

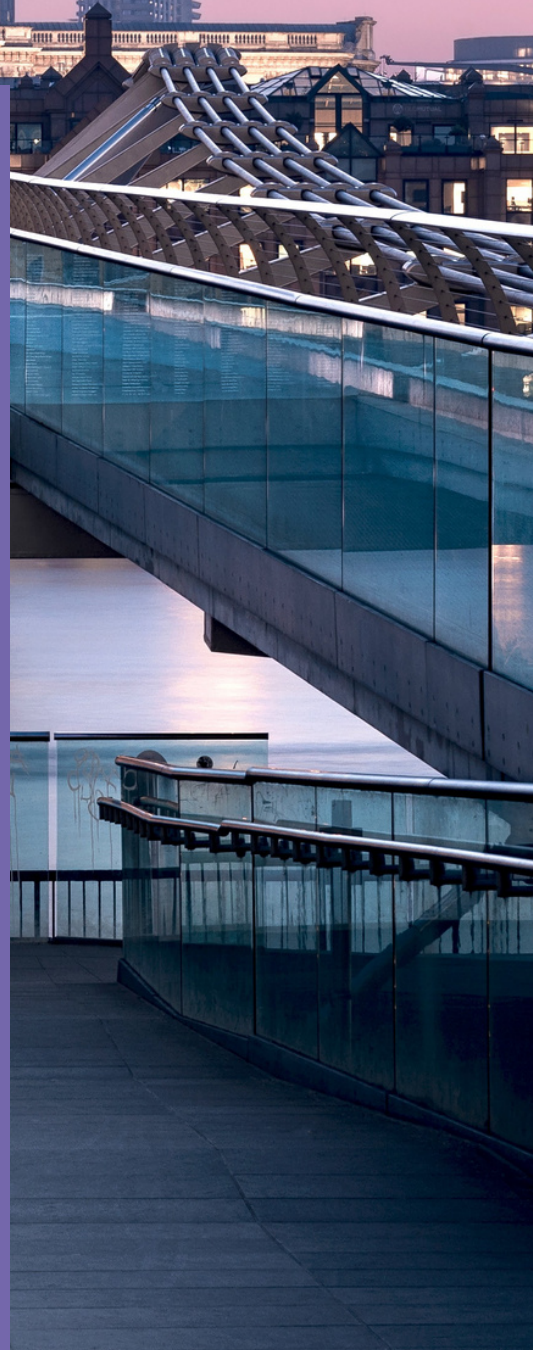


# Powering London

HOW UNIVERSITIES  
DRIVE GROWTH  
THROUGH PEOPLE,  
PLACE AND  
KNOWLEDGE

LONDON  
HIGHER 

JUNE 2023



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# Foreword



## **Rajesh Agrawal, Deputy Mayor of London for Business**

As Deputy Mayor for Business, I know the enormous contribution London's universities and businesses make individually to London and the rest of the country. This includes the impact universities have to local communities and London's wider economy. London's higher education sector is often at the forefront of cutting-edge research and development and attracts new international talent into the city every year, supporting London's businesses to access the skills and research they need to thrive.

As this report rightly showcases, working collaboratively, universities and businesses can amplify this impact even further. I have seen this first hand through the London Anchor Institutions' Network, where we are already seeing the excellent benefits partnership working can bring to our city, supporting inclusive economic growth, helping Londoners into Good Work and creating a cleaner, greener London.

This report identifies some important opportunities for further and deeper collaboration between London's businesses and universities, including through increased partnership working to identify local skills needs and research collaboration on key challenges faced by London's businesses to support growth.

I look forward to continuing to see the relationships between London's businesses and universities grow and thrive and ensuring that London remains the most open and attractive place to do business in the world. By collaborating, London's universities and businesses are making an instrumental contribution to the Mayor's vision to create a fairer, greener and more prosperous city.

