

Higher Education – making a difference to economies and communities
Conference at Belfast Castle on 28th January on 28th January 2009

Part of the *Impact of Higher Education Institutions on Regional Economies* Initiative

Key Note Speech by Sir Reg Empey MLA
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Introduction

- Good morning ladies and gentlemen and I would like to welcome you all to this conference which forms part of the UK wide 'Impact of Higher Education Institutions on regional economies' initiative – the IMPACT initiative for short. I would like to begin by thanking the key Funders of the IMPACT initiative which include the other UK HE Funding Councils and the Economic and Social Research Council (ESRC). My own Department also contributes to this IMPACT initiative. I would also particularly like to thank the coordinators of the initiative, Ursula Kelly and Peter McGregor, for the invitation to speak at this important event. For those of you visiting us here today; I'd like to welcome you to Northern Ireland. It is certainly a privilege to be invited to speak with you all.
- I note the title of today's conference is about the role of Higher Education and the difference it makes to economies and communities. In Northern Ireland, of course, I'm pleased to say that Higher Education makes a huge difference on many levels. From raising the aspirations of our young people, equipping them for the world of work; building the Northern Ireland skills base; being at the forefront of innovation and research right through to the cultural and social value that Universities undoubtedly deliver.
- I'm delighted to say that Higher Education in Northern Ireland is in a strong position. In 2006/07, our vibrant HE sector collectively recruited just over 50,000 enrolments. In financial terms our institutions contribute significantly to our local economy, through the generation of skills, employment, research and associated activities.
- As part of the 2008 UK-wide Research Assessment Exercise both of our universities have performed extremely well with the results confirming that research undertaken in Queen's University and in the University of Ulster is of world class quality. 87% of all research activity submitted by our institutions was considered to be of international quality and 14% was judged to be "world –leading".
- I don't think any of us are in any doubt as to the importance education plays in the lives of individuals in society and in the wider economy, especially in the current economic climate and the unprecedented challenges we all now have to face. But with those challenges comes an even greater emphasis upon education, skills, research and innovation as we build for the future. And it's that emphasis I want to talk about today.

The current economic climate

- The global economy has experienced significant turmoil over the last number of months. The sharp rise in energy and food prices earlier this year (although now abating), the downturn in property markets and the increased cost of borrowing caused by the credit crunch have all combined to create difficult global economic conditions.
- Northern Ireland is not immune to those conditions. The NI labour market is feeling the effects of the adverse economic conditions too. Latest figures show that Northern Ireland unemployment stands at 4.2%. While the latest claimant count figures for NI show marked increases, we still have significantly lower unemployment rates than the rest of the UK and the Republic of Ireland.
- Economic forecasts for the UK and NI economies have become increasingly downbeat. While there is a lack of consensus between forecasters about the depth or duration of the current downturn, there is agreement that growth will return. What we do now in terms of our investment in skills will determine how well placed the NI economy is to benefit from that recovery once it arrives.
- With that in mind, the development of a flexible, innovative and forward looking workforce has never been more important. It is that type of workforce which my Department aims to achieve through its Success through Skills Strategy and working in partnership with other key players.
- My Department has recently introduced new measures as we attempt to counteract the economic downturn. We have, for example, introduced contingency arrangements for apprentices in key areas such as construction, engineering and the motor vehicle industry.
- I believe that it is imperative that, despite the economic challenges we face at the moment, we also continue to invest in the skills of those people already in the workforce so that we are in a stronger position when the economy recovers.
- That's why my Department continues to encourage companies to invest in training, although I acknowledge that this may be increasingly difficult in the current climate.
- In taking forward the future growth of the economy, the role of research cannot be underestimated. In recent months I have announced funding for 12 significant cross border research projects, and a further investment of £17.2m to develop and strengthen links between universities in Northern Ireland and the Republic of Ireland.
- I believe that these projects have the potential to generate real long term gain. The likely job creation and Foreign Direct Investment the projects will attract will benefit our economy in both the short and longer term.
- They will also create more opportunities for postgraduate research – something that many students ultimately aspire to.
- As some of you may also be aware, in 2008 I announced that my Department would be increasing by 300 the number of PhD places at our local universities by 2010 as part of our commitment in the Programme for Government.

Graduate Employability

- For those making the important decisions about whether to go to university or not, the evidence base shows that higher qualifications do on the whole lead to higher levels of employment and better paid jobs. Throughout a career, those with an undergraduate degree level qualification will, on average, earn an additional lifetime earnings of approximately £160,000 compared to those with two or more A-Levels.

- The media has recently covered the plight of new graduates being affected by a shrinking number of graduate entry-level jobs in the labour market.
- But I believe that Higher Education is an investment for life and for the future of the economy and a highly educated workforce will be a valuable asset when the economic upturn comes.
- According to recent research on the UK Graduate Market, although it is clear that some companies are contracting their level of graduate vacancies, up to three-quarters of recruiters throughout the United Kingdom are expecting their organisation to maintain or expand their graduate recruitment in 2010.
- For the economy to prosper we must ensure that we have a ready supply of highly skilled graduates equipped to fill the high value jobs we aim to attract.

