), and regional consortia like the N8 Research Group, White Rose Universities etc. In Scotland, [Universities Scotland](#) is akin to UUK.

The scale and the reach of the sector is therefore wide nationally, and deep locally where major HEIs are located. The most recent [UUK 'impact of Higher Education on the UK economy'](#) study (2014) describes a sector with £73bn of economic output, generating over 750,000 jobs, 2.8% of GVA, and £10bn of export earnings. Locally, as an example, a 2013 [economic impact study](#) at University of Birmingham described a £1.1bn institution generating over 12,000 local and regional jobs.

University's social impacts are similarly significant - often providing sports and leisure facilities, local education links and skills training, public transport and other benefits. More controversially, high university and student footprints are sometimes associated with housing pressures (especially for affordable housing), traffic and congestion, anti-social behaviour, and some examples of social cohesion pressures- both intra-(international) student and sometimes student-local tensions.

At the same time, there are some areas that are recognised as HE 'cold spots' - without an indigenous local HE institution and/or with very low densities of graduate places. London (with over 20 Universities), the West Midlands, and metropolitan North West have the highest densities of HEIs and graduate places in England - with areas in the South West, East of England, Cumbria and the Borders with Wales having the lowest levels. You can establish your own HE densities from [HEFCE data maps](#) published most recently in February 2015.

This breadth and significance illustrates the importance of LAs understanding and relating strategically to specific HEIs operating in their area(s). The remainder of this briefing fleshes out that case. It outlines what individual and collective HE-LA strategic agendas might comprise - particularly with regards to local growth and public services reform.

Context

The experience of HEIs over recent decades has, to some extent, mirrored the centralisation experienced by local government. Growth of universities in the 19th century was very much a civic phenomenon. However the expansion of HE in the post-war period led to the implementation of a largely national HE system - based on nationally-funded student numbers, research grants from national research councils, and national quality assurance frameworks. The devolved administrations have been somewhat detached from the England system - especially in Scotland, but even there the system has been 'national' rather than local in character.

The early reforms by the coalition - embodied in their [2011 White Paper](#) 'Students at the Heart of the System' - sought national (and international) marketisation of the system. This includes dramatically increasing the proportion of teaching funded by students themselves - through student loans; and increasing diversity of suppliers of HE (through newly accredited institutions etc). The reforms were significantly driven by the public austerity priority of the incoming government. Student loans have now stored up a major fiscal headache for government in general and BIS in particular - due to the [expected non-repayment](#) of up to 40% of the loan portfolio.

Akin to LAs, though, the later Coalition period has included some nods to localism. HEIs have been increasingly encouraged to get involved extensively in Local Enterprise Partnerships (at Board and operational level); in local education reforms (like UTCs, academies, and partnerships with schools); and more widely in place-shaping and local leadership. HEFCE, for instance, promoted a funding programme for [Universities as 'anchor institutions'](#) of their locality (see below). Government also piloted [University Enterprise Zones](#) in some core city regions in 2014.

Many universities recognise and embrace the local character of their institutional footprint - whilst also operating primarily in national and international markets (for students, research and business relations). For instance:-

- there has been some component of local student catchment for many HEIs - especially those with large cohorts of part-time and/or mature students. Even at undergraduate level, HE work with local schools (e.g. to widen participation) can be significant
- outside some of the more prominent Russell Group universities, most university governance is local - with 'University Councils' drawn from local public, private and third sector role players
- much of the 'third mission' work with business and public clients (research, training, consultancy etc) will be local (as well as global)
- many university facilities (sports, arts, libraries etc) may be open to local residents and business - and even, on occasion, formally 'dual use'
- major universities can be large landowners in their own right. Their campuses will shape and may define the urban landscape of large towns and cities

At the same time, HEIs face pressures that, in the context of a continuing national-dominated policy regime, will tend to detach them directly from the local. These universal pressures include declining relative numbers of young people; the national policies on migration; the increasing influence of ICTs, digital education and MOOCs (Massive open online courses); national/global competitive pressures - including, for some areas, the strong pull of London for HEI investment (even by non-London based universities) and university talent.