A handwritten signature in black ink, appearing to read 'R. Agrawal'. The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Rajesh Agrawal  
Deputy Mayor of London for Business

# Introduction

London is one of the most successful cities in the world in terms of enterprise, global impact, and opportunities for growth. It has a wealth of thriving sectors, including finance, retail, creative, tech and tourism. Across all these sectors and more, London's higher education institutions make an essential contribution to their success.

London is home to more than 50 higher education institutions with over half a million students in total, including 120,000 postgraduate students. Around 22,000 of those are postgraduate research students.

This report showcases the range of benefits London's universities and specialist higher education institutions deliver across the drivers that support business growth:

- Offering world-class teaching and learning opportunities that ensure a diverse and talented workforce in the capital;
- Providing the research and innovation that unlocks new technologies and processes and increases productivity;
- Serving as beacons of opportunity, and providing essential services and support, to local communities within London; and
- Acting as a fundamental component of the city's global outreach, whilst at the same time helping to secure London's pre-eminent position as an attractive destination for people and investment.

## Acknowledgements

This report has been compiled in discussion with the KPMG's London Leaders' Circle. London Higher is grateful to KPMG, BusinessLDN and other members of London's business community for their ideas and support in creating this report. We want this report to be the start of a new era in university - business collaboration that benefits London, its communities, and the wider UK.


This report has been put together by Mark Corbett, Head of Policy and Networks at London Higher.

# Summary

London's higher education institutions make an essential contribution to the success of the capital's business and enterprise through people, research and development, local benefits, and global benefits.


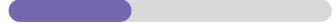
## People



- 1 London's universities produce **140,000+** graduates each year 
- 2 London's higher education institutions train **48,000+** essential professionals each year
- 3 **50%** of the UK's top ten universities for graduate employability are in London
- 4 London represents almost **one third** of the UK's graduate entrepreneurial activity

## Research & development



- 1 In 2020–21, the capital received **£1.61bn** in funding from UKRI 
- 2 London is the UK's **highest ranked** innovation cluster in the Global Innovation Index
- 3 **38%** of student start-ups are founded at London universities 
- 4 **Healthcare** is the biggest sector in London for student start-ups


## Local benefits



- 1 It is estimated that by 2026, universities will generate **£149m** in regeneration projects in London
- 2 Every London borough will soon be home to at least one higher education institution 
- 3 London Higher's Civic Map has over **250** examples of community support by universities in London
- 4 **8 in 10** London universities provide an enquiry point for SMEs 

## Global benefits



- 1 London is the **leading destination** for FDI, with 394 FDI projects in 2021 
- 2 London has **179,000+** international students, with **40%** of all first-year students coming to study in the capital being from overseas
- 3 The University of London has the largest transnational education provision in the UK, reaching up to **50,000** students worldwide
- 4 London's international students contribute **£9.59bn** in net economic benefit to the UK

# People

London's universities and specialist higher education institutions produce over 140,000 skilled graduates every year and London ranks first as the city with the highest educated and skilled population in the world. Just under two thirds (62%) of the London workforce hold at least a level 4 or 5 qualification (i.e. qualifications sitting between A-Levels and an undergraduate degree), of which 16% are educated to postgraduate level.

The capital's students are as diverse as the city itself.

Students of non-white ethnic backgrounds will make up 74% of those entering higher education (HE) in 2030, up from 68% in 2020. London universities consistently lead the way in social mobility, delivering unrivalled employment and progression outcomes for those from disadvantaged backgrounds. The Sutton Trust named the top 10 universities for social mobility in the UK in 2021, all of which were London universities. The same report also showed that 17 of the top 20 institutions for social mobility are London universities.

## Why is this important to business?

### 1. ESSENTIAL SKILLS

We need to address the UK's skills shortages. Businesses need a highly skilled, productive workforce to thrive. Graduates trained by London's 50+ higher education institutions are an essential element in providing the skilled, productive, diverse workforce that businesses need to succeed in local, national and international markets. The latest HESA data show there are currently 28,090 students studying engineering and technology in London, 103,145 studying business and management and 52,610 taking a design and creative and performing arts course.

