



## Universities Scotland's response to SFC's Knowledge Transfer Grant Consultation (SFC/CN/02/2015)

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### Summary

Universities Scotland's key comments in response to consultation SFC/CN/02/2015 are:

- The university sector is fully supportive of, and demonstrating ongoing leadership in, enhancement of knowledge exchange activities.
- The purpose of knowledge exchange is to drive economic, social and cultural outcomes.
- There is an ongoing need for support for all institutions to engage in knowledge exchange activities.
- The funding mechanism should support institutions to both pursue enhancement of process and to achieve economic, social and cultural impact. Both aspects should be framed in the context of the diversity of the sector, be it in terms of institutional specialisms, the industries institutions work with and/or the needs of those industries. While recognising the benefits of institutional collaboration, all contributions, whether individual or collective, local or global, should be recognised
- Funding predictability is crucial to each institution's knowledge exchange activities so a commitment to funding outcomes on a 2-3 year basis is required
- This consultation does not specify how SFC will come to a decision on institutional allocations. A robust and efficient mechanism that marries performance and predictability is needed.
- We welcome the opportunity to engage with the SFC to agree priorities and desired outcomes.

### Introduction

Universities Scotland is pleased to contribute comments on the Scottish Funding Council (SFC) consultation (SFC/CN/02/2015) regarding the Knowledge Transfer Grant (KTG). Universities Scotland is the representative body of Scotland's 19 higher education institutions and this response was developed by discussion in our committees in order to reflect the collective view of our membership.

This grant currently supports outward-facing activity to enable universities to deliver economic, cultural and social impact. The flexibility of the current KTG has been an important feature to allow universities to pursue this impact in the unique context of each institution. As SFC has highlighted,

the sector performs well in terms of knowledge exchange, utilising the current SFC grant, and we share the ambition to further improve performance as key contributors across the breadth of the Government's Economic Strategy and across all sectors.

Given the significant changes outlined in this consultation, particularly around a process for national priority-setting, it is crucially important that there is early and ongoing engagement with the university sector. We welcome the opportunity for further deliberation and discussion to ensure the proposed Universities' Innovation Fund (UIF) delivers enhanced knowledge exchange processes as well as the intended outcome of economic and societal benefit, and we look forward to further collaboration with SFC in shaping this grant and driving this improved performance, both at institutional and sector-wide level.

### **Response to consultation questions**

#### Q1 Views are sought on the Platform Grant proposals, in particular with regard to the level of support and institutions' ability to match this funding.

A minimum allocation to each institution has been a proven policy success. It has equipped every institution to pursue its own knowledge exchange strategy, most particularly it has supported work outwith the commercial field. We therefore support the principle of the Platform Grant, as a continuation of this policy intervention, in order to support core knowledge exchange activities and staff.

The level of the Platform Grant, and the proposed associated conditions, should be the subject of further deliberation. SFC has indicated the expectation (paragraph 22) that 'all but the smallest HEIs and SSIs will be able to match the SFC contribution'. However, TRAC<sup>i</sup> data indicates that on average knowledge exchange activity does not generate sufficient income for universities to meet all associated costs, therefore an expectation of matching by an institution could be challenging. Feedback has indicated that an annual allocation of £250K could be significant for some institutions but would not guarantee maintenance, even if matched, of core activities in larger institutions.

#### Q2 Views are sought on the Outcome Grant proposals especially whether by working together to identify and address national priorities the sector can drive a transformational change?

##### *Ongoing commitment*

Improving innovation performance in Scotland is very much a shared agenda, with universities taking a leading role via the Universities Scotland 5-Point Action Plan and as contributors to the development of the Innovation Scotland Forum Action Plan.

The sector is supportive of transformational change in terms of enhancement and outcomes. Particularly in terms of outcomes, the end result of such change will vary given the diversity of the sector. The funding system therefore must support such diverse contributions (whether individual or collaborative, or acting at a local or global level).

##### *Working together*

Universities are working collaboratively in this area, and will continue to do so. However, while collective approaches are appropriate in a range of contexts there should be the opportunity for independent action by institutions. The decision as to the optimal approach should be taken by institutions in the context of the diversity of the sector, the diversity of industries (and their specific needs) that universities work with, and the outcome(s) desired.

### *The need for predictability to deliver transformational change*

The SFC's requirement for significant change is clear, but this is not mutually exclusive to universities need for predictability in funding wherever feasible. The importance of stability in innovation funding cannot be underestimated as this allows for maintaining professional capacity within institutions which in turn enables universities to build strategic relationships with business that are an important foundation for successful knowledge transfer. The UIF should be designed to deliver these complimentary aspects - ensuring funding predictability in order to enable delivery of SFC's target of a step change from current good performance.

### *Focus, mechanism and measurement*

In the context of this commitment to outcomes, we have two key concerns about the consultation proposals:

- There is insufficient information laid out to describe the intended funding mechanism in this consultation

The consultation sets out an apparent appetite from SFC to move away from current metrics and toward a focus on qualitative assessment of collective process enhancement. We do not believe that qualitative information alone will allow for the differential allocation of public funding between institutions. Practically, capturing robust qualitative information could entail a high bureaucratic burden for both institutions and SFC. As SFC will continue to require accurate HE-BCI survey returns to provide feedback on university-business interactions (paragraph 36) and given institutions would be willing to continue to provide KTG metrics in the normal reporting cycle, this is an opportunity for SFC to gather such quantitative information as well. This would allow maintenance of a long-term data set to monitor performance over time.