Review of Fees

- I know concerns have been expressed about the cost of higher education for those entering it for the first time. Certainly representations have been made about the introduction of variable fees a number of years ago. I'm aware of the concerns expressed and that's why, one of the first commitments I made upon taking office, was to conduct a review of variable tuition fees and student finance arrangements in the current academic year.
- I am pleased to say that this review is now underway through the chairmanship of Joanne Stuart, who is also chair of the Institute of Directors in Northern Ireland.
- Key to this review will be the development of a sound and independent evidence base. And I am pleased that my Department has appointed a Research Fellow, Dr. Alessandra Faggian, through the ESRC's Placement Scheme, to undertake research and analysis to underpin the review.
- I'm grateful to the ESRC for facilitating the opportunity for my Department to participate in the placement scheme, which will further strengthen our growing relationship in the area of producing high quality, independent and relevant research.
- The terms of reference for the review are broad and include an assessment of the impact of the current arrangements on all the relevant stakeholders. I am confident that the review will inform future policy in this area.
- As we all know a sound evidence base is at the heart of good policy development, which is why I welcome this IMPACT initiative. It sits closely with the ethos of my own Department's Research Strategy, whereby we aim to inform policy making with the assistance and expertise of the research community.

Innovation, Research and Design

- Of course, as I have already alluded to, the Higher Education sector in Northern Ireland provides the economy with more than just a highly skilled workforce.
- By commercialising university research and development activities through the formation of spin-out companies and licensing agreements the sector has been able to transfer such activities to the world of commerce. This increases the province's reputation and competitiveness in many areas.
- Developments such as these help to stimulate our economy and demonstrate that Higher Education can play its part in being responsive to business needs and making a positive impact in the workplace.

- The importance of science and innovation to the economy and the role that university research plays within it has long been recognised and has formed the basis of policy development worldwide for some time.
- In Northern Ireland this imperative has been delivered most particularly through the local Regional Innovation Strategy, which has been instrumental in focusing government investment in R&D and innovation since 2003.

Knowledge Transfer Activities

- Within my Department, investment in R&D and innovation translates into the provision of substantial financial support for a range of initiatives.
- The primary Knowledge Transfer initiative is the Higher Education Innovation Fund (HEIF), a UK-wide programme jointly funded in Northern Ireland by DEL and Invest NI, which encourages the universities to increase their capability to respond to the needs of business and the wider community, with a clear focus on the promotion of wealth creation.
- Through HEIF, funding of £3m per annum is provided to support the core activities of the two universities' outward-looking Regional Offices and also a wide range of support services to companies, the voluntary sector and social enterprises.
- Allied to HEIF is a groundbreaking new programme called "Connected". This initiative, which has grown from the recommendations of the Regional Innovation Strategy as well as being in keeping with my Department's own Skills Strategy, enables the province's universities and Further Education colleges to work together to identify and meet, in a coordinated and holistic fashion, the Knowledge Transfer needs of business and the wider community. A total of £3m has been made available up to 2010 for this purpose, after which the Department will look at making the funding stream permanent, as per the commitment in the Northern Ireland Executive's Programme for Government.
- In tandem with this, the Department has also developed a new international research programme involving partners in both the Republic of Ireland and USA which will support research proposals aimed at realising economic benefits in priority areas agreed by the three Governments.
- It is clear that our two universities' capacity to deliver socially and economically relevant and knowledge transfer research projects is benefiting both local businesses and the wider community. Such "Third Stream" activities are firmly embedded in both universities' core missions and corporate plans – something which is welcomed by Government.
- I am confident that the benefits of this strategic work will continue to be realised by local society in the future and that both institutions will continue to grow their reputations for research excellence as a result.

HE Strategy

- Because Higher Education plays such an important role in our economy, I feel that we must continue to take a strategic approach in preparing for the challenges of the future. That's why my Department is to develop a Higher Education Strategy for Northern Ireland in partnership with key stakeholders across the sector.
- We will be speaking to our key stakeholders in the near future to plan the way forward. Their contribution will be vital in shaping the future of Higher Education.

End Comments/ Conference Programme

- In conclusion, I am sure everyone in this room recognises the cultural, social and economic role universities play in society, and today's conference will provide a stimulating insight into the Impact Higher Education Institutions have on Regional Economies. Today presentations range from the choices that students and graduates make, to the impact Universities play in Innovation and Productivity, and their interaction with communities – in areas that policy makers and key stakeholders can learn from to boost our Economy and widen social inclusion.
- I hope you all find the conference informative and that we can collectively utilise the findings produced by this Initiative.
- Thank you.