## 2. KEY WORKERS

Universities are fundamental in providing the essential workers, from teachers to nurses and doctors, that keep London and the wider UK ticking. London's higher education institutions train over 48,000 essential professionals each year, with 16,000 enrolments in medicine, 21,000 in nursing and 11,000 in teacher training.

## 3. ENTREPRENEURIALISM

Almost one in 10 UK graduates can be defined as entrepreneurs and come from a range of disciplinary backgrounds, including STEM, humanities and the arts. Most entrepreneurial graduates start their business activities locally to where they were born and studied. London represents almost one third (31%) of the UK's graduate entrepreneurial activity. This success not only benefits London, but the whole of the UK.

## 4. GRADUATE EMPLOYABILITY

Universities ensure that the 'soft skills' needed in the workplace are being built into the curriculum. Kingston University London's student polling suggests that, when asked for competencies that students thought would most improve their future employability, they listed problem-solving, communication, and critical thinking as the top three. Universities incorporate transferable skills within courses and core modules, and also offer careers advice and access to internships and placements when partnering with business. Half of the UK's top ten universities for graduate employability are in London.

# How can businesses and universities maximise impact through collaboration?

- Business-ready skills are provided across all course disciplines. Universities and businesses should work together to communicate these in ways that enhance graduate employability prospects and commit to work together to fill higher level skills gaps that will complement [London's Local Skills Improvement Plan](#).
- Industry placements are an invaluable source of experience that add real value to taught courses. Universities and businesses should work together across London, and across different sectors and industries, to maximise placement opportunities for current students.
- Universities can benefit immensely from industry input and insights. Universities and businesses should agree to increase engagement between alumni working within business and their alma mater so they can provide support with governance, input into course development and facilitate business outreach strategies, among others.

## CASE STUDY 1: LONDON MET MEETING THE UK'S CHALLENGE OF NURSE SHORTAGES

London Metropolitan University [has been awarded](#) £5.8 million by the Office for Students (OfS) to support the creation of a new nursing subject area within its School of Human Sciences.

London Met will welcome its first cohort of 30 [Nursing\(Adult\)BSc \(Hons\)](#) students in September 2023. London Met plans to rapidly grow its intake of 30 nursing students in 2023 to over 400 in 2028,

