

CABINET MEETING: 11 DECEMBER 2014

**CABINET RESPONSE TO THE REPORT BY THE ECONOMY
AND CULTURE SCRUTINY COMMITTEE ENTITLED “HIGHER
EDUCATION INNOVATION IN CARDIFF”**

**REPORT OF DIRECTOR OF ECONOMIC DEVELOPMENT
AGENDA ITEM:3**

PORTFOLIO: LEADER (ECONOMIC DEVELOPMENT & PARTNERSHIPS)

Reason for this Report

1. To respond to a report published by the Economy and Culture Scrutiny Committee in November 2013 entitled “Higher Education Innovation in Cardiff”.

Background

2. As a part of the Economy and Culture Scrutiny Committee work programme for 2012-13, the Committee agreed to consider Higher Education Innovation. The scope of the scrutiny was to provide an overview of innovation in the context of higher education institutions and to identify the role the Council can play in supporting higher education institutions.
3. The following issues were examined for this short scrutiny exercise:
 - What is innovation and what role do Higher Education Establishments play?
 - The benefits for Cardiff that can emerge from innovation supported by Higher Education Establishments
 - The policy context surrounding innovation in Wales
 - The Councils current levels of support for / and partnership arrangements with Higher Education Establishments in Council
 - The appropriateness of these levels of support
 - Whether there is scope to improve and expand support for Higher Education Innovation
 - Examples of good practice from relevant local authorities and universities.

Issues

4. The report recognised the important role that higher education institutions play in supporting the local economy, and the interactions that exist between higher education, business and the public sector in promoting and supporting innovation in the city's higher education sector.
5. The report also recognised the work undertaken by partners in the sector to promote and support innovation in the Higher Education sector in the city.
6. The report makes 15 recommendations and all have been accepted or partially accepted. Full details of the recommendations and response are contained in appendix 1.

Reason for Recommendations

7. To enable the Cabinet to respond to the report published by the Economy and Culture Scrutiny Committee.

Financial Implications

8. Any relevant financial implications will be identified and considered as part of the work to progress the responses to the recommendations that are accepted.

Legal Implications

9. Any relevant legal implications will be identified and considered as part of the work to progress the responses to the recommendations that are accepted.

RECOMMENDATIONS

Cabinet is recommended to agree to the response to the recommendations as set out in Appendix A.

NEIL HANRATTY

Director

5 December 2014

The following appendices are attached:

Appendix A: Cabinet Response to the Report by the Economy and Culture Scrutiny Committee into "Higher Education Innovation in Cardiff"

The following background papers have been taken into account

A Report of the Economy & Culture Scrutiny Committee Higher Education Innovation in Cardiff November 2013

Cabinet Response to the Report by the Economy and Culture Scrutiny Committee into “Higher Education Innovation in Cardiff”

Cabinet welcomes the findings of the Economy and Culture Scrutiny report into Higher Education Innovation in Cardiff. A response to each of the recommendations is set out below. It should be noted that the responses will need to take into account the fact that the City of Cardiff Council is just one partner involved in the wider innovation eco-system for the city. The lead organisation in delivering many of the recommendations would be the Welsh Government and higher education. Allied to the context of current resource constraints, and reducing resources projected for the next three years there will inevitably be a commensurate reduction in overall levels of service delivery. Subsequently a result services provided will need to become more focussed and targeted on those areas that can have the greatest impact in terms of supporting innovation.

R1. The Cabinet ensures that the Council continues to improve its relationships with the Universities in the city, particularly by undertaking joint forward planning and sharing ‘masterplans’, ensuring the visions of the Council and Universities in Cardiff are aligned. Supported by Key Finding 6

Response: This recommendation is accepted

Officers will work closely with the city’s universities to ensuring that developments across the city are co-ordinated. In particular officers are working with our city’s higher education institutions in order to maximise the impact of current investment into incubation facilities, to remove duplication in provision, and to ensure that strategic projects are undertaken together. Such an example is the work currently taking place regarding Cardiff University’s Innovation Campus.

