KTP Programme

The Impacts of KTP Associates and Knowledge Base on the UK Economy

July 2015

Executive Summary
Acknowledgements

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Executive Summary

Background / Introduction to the Study

This report presents the findings of an independent study commissioned by Innovate UK to evaluate the economic impacts and other benefits, arising for the UK economy from the participation of the KTP Associate and Knowledge Base partner in the Knowledge Transfer Partnership (KTP) programme. Warwick Economics and Development were appointed in July 2014 to carry out this study.

The KTP programme aims to help UK businesses to improve their competitiveness and productivity through the better use of knowledge, technology and skills that reside within the UK Knowledge Base i.e. a higher education institutions, colleges or research organisations.

The programme originated some 40 years ago and has since become well embedded within the UK’s knowledge transfer and business support infrastructure. Innovate UK is the lead funding organisation for KTP, in partnership with the Research Councils, the Devolved Administrations, Department of Health, Department for Environment, Food and Rural Affairs as well as the Nuclear Decommissioning Authority and RSSB (formerly known as the Rail Safety and Standards Board), both of whom have been one off funders of calls for KTPs on specific themes.

Study Findings

The study findings are based on both qualitative and quantitative research including interviews with a wide range of stakeholders, extensive review of the information held in Innovate UK’s KTP databases, surveys with Associates and Knowledge Base institutions participating in the programme and detailed discussions with Knowledge Base organisations.

The findings complement a previous study undertaken in 2010, which established that, between 2001/2 and 2007/8, the overall net additional impacts generated for the UK economy by businesses participating in KTP totalled £1.6-£1.8 billion of GVA. This estimate was based on the annual turnover impact/change reported by businesses participating in the programme.

The approach to quantifying the impact of KTP Associates’ participation on the UK economy has been to estimate the impact of their participation on productivity, as reflected in their salary and related Gross Value Added (GVA). The economic contribution of new businesses started by KTP Associates has also been taken into account for first time in this study.

The study offers a unique insight into the views of programme participants and has produced a wealth of information and the key study findings are summarised below.

Additional Economic Impacts as a result of participation in KTP

- This study has shown that an additional £369 million to the UK GVA, not taken into account in the previous study, has been generated though participation of KTP Associates in the programme in this period. This brings the total net additional impacts secured by KTP between 2001/2 and 2007/08 to £1.97 - £2.17 billion.

- This study also estimates that KTP Associates working in non-KTP participating businesses have generated an additional net direct and indirect contribution to the UK GVA of between £933 million and £968 million over the 30-year period 1984-2014 (for which consistent KTP management and financial data exist).

- Estimates of the Return on Investment (ROI) of the programme have shown that approximately £7.5-£8 of net additional GVA is generated for every £1 of KTP grant funding invested by sponsors through businesses and KTP Associates participating in the programme.
• Knowledge Base organisations participating in the KTP programme identified a range of benefits and these are detailed below in the Key Benefits and Added Value section. In addition, it has been estimated that the total additional output in UK economy associated with Knowledge Base additional income through the KTP programme is between £117 million and £127 million over the 30-year period, 1984-2014.

**Key Benefits and Added Value**

**KTP Associates**

• 94% of KTP Associates reported that participation in the KTP programme had resulted in a positive impact on their overall personal and/or career development – with over a third of these respondents stating that the impact of the KTP has been transformational for their development and career.

• 84% of KTP Associates were in employment immediately after completing their KTP, and 98% are currently in employment, including those that are self-employed and running their own high growth businesses.

• A total of 89% of KTP Associates have reported that their income is currently higher as a result of their KTP participation than it otherwise would have been. It is estimated that the overall (additional) contribution of the KTP to an Associate’s salary over a 10-year period following the completion of the KTP, is about £50,200 per KTP Associate.

• 70% of Associates stated that they have seen a career enhancement as a result of their participation in the programme.

• 82% of KTP Associates believe that their participation in the KTP programme has resulted to improvement in their skills.

• The overall additonality of benefits for KTP Associates from participation in the KTP programme is estimated at 75% i.e. only 25% of KTP Associates would have achieved same or better results if they had not participated in the programme.

**Knowledge Base Organisations**

• 82% of respondents cited closer partnerships with industry enabling the development of better understanding of industry as a result of participation in the KTP programme.

• KTPs were noted as a particularly effective method of engaging with SMEs.

• Research related benefits such as research publications, enhanced teaching materials and new research projects and staff skills development all exceeded expectations.

• KTPs provided good quality case study material to demonstrate the impact of their research including as part of the Research and Excellence Framework 2014 (REF 2014) and also to raise the profile of Knowledge Base organisations among the education and business community.

• 74% of respondents reported that participation in the KTP programme had a positive impact on securing new grants (in addition to KTP).

• Three quarters of Knowledge Base participants stated that their KTP participation led to further financial benefits such as improved consultancy incomes, increased teaching income, development of patents and licensing income and spinouts.

• Knowledge Base survey respondents reported that the positive impact of KTP participation reaches far beyond the direct partners involved in the KTP projects including other researchers, other Knowledge Base departments and other Knowledge Base organisations, other businesses in the same sector and also other sectors. Furthermore some respondents indicated that their KTP participation has an impact outside the UK.
• The benefits generated for Knowledge Base organisations are to a very large extent attributed to the KTP programme, with only 6% of Knowledge Base organisations stating that their participation in the KTP would have been achieved anyway.

**Concluding Remarks**

This study has found that the concept and rationale of the KTP programme are extremely well regarded and highly valued by both, Knowledge Base organisations and KTP Associates. Exposure to industry and the corporate world appears to be the aspect of the programme most valued by KTP Associates and Knowledge Base organisations alike.

The programme benefits from a high level of advocacy from both, KTP Associates and Knowledge Base organisations, with nearly every respondent stating that they would recommend the programmes to their peers. For example, 99% of Knowledge Base organisations would recommend the KTP programme to other Knowledge Base organisations and 95% of KTP Associates would recommend it to other graduates/post graduates.

KTP Associates and businesses participating in the KTP programme are considered the main economic beneficiaries of the programme. Knowledge Base participants contribute to delivering the programme and while their benefits are mainly non-economic benefits, these are recognised as being of considerable value. In turn, the programme makes a significant contribution to the UK economy through contribution to GVA, productivity, skills development, research and teaching quality.

Feedback received from KTP Associates, Knowledge Base organisations and key stakeholders also suggests that there could be significantly higher demand for the programme and opportunities for scaling it up if more resources were to be made available.

Overall, the study offers a unique insight into the views of programme participants not previously explored and has produced a wealth of information. In terms of methodologies used, the approach to quantifying impacts, including the impact of the KTP Associates’ participation on the UK economy i.e. based on the impact of participation on productivity and creation of new businesses, can inform future research. The study has also shown that by examining various programme elements in isolation, evaluation and impact studies could be underrepresenting the full value of key aspects of the KTP programme.