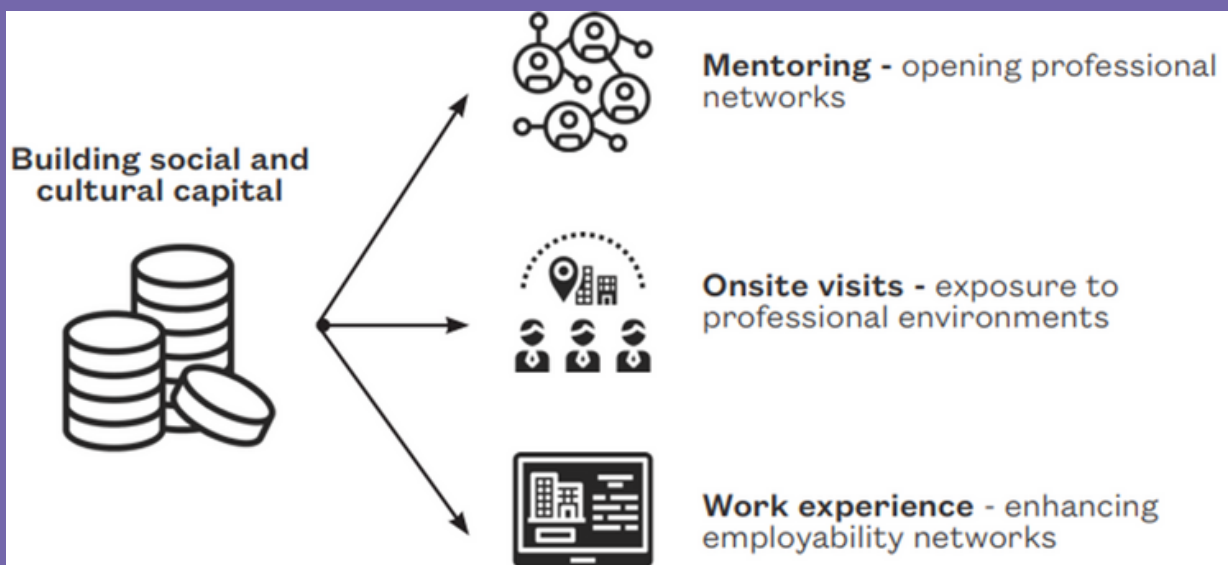


providing the capital with 1,500 new healthcare employees.

The funding will also allow the University to extend and further meet demand in existing allied health areas such as physiotherapy and dietetics, and to develop employer focused apprenticeships at Levels 4 and 5. The Centre will also enable the University to deliver a suite of short courses taught face to face and online through flexible delivery.

## CASE STUDY 2: UNIVERSITY OF EAST LONDON DIVERSITY OF THOUGHT PROGRAMME

In a study undertaken in 2020 it was established that less than 12% of University of East London graduates were working within Times Top 100 companies, something they were committed to change. In response to this, the Diversity of Thought Programme was developed to directly address the key stages of the recruitment cycle where those from marginalised backgrounds would be less likely to be represented. The programme is co-created with UEL's industry partners, with a menu of options to ensure it is complementary to partner recruitment processes. The programme aims to deliver maximum impact, driving a step change in diversifying the talent pipeline. Whilst each programme is bespoke, there are three core elements that make up all partner programmes and are intended to build social and cultural capital amongst UEL students and graduates. These are detailed in the diagram on the next page.



Two years on from the first programme, UEL is proud to be working with 16 Diversity of Thought partners including Amazon Web Services, Charity Works, IBM, ITV, and the V&A to name a few. Through exposure to workplace culture, one-to-one mentoring and leveraging the access to vital professional networks, UEL has been able to achieve and inspire a step change in supporting their students to access aspirational companies. For example, 88 per cent of their partners have directly recruited students from the Diversity of Thought talent pool, they've had 100 per cent growth in their programme partners year on year and 100 per cent of partners and students recommend the programme.

# Research and development

London is a research powerhouse, and the most powerful corner of the Golden Triangle, with the overall average of London research impact in the last Research Excellence Framework (REF) exercise – the government mechanism for assessing the quality of publicly funded research – beating that of the combined average of London, the East of England and the South East. The government's ambition to be a global science superpower and to

raise productivity can only be achieved through business and universities working together.

In the REF 2021 results, 47% of London's research was rated as 4\* or above (world-leading), demonstrating the world-class outputs derived from research spend in the capital. Research and development (R&D) performed in the South East, East and London accounts for well over half (54%) of all UK R&D.

## Why is this important to business?

### 1. DE-RISK INVESTMENT IN NEW AREAS OF RESEARCH

London's higher education institutions secure high levels of funding for R&D and work with businesses at high technology readiness levels (TRLs) on prototypes, demonstration and 'flight testing'. Fundamental challenges facing the UK on productivity, labour shortages and Net Zero are being addressed through research in collaboration with business. The Government ambition to deliver a "high-skill, high-wage"

economy can only be achieved by universities and businesses developing close partnerships.

In 2020–21, the capital received £1.61bn in funding from UKRI (UK Research and Investment) – the highest of any region in the country – and won over £575m, a third of the total funding from Research England. Research undertaken in London has contributed to advancements in healthcare, transportation, finance, and other sectors, benefiting regions throughout the UK.

## 2. INNOVATION CLUSTERS

Higher education institutions are at the heart of innovation clusters which allow business both to compete and collaborate, creating better productivity outcomes than businesses that operate in isolation. For example, South London has four innovation clusters, defined as “a group of specialised industries, which are linked by how they locate the skills that they require in order to prosper and also their interactions with other supply chains.” These strengths were recognised by the Government, with clusters being made a key pillar of the UK Innovation Strategy.

