

Please find attached a submission to the Committee Inquiry into Economic Growth and Job Creation in a Reduced Tax Environment on behalf of Ulster University.

If the Committee would like any further information, please contact me using the details below.

With best wishes,

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Ulster University submission to the Committee for Enterprise, Trade and Investment Inquiry into Growing the Economy and Creating Jobs with Lower Corporation Tax

1. Introduction

- 1.1 Ulster University is an institution with a national and international reputation for excellence in higher education, innovation and engagement with business and industry.
- 1.2 Ulster University is a pioneering, forward-looking institution with the unambiguous aim of working in partnership to promote the economic, social and cultural development of Northern Ireland and the promotion of the region internationally.
- 1.3 With campuses in Greater Belfast, Coleraine and Derry~Londonderry, Ulster University contributes significantly to sub-regional development.
- 1.4 Ulster University has a proven commitment to, and achievement in, widening access to higher education and thereby promoting economic and social inclusion.
- 1.5 The University works in partnership with, for example, Invest NI to attract Foreign Direct Investment to Northern Ireland through its research capacity, high quality graduates, international partnership networks, commitment to innovation, and close engagement with the business world.
- 1.6 The focus of this inquiry is to examine how best to maximising the potential of Northern Ireland as a region to attract investment, grow businesses and create jobs across the region, particularly in advance of the devolution of power to vary the rate of corporation tax.
- 1.7 Ulster University believe that this cannot be achieved without the skills development and training of our young people to be able to both attract and retain investment from local and global companies and ultimately to secure these roles for themselves.
- 1.8 Therefore, investment in and support for higher education will be the critical factor in ensuring that Northern Ireland is able to successfully rebalance and grow its economy.

2. Higher education as key economic driver

- 2.1 Recent reports by Universities UK¹ highlight that higher education is worth £1.5 billion to the local economy per year, creating over 18,000 jobs.
- 2.2 Ulster University alone employs over 3,000 people in Northern Ireland, delivering £112 million annually in salaries to the local economy and a further £15m through the local supply chain.
- 2.3 Ulster University works with NI business, offering a number of services that can help improve productivity, efficiency and competitiveness. During 2014, the University delivered more than 50,000 days of management training and provided over 1,000 innovative solutions to companies, working to help them reach their full economic potential.
- 2.4 Over the past five years, 18 new spin out companies have been established with support from Ulster University, with an estimated turnover of £26.5 million and currently employing 229 staff. In 2014 alone, four new companies were created and five technologies were licensed for global use.
- 2.5 Ulster University graduates are highly sought after as our degrees are structured to maximise the employability of our students. The skilled and talented local graduate workforce is one of the most compelling aspects of Northern Ireland's investment proposition.
- 2.6 Recent announcements of investment and job creation, with the support of Invest NI, by companies including Kainos, Citi, Allen and Overy and Rapid7 have all stated that graduate skills are the key factor in securing their investment here.
- 2.7 Having a strong pipeline of highly qualified graduates, supported by thriving higher education institutions, is critical to growing the economy and creating jobs and investment.

3. Ulster University contribution to economic growth and job creation

- 3.1 For higher education to effectively contribute to economic growth, it must be responsive to the needs of industry. Ulster University works closely with business and industry representative to guide the formation of new courses, updating of existing courses and shaping our research agenda, ensuring skilled, work ready graduates are developed.

¹ [The Economic Impact of Ulster University on the Northern Ireland Economy](#) and [The Economic Impact of Queen's University on the Northern Ireland Economy](#)