Maximising local benefits of HEIs, therefore, is not a given. It will require proactive and coherent work by local leadership teams - normally led by LAs and partners.

University impact

What are the principal benefits, and other impacts of your local HEIs?

This will vary from institution to institution, and locality to locality. However, a number of HEIs have undertaken economic and social impact studies in recent years. LAs should encourage and support more HEIs to do so - and to work with them on defining collaborative agendas for the future.

These studies tend to identify key impacts as:-

- A major local business in its own right. For instance, the [University of Birmingham economic impact study](#) assesses the University as a larger employer than any private business in the city - with 6,200 direct employees, and a further 5,700 indirect jobs. It spent over £1bn pa in the regional economy, almost £900m of which is in the city itself.
- As an educator - mainly students, but also outreach work with local schools and colleges, an increasing number of UTCs and academies, and some

workforce and adult education. Students have a huge impact on the local economy - with significant spending whilst they are studying; and evidence of talent retention when they qualify. The same Birmingham study describes a student cohort of 28,000, only 23% of whom come originally from the West Midlands, but 40% of whom stay on in the local economy on graduation.

- As a researcher - attracting public and business research funding, and in Birmingham's case producing over 4,000 papers and 57 inventions in 2011
- As an international asset - Universities can be a strong component of the international brand and reputation of place - through attracting international students and faculty; business and university connections overseas; often attracting business tourism and inward investment. The [University of Warwick 2013 impact study](#), for instance, highlight impacts - from 8,350 international students, to a £100m inward investment by Jaguar Land Rover and Tata in the National Automotive Innovation Campus in the University.
- As a leisure and culture provider. Warwick Arts Centre hosted an annual audience of 270,000; whilst Birmingham cultural assets are estimated to attract 140,000 visitors to the region in their own right. Sporting facilities are typically extensive and open to the public. More recently, [HEFCE](#) have highlighted the role of University of Derby in 'adopting' local theatres and museums in the face of local government financial pressures.
- As an investor in their own right in the character of their town or city. The Birmingham study identifies £500m of capital investment over the decade. [Four London universities](#) have been reported as investing up to £4bn in the capital - creating whole new 'districts' ('Olympicopolis' from UCL at the Olympic Park; and 'Albertopolis' from Imperial at White City). Smaller universities can have similarly profound impacts (see, for instance, University of Lincoln's impact on the town centre over the last twenty years).
- As a promoter of enterprise and innovation. Both Warwick and Birmingham reference their joint role in the Science City Research Alliance. Warwick owns and operates a full service Science Park; an Enterprise Research Centre to support SMEs; the globally renowned WMG (former Warwick Manufacturing Group) generating over £100m of business-led collaborative research. Almost all HEIs now have 'business gateways' and technology transfer offices to improve business access to university expertise. Some (e.g. Hertfordshire, Plymouth) own and operate major business support providers.
- As a social partner and good neighbour. Besides sporting and cultural services, most universities run major faculty and student volunteer programmes; many run university transport services available to the public. For instance, [University of Hertfordshire's](#) bus service carries over 2.3m passengers pa - used by 29% of local and 21% of district residents

These positive university benefits are not without 'costs' to areas and local authorities. As major entities, universities generate traffic, sometimes resulting in

congestion. They place pressures on housing markets and public services. The fears of 'studentification' - the creation of noisy, transient neighbourhoods with higher than traditional levels of anti-social behaviour - is considerable. And there can be competition from students for local casual jobs for young people. These costs can lead to resentment, especially given that full time students and homes occupied wholly by students are not liable to council tax.

The case for strategically and holistically nurturing these potential benefits and mitigating these costs is strong. This case is well-formulated in a body of work on universities as 'anchor institutions' in the leadership and development of place.

Anchor institution debates

The concept of 'anchor institutions' in city growth and regeneration emerged in the US as an attempt to structure the roles and responsibilities that place-based institutions have to their local communities - in addition to their primary purpose. Where the institution is large, spatially immobile, strategically significant (e.g. in employment, purchasing, land asset terms), and has some social purposes in their mission, they are able to play an 'anchor' role in that area's growth and development.