According to research by the Russell Group, London is the UK’s highest ranked innovation cluster in the Global Innovation Index. London universities have supported the “growth of the high-tech cluster through effective commercialisation of promising IP. In 2019/20, there were 755 active spin-outs from the five London-based Russell Group universities, employing over 6,220 people, with a combined turnover of over £253m and attracting £602m in external investment.”

### 3. SPIN-OUTS AND START-UPS

Universities in London are driving success in high-growth sectors including health, creative and tech. London is the UK's most successful region for start-up activity overall and has the highest concentration of student start-ups, with 38% of student start-ups being founded at London universities. Healthcare is the biggest sector in London for student start-ups, with Imperial College London's prestigious medical programme, together with that at the University of Cambridge, generating 62% of healthcare startups overall. The LSE is the leader in generating food tech start-ups, and one in seven Middlesex University London graduates manage or own a business.

Three of the top 10 UK institutions for spin-outs since 2011 are in London and three out of the top 10 UK spin-outs by value are from London universities. Since 2014/15, close to one in three patents granted to HE providers in the UK went to London institutions.

### 4. KNOWLEDGE TRANSFER

Knowledge transfer partnerships bring academics and businesses together to address industry challenges and improve processes or management capabilities, ultimately helping to make businesses become more competitive. They are open to both SME and larger businesses and are a proven way to address specific strategic needs. Firms that consistently invest in R&D are 13% more productive than those that don't.

# How can businesses and universities maximise impact through collaboration?

- Higher education institutions can help businesses solve challenges. Universities and businesses across London should look to strengthen opportunities for sharing business challenges, so that these can be explored by academics, students and graduates, and understood and collaborated on.
- London's higher education sector is an engine of ideas and innovation. Universities and business communities should work together to raise investment in spin-outs and start-ups emerging from London's higher education institutions, as well as garner support for university-led incubator and accelerator spaces.
- Successful ideas are often shared ideas. Higher education institutions and businesses should come together through participation in collaborative workspaces that generate pre-competitive ideas through shared experience, trust and, ideally, co-location.

## CASE STUDY 3: LONDON'S 'KNOWLEDGE QUARTER', ONE OF THE WORLD'S BEST LOCATIONS FOR SCIENCE AND INNOVATION

The one-mile radius around King's Cross railway station in north London has been revealed to contain one of the highest densities of knowledge-based businesses and science organisations in the world. This was discovered through a government-sponsored Science and Innovation Audit (SIA) led by the Royal Veterinary College (RVC).

Known as the 'Knowledge Quarter' (KQ), this area is an incubator for the UK, with its scientific institutions and spin-off businesses delivering novel technologies that are subsequently commercialised elsewhere and have a big impact on the global stage. The SIA found that the KQ's contribution to the wider UK economy is equivalent to the City of London and competes with leading innovation districts such as Kendall Square in Boston, USA.

The report confirms that the KQ is an international player particularly in the life sciences, data science (especially within machine learning or artificial intelligence) and digital collections.

# Local benefits

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London's universities enrich their local communities, with a proven record of strong civic impact. Over and above their roles in education and research, higher education institutions see the value of sharing their knowledge, expertise and

resources to support the areas in which they are located. London Higher has collected over 230 case studies on our interactive [Civic Map](#) that demonstrate activity across areas such as business growth, sustainability, health and creative.

## Why is this important to business?

### 1. ECONOMIC HUBS

Campuses are themselves economic hubs that add value to their local areas. Through procurement of goods and services, universities support the supply chains of large and small businesses across the capital. Students themselves are consumers that support London's vibrant retail sector, creative sector and night-time economy. For example, UCL alone generated £9.9bn of economic impact across the UK in 2018/19, which is comparable "every year to the trade boost delivered by the 2012 London Olympics."

### 2. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Universities play an important role in understanding the needs of their local area and providing support for marginalised or disadvantaged groups, bringing them into the workforce by offering short courses



to skill, upskill or reskill, thereby enhancing the pool of local talent. Businesses can work with their university to align their own corporate social responsibility activities for maximum impact.