R2. The Cabinet ensures that the Council continues its commitment to the SPIDER project by supporting officers to participate in the training programmes developed as a result. Supported by Key Finding 5

Response: This recommendation is accepted

Officers will continue to work with Cardiff Metropolitan University to deliver the outputs of the SPIDER project. Through SPIDER, Cardiff Metropolitan University has developed training for public service staff on service design which is available for City of Cardiff Council staff for free. Cardiff Metropolitan University are also running a series of lunchtime seminars on topics relating to service design for Cardiff staff.

R3. The Cabinet ensures that Cardiff continues to advance as an attractive place to work and locate a business by improving transport links, housing standards, the city environment and raising the city profile. Supported by Key Finding 12

Response: This recommendation is accepted

This will be a focus of the development of the city, best described by the vision for the city to become Europe's most liveable capital city. As part of this we hosted an event in October called the 'Cardiff Convention' that brought together international experts to look at best practice from across the globe. The event included experts from various fields participating, from how we use our city's spaces, transport experts, those with knowledge of implementing sustainable city projects, to branding specialists. A report of this event is being produced that will be used to inform future strategy and actions.

Cardiff is also participating in a transnational co-operation project with the Conference of Atlantic Arc Cities, Dublin, Faro, La Rochelle, Liverpool and San Sebastián. The project is called AT Brand, and aims to engage communities in participating cities in understanding what makes their cities great – and how our communities think we should promote ourselves. In Cardiff the project was launched on the 31st July, and is also being undertaken in partnership with Media Wales who will use their media platform as a way of communicating the project.

The Cardiff Business Council has also begun to work with partners and members to promote the city as a place for business to locate.

R4. The Cabinet ensures that the Council continues to provide financial support to innovative start-ups in the city, and is willing to take risks in supporting businesses and trialling their products or services. Supported by Key Findings 14 and 20

Response: This recommendation is partially accepted

This view is accepted, however funding constraints mean that we are no longer currently providing any significant levels of financial support for start-ups in the city. Officers are exploring ways of identifying external funds to support this, but given the current funding squeeze faced by local authorities and public services across Wales this will not be an easy task. It is hoped that the next round of European Funding will provide some support for these activities, but this will nonetheless be restricted to those activities eligible for funding.

Procurement law will clearly create some obstacles for local government in trialling new products, and we also need to be aware of risks in using Council resources in risky ventures where the financial rewards would accrue to private

businesses rather than the City of Cardiff Council. Nonetheless, we do understand the impact that innovative, high value added business can provide to the city, and will be promoting other means of supporting innovation in business, such as Horizon 2020. Horizon 2020 is the EU Research and Innovation programme, with around €80 billion of funding available from 2014 to 2020. Aimed at securing Europe's global competitiveness, Horizon 2020's aim is to remove barriers to innovation and make it easier for the public and private sectors to work together in delivering innovation.

The Capital Cardiff fund, whilst restricted in terms of resources, also provides equity support for those businesses who may offer significant growth potential. As outlined above, officers are looking at identifying potential sources of funding to continue to deliver this.

R5. The Cabinet ensures that the Council continues its support of incubation space in the city and looks to promote these more widely, to all Cardiff based universities and their relevant graduates. The Council should explore the opportunity of developing further incubation space with Cardiff Metropolitan University (Centre for Product Design & Development Research) and University of South Wales (ATRiuM). Supported by Key Findings 16 and 17

Response: This recommendation is partially accepted

The City of Cardiff Council is working closely with higher education in the city to develop and promote incubation facilities. This needs to be undertaken, and in many cases led, with partners to ensure that the best possible space is provided, with the best possible support with a level of resource commensurate with the requirements of the developments taking place. Support will also be entirely privately led too, examples in the city centre including Founders Hub that is providing space for small and innovative businesses primarily focussing on creative and digital enterprises. It is important that the Council's role here is to support an innovative environment and not necessarily to lead on the development of incubation and innovation facilities.