In principle, LAs may have a number of anchor institutions within their geography - including hospitals, large corporate institutions with local links (Northern Rock might have been an example), sporting institutions (Manchester City FC might be an example), major cultural venues. However, in practice, the concept has been mostly used in the UK as a construct for the relationship of major universities to place.

One of the major proponents of the concept has been John Goddard of Newcastle Universities Centre for Urban and Regional Development Studies. His work locates the 'anchor' as an important driver of the internal institutional logic of the university (i.e. why it is, and how it behaves, where it is); and of societal expectations of it behaving responsibly and supportively in the communities that host it.

In ['Connecting Universities to Regional Growth'](#), he describes four major contributions of the university anchor to local and regional growth. These are research and innovation (through science parks, research and innovation centres etc); business growth (network and cluster support, international linkages, intellectual property generation etc); skills and human capital (teaching, talent attraction and retention etc); physical and cultural (placemaking, widening participation etc).

His work on the ['Civic University'](#) (which universities such as his and Sheffield, for instance, have adopted in their core mission) outlines major challenges of universities as autonomous institutions, with often fragmented academic and administrative departments operating within national policy and global market systems. The 'civic university' seeks to deliver local impact purposefully - as opposed to it being an 'incidental' outcome of its activities.

He defines the characteristics of the 'civic university' as **actively engaged** on a **holistic** (whole-institution) basis with a **sense of place**; local **sense of purpose**,

willing to **invest**, transparent and **accountable**, and using **innovative** methodologies to progress that engagement (my emphases).

Arguably, his challenge applies equally to local authorities in their engagement with the aspirant civic university. How can the university, LA, and other relevant partners, plan and manage the anchor institution's relationship to place to optimise local and regional benefits, and mitigate the costs of achieving mutual ambitions? Similarly, if the LA can fashion a successful relationship with the 'civic university', can and should it apply or adapt the process to extend it to other 'anchor institutions' in the area?

Universities in local growth - 2015-20 agendas

This briefing has argued that universities have a huge, multi-faceted impact on the areas in which they are located; and that this impact should be nurtured and developed strategically. There are a number of reasons why this issue is likely to be prominent in LA thinking and practice over 2015-20.

In immediate terms, the civic university work of Goddard and others has had significant influence, inter alia, in the smart specialisation preconditions of EU Structural and Investment Fund (ESIF) Programmes for which proposals are now being sought from local areas through LEPs. Smart specialisation strategy (S3) is a key part of the process by which local areas choose to specialise in certain industries, technologies, and types of intervention. LAs will need to have considered, with universities and other partners, the rationale for their ESIF proposals in S3 terms to access this investment (and to achieve national match funding for it). This requirement may be used as a driver for a deepening and broadening of the anchor institution relationship - both for the LA and the university.

More fundamental issues of how universities sit in enhanced devolution and local growth debates have also surfaced in influential work which will inform the priorities of the next government.

The Coalition's commissioning of the [Wilson](#) (2012) and [Witty](#) (2013) reviews of university relationships (nominally with business and local growth respectively) both made major recommendations on the future positioning of universities in local and civic and 'sub-regional' LEP landscapes. Wilson argued for incentives (through national funding and quality assurance regimes) to encourage universities to engage more intensively in local business growth 'systems', and in programmes like Enterprise Zones. Witty (covered in more detail in this [December 2013 briefing](#)) argued for a University core growth mission and annual report to government on this from publicly-funded HEIs; and for HEIs to assume greater responsibility for local economic development and connecting local SMEs with international markets. He also attempted to begin to identify areas of specific industrial and technological expertise within university and LEP geographies.