### 3. BETTER COMMUNITIES

Universities strengthen local communities by providing graduates, supporting jobs and often providing communal spaces for people to access. Universities foster cultural life and public engagement through providing initiatives such as free public lectures, dance and musical performances, and exhibitions at university galleries or museums. Higher education institutions also play an important role in attracting funding for local regeneration projects, with an estimated value of £149 million in London by 2026.

### 4. BUSINESS GROWTH

Universities offer advice and guidance, such as free legal clinics or advice centres, to local businesses to help them grow and strengthen supply chains. In London, 79% of universities provide an enquiry point for SMEs and three-quarters (74%) provide courses for the public.

# How can businesses and universities maximise impact through collaboration?

- When higher education institutions and businesses combine, we can create a force for good in the community. Universities can and should become a vital pillar of business-led corporate and social responsibility strategies and, to facilitate this, universities should make details of university representatives easily accessible for businesses to start conversations.
- Universities and businesses can both give a helping hand to new companies and SMEs. Universities in London would do well to produce signposting for the business support that they offer to SMEs. Similarly, larger businesses can play a role in signposting other smaller businesses, who they might be working with in their supply chains, to universities to boost their efficiency and services.
- Partnership working between higher education institutions and businesses can help retain graduates in the local ecosystem. Representatives from local businesses, who understand the skills and qualifications needs of their region, are ideal partners for universities to help them devise courses and opportunities appropriate for the future local workforce.

## CASE STUDY 4: SUPPORTING LOCAL BUSINESSES - BRUNEL UNIVERSITY LONDON

Brunel continues to foster links with local businesses, via the Co-Innovate project in Hillingdon. The Help To Grow project for SMEs within the Brunel Business School and also acts as a focus for innovation and entrepreneurship through the Central Research Laboratory.

The university established the successful Central Research Laboratory in Hayes, the UK's first product-based accelerator for start-ups, in partnership with U + I and this has become a model which is to be rolled out nationwide by its partner. To date, over 100 businesses have been supported, and in 2021 Brunel secured £1.6M from Research England, to work with their partners U+I to launch their new accelerator programme Making the Future Digital, extending the support they provide for graduates start-ups while also growing the local economy.

The university also actively supports businesses through up-skilling, providing recovery-funding, project based work and undergraduate placements (c.1,400 per annum). Their ability to develop partnerships across industry and local and central government is important to the local economy, especially as the region looks to forge an economic recovery. The university is an active supporter of Chambers of Commerce and local business organisations such as West London Business.

# Global benefits

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London is a truly global city and a world-renowned destination in which to live and study, ranking as the number one best student city in 2023 by QS. London's global status and consistent inbound flow of students contributes to business and industry across the country. As global competition

continues to increase, we must take steps to maintain London's and the UK's competitive advantage. International partnerships will be crucial to achieving these ambitions. In the latest QS world university rankings, two London universities appear in the top 10.

## Why is this important to business?

### 1. FOREIGN DIRECT INVESTMENT

The reputation of London's universities attract foreign direct investment (FDI) to London and enhance international relations, benefitting the whole of the UK. FDI drives economic growth and helps to solve global challenges, as well as reinforces local industry clusters and creates jobs, leading to higher productivity.

London remains the leading destination for FDI in Europe, attracting 394 FDI projects in 2021, in contrast to 133 in Paris and 140 in Madrid.

## 2. GLOBAL OUTREACH

Universities collaborate globally with other universities, foreign businesses and multi-national corporations. In addition, many London universities run overseas campuses, such as Middlesex University London which has campuses in Dubai and Mauritius. These international partnerships allow the UK to maintain its competitive advantage and play a key role in international diplomacy, enhancing our soft power and reputation abroad. Much of this can be done through transnational education (TNE). The University of London has the largest TNE provision in the UK, reaching 50,000 students worldwide.

International research collaboration is also very important in this. For example, 55% of Imperial College London's research publications are the product of international research collaborations.