With regard to work currently underway, we are in discussions with Cardiff University and Welsh Government about developments around CBTC and the Cardiff Medicentre with a view of improving current incubation facilities, and providing resources for investment in new facilities. We continue to work with all partners in the city to explore options for the development of incubation facilities across a range of key sectors.

R6. The Cabinet ensures that the Council continues to develop plans with the Welsh Government to provide office space for innovative companies who are looking to move on from incubators, such as a science park.

Supported by Key Findings 17, 18 and 19

Response: This recommendation is partially accepted

As above, the City of Cardiff Council is working closely with both public and private sector partners to support future development of incubation facilities and follow-on space in Cardiff and the city-region. This role can take many forms, such as supporting funding bids, or facilitating partnerships. It is important to note that this will not necessarily mean that the City of Cardiff Council will always have direct involvement in delivery. In many cases the Welsh Government and the higher education institutions will be the lead organisation. This will also require working with UK Government and the EU to support investment. This also includes supporting the development of facilities throughout the city-region, such as the Innovation Centre for Enterprise in Caerphilly. As highlighted above, it is important to note that the private sector may also be the lead body in taking forward developments.

Current developments include working with the Welsh Government to develop new office accommodation for innovative businesses, such as Capital Quarter and the new Life Sciences Hub Wales.

R7. The Cabinet encourages the Cardiff Business Council (CBC) to provide support and advice to innovative start-up companies and entrepreneurs, and ensures that all businesses in Cardiff are aware of the CBC. Supported by Key Finding 24

Response: This recommendation is partially accepted

It is important to note that the Cardiff Business Council is not a business support or advice organisation, rather it is a business-led organisation set up to grow Cardiff's private sector by marketing and promoting the Cardiff Capital Region. Cardiff Business Council also acts as the primary link between the City of Cardiff Council and the local business community, be they inward investors or indigenous businesses.

It is, however, recognised that start-up and small businesses need to be a central part of the Cardiff Business Council, and subsequently it has recently welcomed representatives of smaller businesses to the board. Through engaging with a wider group of partners the Cardiff Business Council aims to share information and signpost businesses to support, supporting the development of a wider business to business network.

R8. The Cabinet ensures that the Council looks to support universities in hosting global events in the city, and uses them as opportunities to further promote Cardiff to businesses and entrepreneurs. The Council should have a strategy in place and information available to sell the city to a global audience. Supported by Key Finding 11

Response: This recommendation is partially accepted

Whilst this is seen as an important role for the Council, it must also be recognised that there is a greater role for other organisations such as the Welsh Government.

The Council Economic Development team does currently work with conferences teams within the city's universities to promote Cardiff as a location for academic events. In addition, through the Cardiff Business Council we will also promote the ability of the city's universities to host major events and conferences, notably there is a presence of all the city's universities on the Cardiff Business Council board.

In terms of our strategy to promote Cardiff to a global audience, we have been active in attending events such as MIPIM in Cannes, one of the world's largest property development conventions. In addition higher education partners are also working to promote the city's potential as place to host global events, including a presence of Cardiff Metropolitan University in Beijing.

Furthermore Cardiff Council has also recently joined Eurocities, and will work with the network to attract and promote events in the city.

R9. The Cabinet ensures that the Council looks to learn lessons from leading British regions, such as Manchester and Oxfordshire, in terms of innovative business and entrepreneurial presence, ensuring Council officers are in active engagement with counterparts in these leading regions. Supported by Key Finding 26 and 27

Response: This recommendation is accepted

This is an area where it is accepted that greater collaboration and working with other areas is of significant benefit to Cardiff. However, the current approach is to learn from cities and city-regions rather than regions, and it is for this reason that we have joined the Core Cities network. The City of Cardiff Council has also recently joined the Eurocities network, which is Europe's biggest network of cities. We will also continue to work closely with the Welsh and UK Governments.