- 3.2 This work is also closely aligned to the areas targeted in the Economic Strategy as having the greatest potential for economic growth.
- 3.3 In Life and Health Sciences, Ulster University has established a partnership with the local medical research industry that will place Northern Ireland at the forefront of research into Stratified Medicine. The industry liaison committee includes representatives of international healthcare companies based in Northern Ireland, which have strong research capability including Almac, Randox and Aridhia Informatics. The committee is helping to shape the relevance of research and collaborations undertaken by the centre, as well as contribute to the development of new courses delivered by the University on stratified medicine. This collaboration is ensuring our students will graduate with the skills needed by local employers, as well as allowing the University to truly enhance health provision and realise the full economic benefits of stratified medicine research, particularly in terms of our ability to attract inward investment in this sector.
- 3.4 In terms of new courses responding to industry need, the University recently launched new courses in Mechanical and Manufacturing Engineering and in Renewable Energy, to allow students to take advantage of the growing engineering sector. The University works with some of the most successful, high growth companies in Northern Ireland such as B/E Aerospace, Kilkeel, Intelesens Ltd, Belfast and Elite Electronic Systems, Enniskillen to showcase the skills of our students. As well as boosting their career prospects, the relationship with such companies ensures we develop students with essential, relevant, industry ready skills.
- 3.5 Ulster University works in partnership with a range of industries across Northern Ireland through initiatives such as the Northern Ireland Connected Health Innovation Centre and the Capital Markets Collaborative Network. The Network aims to position Northern Ireland as a global centre of excellence for research and development in Capital Markets Engineering and as a priority for Foreign Direct Investment in this sector.
- 3.6 Despite the economic challenges of recent years, one of the success stories for Northern Ireland has been the continued growth of the Creative Industries. The UK's creative industries are now worth £71.4 billion per year to the UK economy, or £8million per hour. It has outperformed all other sectors in the economy, growing at 3 times the average growth rate for the economy.
- 3.7 This can be seen no more obviously than in Northern Ireland, where Ulster University provides the vast majority of creative graduates into the visual and applied arts and design professions, the backbone of the industry.

3.8 Graduates fluent in modern languages play an important part in Northern Ireland's attractiveness for direct foreign investment, and our credentials and leadership in teaching Chinese responds to the opportunity presented by the world's fastest growing economy. Ulster University underpins the talent required for the new emerging industries locally, and ensures we are ready to meet the demands of the international marketplace.

4. Risks to higher education as an economic driver

4.1 The single biggest risk to the impact of higher education as economic driver is the reduced investment in the sector.

4.2 Over the past four years, Ulster University has had to absorb significant cuts as our budget has been reduced by 14% as part of the 2010 Comprehensive Spending Review.

4.3 In addition to this, the University is also currently putting into effect an in year cut of 3.95%, or £3.15 million.

4.4 This means that already, universities in Northern Ireland including Ulster University are underfunded when compared to institutions in other regions of the UK by between £1,000 and £2,500 per student, per year, depending on the area of study.

4.5 The Northern Ireland Executive Budget for 2015/16 will see a further cut in public funding and the only way to deal with this whilst maintaining the quality of provision is by reducing the number of student places.

4.6 This will have a number of consequences, including an increase in students leaving Northern Ireland to study at universities in other regions of the UK.

4.7 Ulster University believes this will place local students who would have preferred to study in Northern Ireland at a significant disadvantage. They will be forced to go to other regions of the UK for a university education where they face significantly higher tuition fees than they would have expected to pay if studying here.

4.8 Furthermore, evidence from the Department for Employment and Learning indicates that only two in five of those who go to GB to study choose to return to Northern Ireland to work after they graduate, compared to nine of ten students who remain after they graduate from local institutions.

4.9 The number of students who choose to remain in GB after they complete their studies is likely to sharply increase if the proposed cuts become a reality.

- 4.10 Students who cannot secure a place at Northern Ireland universities and who are reluctant to or cannot move to other areas of the UK to study, may be forced to forego a university education altogether.
- 4.11 All of these factors pose a very real and very serious risk to the pipeline that will be available to attract and retain Foreign Direct Investment. With fewer highly skilled, work ready graduates, Northern Ireland's investment proposition will be severely undermined.
- 4.12 Northern Ireland may not be in a position to take advantage of any future reduction in the rate of corporation tax if we cannot provide the number of skilled graduates to attract investment and secure jobs created as a result.

5. Conclusions

- 5.1 At this critical time for the Northern Ireland economy, the role of higher education has never been more important.
- 5.2 Our skilled and talented local graduate workforce is one of the most compelling aspects of Northern Ireland's investment proposition but reduced investment in higher education has the potential to severely undermine it.
- 5.3 To address this gap, investment in higher education must be prioritised as a matter of urgency. The current structure for funding higher education is unsustainable and will not be able to support the realisation of the benefits that the power to vary the rate of corporation tax will bring.
- 5.4 The wider strategic importance of higher education cannot and should not be underestimated. Having a well-rounded investment proposition, growing the economy successfully and sustainably and creating jobs is entirely dependent on a developing a skilled workforce.

Ulster University
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