For home students in London, exposure to an international environment encourages them to complete short periods of overseas mobility. From these opportunities they can bring back new ideas, build lasting connections and facilitate the acquisition of new skills, which can fill gaps in the labour market.

## 3. INTERNATIONAL STUDENTS

International students add diversity and a range of skills and perspectives to the London workforce; all of which is associated with higher levels of productivity in business. A recent report from AGCAS found that international graduates are working in regions throughout the UK, with 29% based in London.

It also found that 15% of international students were being sponsored by their employer under the Skilled Worker route, carrying out shortage occupations. International students also maintain London's and the UK's global reputation – soft-power – through bringing positive stories back to their home countries, often encouraging more investment in the UK.

There are almost 99,000 first-year students enrolled at London-based higher education institutions. The concentration of international students in London is twice the UK average, with one international student per approximately 90 members of the resident population, compared to a ratio of one to 180 UK-wide. 40% of all first-year students come to study in the capital from overseas.

The net economic impact of the 2021/22 cohort of international students in London on the UK economy is £9.59 billion (UK-wide it is £37.4 billion), equating to an average net impact in London of £131 million per constituency; that's equivalent to £1,040 per resident. This is almost double the contribution per member of the resident population nationally.

## How can businesses and universities maximise impact through collaboration?

- When universities and businesses present a united front, they can be a magnet for investment in London and the wider UK. Agreeing to collaborate in campaigns, marketing, programmes and initiatives on the international stage can enhance both sectors' appeal to potential investors.

- London's international graduates can help businesses that are wanting to grow internationally. Working with London's universities and their sizeable international student populations to provide placements, work experience and paid internships can be a sure-fire way for businesses to acquire the global talent and connections they need, as well as give students and graduates a head start in their careers in the UK. Businesses can work with universities across London to create mutually-beneficial pathways to employment for London's international students, supporting them through the Graduate Visa route.
- Working with universities provides a strong foundation for growth. Investment from London businesses in international research collaborations and student mobility programmes across London's higher education institutions can strengthen business outcomes and workforces, and ultimately help make the case to Government for sustained growth in the capital.

## CASE STUDY 5: IMPERIAL WHITE CITY

Imperial's White City Campus anchors the White City Innovation District which is fast emerging as a global economic and cultural hotspot in West London. At White City, Imperial is building a thriving and inclusive innovation ecosystem, supporting all ages to develop STEM skills and confidence, co-locating university R&D with industrial collaborators and supporting start-ups and spin-outs to accelerate local growth.

The collaborative campus provides innovation spaces and tailored support for startups and businesses all the way from ideation and incubation to scaling up. The community engagement programme includes a range of education, skills and capacity-building initiatives for local residents of all ages and backgrounds. This thriving ecosystem enables partners to work together in new ways – helping to address global challenges as well as creating high-quality jobs and economic growth in London, across the UK and beyond. Imperial student green tech startup Puraffinity, for example, has been part of Imperial's innovation ecosystem since 2014 and is now establishing a new manufacturing centre near Middlesbrough. NATO's Defence Innovation Accelerator for the North Atlantic (DIANA) is also hosted at White City, enabling NATO partners to develop new security technologies.



# Conclusion

London's higher education institutions are an important part of the capital's business ecosystem. They provide the skills that businesses need, attract international talent to our city, and are often at the heart of research, innovation and investment. For London to thrive and achieve its full potential, it is important that London businesses recognise London's many universities and higher education colleges both as assets and partners to boost business growth.

It is hoped that the recommendations in this report will help to kickstart a positive and proactive relationship between the London business community and London's university sector and encourage businesses of all sizes and industries to tap into the immense resources held by universities across the capital. The more business and university interactions that take place, the more the value added for our city and nation at large.



# London Higher

is the representative body for almost 50 universities and higher education colleges across the capital. We are committed to raising the voice of London's higher education and research sector and ensuring our members are making the London higher education experience the best it can be for students and staff from around the world.

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