More recently (2014), the highly influential City Growth Commission (covered in this [November 2014 briefing](#)) restated the crucial strategic anchor institution role of universities in '[UniverCities - the knowledge to power metro growth](#)'. They went

beyond the Wilson and Witty proposals for tweaking the national system, to recommending a £7bn devolved HE skills metro fund to enable cities to shape the local HEI teaching, research and third mission focus towards local growth priorities. This would be augmented by much more proactive local talent attraction and retention programmes, including 'loyalty bonuses' for graduates taking local employment that contributes to local growth priorities.

On this basis, the future roles and functions of universities, and their positioning on local leadership teams, will be a prominent consideration of both national policy reforms, and any enhanced devolution 'project' of the 2015-20 government.

Comment

Investing in more systematic and holistic LA-HE relations - both individually and collectively

There are undoubtedly many examples of university-place, and LA-university collaboration good practice. Some of these are described in the literature referenced throughout this report. However, the briefing argues that the LA-University relationship is too often inconsistent, partial, and ad hoc issue-based. There are a number of pressures on both LAs and on universities that reinforce this fragmented character - perhaps most fundamentally that both are operating in different national policy and funding systems.

There is much to gain for both LAs and HEIs of putting real effort and energy into a 'strategic partner' relationship. For the LA, the university is a major 'anchor institution' in their area - with a strategic footprint and impact for employment, goods and services, education and skills, business growth and innovation, physical investment, social and cultural cohesion, and place identity/branding/reputation.

The anchor institution relationship requires LAs to:-

- Understand the current impact of the university(ies) on the local, civic and sub-regional geography. This understanding may be enhanced through periodic evidence-based impact studies.
- Understand the ambitions and challenges of local HEIs, and how they can help shape and contribute to local vision, goals and priorities

- Engage in regular, high level strategic dialogue with university leadership and senior teams on planning and managing the contribution and mitigating the costs of university growth/developments
- Consider formal role(s) of universities in local leadership and decision-taking - and also as a potential preferred research partner and resource for major societal challenges facing the area and the LA

Beyond impact studies there are a number of tools and techniques both LAs and universities may deploy to diagnose and develop 'civic university' and also 'research partner' good practice.

The experience of developing such a relationship will also assist LAs to nurture similar win-win collaborations with other anchor institutions.

There is also a strong case for consortia of LAs to engage collectively and coherently with major HEIs - whose impact and influence is likely to be sub-regional and regional in character. In particular, given the pivotal and likely increasing role of HEIs in LEPs and LEP-based local growth programmes (including the current ESIF round), there is an immediate rationale for this level of deliberative exchange.

More broadly, both LAs and HEIs will be pressing the incoming government on major public policy strategies over the impending Comprehensive Spending Review and, thereafter, the 2015-20 parliament. LAs and HEIs share major pressures of societal challenges, public finance austerity, increasing public scrutiny and accountabilities. They both also continue to operate within broadly top-down public policy systems.

Undoubtedly, there will be differing perspectives and priorities - both within LAs and HEIs, as well as between the two sets of institutions - on issues such as enhanced devolution; local powers and resources in higher level teaching, research and third mission domains; and the roles and functions of HEIs in local leadership teams. However, there is certainly a case for increased strategic dialogue to identify synergies and seek to resolve differences. This may reveal a case(s) for collective action to influence the 2015-20 public policy priorities.

Conclusions

This briefing is slightly unusual - in that it is not stimulated by a specific new policy development or initiative. Rather, it attempts to provide a medium-term overview of

the richness of university-LA relations, compared to the sometimes transactional 'neighbour nuisance' dominated agendas of day-to-day LA-University concerns.

Where LA-University relationships are already of a deep strategic character, it seeks to provide some context with which to broaden and improve the agenda. Where relations are much more tactical and transactional, it seeks to make a case for investment in a strategic approach. In either case, it suggests strongly that such investment can deliver valuable returns to the university, the LA and the communities they both serve.

Related briefings

[Unleashing metro-growth: The city growth commission and devolution to cities](#), November 2014

[Local enterprise partnerships: Rising to the challenge](#), December 2013

For more information about this, or any other LGiU member briefing, please contact Janet Sillett, Briefings Manager, on janet.sillett@lgiu.org.uk