We would look forward to working with SFC on establishing a suitable UIF assessment framework (as outlined in paragraph 30) which integrates monitoring with the Outcome Agreement system.

- There is concern that the major focus is enhancement rather than impact (we expand on this under question 3)

While supportive of enhancement in order to deliver outcomes, our members have highlighted the need to ensure a focus on understanding the impact universities are having. This is critical in terms of ensuring the activities supported by the UIF can be shown to 'make it [the Scottish innovation environment] work'.

### *Criteria to consider in designing the mechanism for allocation of funding*

To conclude the comments above, we would invite SFC to incorporate the following considerations into the discussions of the method for allocating the Outcomes Grant:

- Funding for each institution should be aligned to support both individual and collective contributions to pursuing agreed national priorities and those in the Government's Economic Strategy. As noted, decisions regarding a collaborative approach should be taken by institutions with due consideration of context.
- The criteria for funding decisions should be set out clearly and should incorporate both qualitative and quantitative measures that capture the enhancement agenda and outcomes related to the Government's Economic Strategy. This is an opportunity to consider the economic impact of Scottish university knowledge exchange with international partners

- Decisions on funding should provide for funding packages for two or three years with annual review
- Monitoring of both aspects of the UIF should pass into the Outcome Agreement process
- Similarly to the Outcome Agreement Guidance, the funding method should set out 'norms' for funding<sup>ii</sup> where institutions can understand the implications of strong or weak performance. The current expectation is that an institution's evidenced pursuit of the agreed agenda, in the context of its own strategy, would result in volatility in funding no greater than seen in the current system (i.e. fluctuations generated by the metric-allocated component of the KTG, controlled for changes to the overall funding available). If an institution were to demonstrably fail to pursue the agreed agenda then funding outcomes might be significantly different.

Q3 Do you agree that identifying initial priorities from the Universities Scotland 5 point Action Plan and the broader Innovation Scotland Forum Action Plan is an appropriate starting point? SFC would welcome suggestions of other potential priorities.

Yes, however, in using these two Action Plans to inform national priorities it will be important to ensure a focus on economic and societal impact is maintained, currently there is a risk of focussing exclusively on improving process. Further these action plans are not static and will evolve over time, which should be reflected in the administration of the UIF.

Q4 National UIF Outcomes workshop - Is this a suitable way to determine priorities? SFC would welcome suggestions of innovative approaches for this process.

A workshop approach will be helpful in discussing and setting priorities, however, the regularity of such an agenda setting mechanism should be considered in light of the systems in place for discussing innovation (such as the Innovation Scotland Forum) and the time lag between implementation and seeing economic impact of activities. Any national workshop would be most wisely conducted less regularly than annually. A workshop may be best utilised, with partners, for horizon scanning for upcoming opportunities and considering how sector and public support pathways can be enhanced to feed into current structures (such as the two Action Plans) for identifying specific activities. There are risks to a workshop approach, the primary one being a move toward projectisation rather than identifying strategic priorities, which institutions can respond to creatively.

Q5 Is the balance between the size of Platform Grant and Outcomes Grant correct?

As noted under question 1, the reasoning for the £250K Platform Grant and impact on individual institutions is worthy of further deliberation – including the knock on impact on funding available via the Outcomes Grant and how this will impact the total award to each institution.

Q6 Views on the proposed transitional arrangement are invited.

The timeframe to ensure award by AY2016-17 is tight and there has been concern raised that the degree of transparency and consistency desired by SFC could be challenging to achieve. For the first year of operation the grant allocations could be awarded in proportion with the current KTG awards, but under a different basis (i.e. mutually agreed terms of the UIF). This might allow a smoother transition to the new system.

The annual returns institutions have provided in the recent past should give a clear understanding of each institution's use of KTG funding and should be considered in relation to transitional arrangements.

Q7 Comments on the equalities and diversity impact of the proposal are invited

Q8 Any other comments on the proposals in this consultation document will be welcomed

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<sup>i</sup> TRAC information 2013-14 [Online], Scottish Funding Council, available:

[http://www.sfc.ac.uk/web/FILES/Effective\\_Institutions/TRAC\\_2013-14.pdf](http://www.sfc.ac.uk/web/FILES/Effective_Institutions/TRAC_2013-14.pdf) [Accessed 2 November 2015]

<sup>ii</sup> *University Outcome Agreement Guidance for AY2016-17, Annex B: Funding and Outcome Agreements* [Online], Scottish Funding Council, available:

[http://www.sfc.ac.uk/web/FILES/GUI\\_SFCGD162015\\_UniversityOutcomeAgreementGuidanceforAY/HE\\_OA\\_Annex\\_B\\_-\\_Funding\\_and\\_Outcome\\_Agreements\\_201617.pdf](http://www.sfc.ac.uk/web/FILES/GUI_SFCGD162015_UniversityOutcomeAgreementGuidanceforAY/HE_OA_Annex_B_-_Funding_and_Outcome_Agreements_201617.pdf) [Accessed 2 November 2015]