R10. The Cabinet ensures that all the advice and support available to new businesses in the city is pulled together and catalogued, regardless of who may provide this support. This should include the development of clear guidance and advice for businesses on where the responsibility of the Council, Welsh Government and other organisations such as Finance Wales lies. Supported by Key Finding 23, 24 and 25

Response: This recommendation is accepted

The City of Cardiff Council has revised its website to provide more streamlined support and signposting for businesses. However, much of the support is provided nationally, and it is anticipated that the new European Funding Programmes are likely to influence future provision of business support, from advice through to grant and loan funding, and it is considered prudent to get a better understanding of what national provision will be available ahead of any radical changes in communication. The Council currently provides a single e-mail point of contact using the businessadvice@cardiff.gov.uk address, and C2C are briefed on main contacts within Economic Development. Officers will continue to look at and revise the Council website in line with this recommendation in partnership with key stakeholders and service providers in the city.

R11. The Cabinet ensures that a community of Cardiff based entrepreneurs is developed, through the formalising of networks that exist within the city, the promotion of businesses through local press and the press of partners, and through Cardiff Business Council. Supported by Key Finding 22

Response: This recommendation is partly accepted

The City of Cardiff Council is committed to supporting the development of business networks in the city, and promoting the role of business in local press. For example, we have supported the development of the Cardiff Start network of technology entrepreneurs in the city, and subsequently have seen Cardiff become a member of the UK Tech City Cluster Alliance. The role of business across sectors has also been supported through local activities, such as our support of the annual Small Business Saturday event that takes place in December.

R12. The Cabinet ensures that the Council further develops the promotion of the services and advice it has available, making contact with businesses and ensuring that the Council is embedded as a

place to provide support to businesses in the city. Supported by Key Finding 25

Response: This recommendation is accepted

The City of Cardiff Council is pro-active in its support of business and seeks to maintain its position as a first point of contact for business. However, the role now needs to extend into a facilitation role as well as delivery in order to maximise the support we can provide for businesses in Cardiff given current funding constraints.

R13. The Cabinet ensures that the Council's Economic Development Directorate develops a reporting mechanism that evidences the Council's support of innovative start-ups and entrepreneurs. This information may include; businesses that have received financial support and investment; the progress and performance of companies that have been invested in; any stakes/shares the Council owns in companies; interactions between entrepreneurs and the Council; companies using council incubator space. Supported by Key Finding 16

Response: This recommendation is accepted

The City of Cardiff Council already has in place a Customer Relationship Management database for current interactions with business. This includes information on the type of business interactions, the sector and area the businesses are working in, the support being provided (both by the City of Cardiff and partners) and the expected level of job creation from the business.

However, in the future this will be embedded within wider work that is taking place to improve the Council's overall CRM capabilities. This will aim to ensure that all interactions with businesses are monitored, rather than just those between the Economic Development function and businesses. There will be some restrictions in data that is available from some businesses, for example, monitoring certain financial progress of a company if they have not given permission for data to be used, or it is not publically available.

R14. The Cabinet ensures that the Council works with each university in the city to develop community engagement strategies, with a view to increasing the number of community based projects, apprenticeships and school based projects undertaken by universities and their students. Supported by Key Finding 10

Response: This recommendation is accepted

The City of Cardiff Council is working with higher education in the city to develop partnerships in developing and delivering projects. For example, the Wales Economic Research Unit has recently completed a draft report looking at employer engagement with those not in education, employment or training. The City of Cardiff Council will work with higher education to develop these activities further. It should also be noted that Cardiff University have recently launched a number of community engagement projects, which Council officers are also participating in.

R15. The Cabinet accepts these recommendations and in its response, identifies an action plan, including timescales, for the implementations of the accepted recommendations.

Response: This recommendation is accepted

The City of Cardiff Council accepts, or partially accepts all of the recommendations, which will be address (or have been addressed) as outlined above. However, where appropriate the recommendations will be built into future business planning processes rather than developing a new action plan.