



This version of the paper is confidential

Briefing on current model

- This paper provides background information on the University Innovation Fund (UIF) approach. It focuses on the key features of the UIF model at the point of review.

Recommendations

- Note the contents of this paper.

Briefing on current model

1. This paper provides high level background information on the University Innovation Fund (UIF) approach. It focuses on the key features of the UIF model at the point of review, including the funding model, distribution method and monitoring arrangements. Paper UIFRG/02/19 provides supplementary information on the development of the UIF approach.

The UIF approach

2. The UIF was introduced in AY2016-17 to bring SFC's long-term formulaic investment in knowledge exchange, innovation support and outreach capacity of universities - the Knowledge Transfer Grant - into an outcome-focussed, collaborative framework compatible with the Outcome Agreement approach around which SFC's support for universities is structured. It is intended to incentivise those universities willing to contribute to the design and adoption of innovative new approaches to exploiting the research base that will lead to a significant positive change in Scotland's already good performance. It was developed in response to Scottish Government guidance¹ and following consultation with the sector².
3. The UIF approach was introduced within a policy context that included the Universities Scotland 5 point action plan, the Innovation Scotland Forum action plan, Scotland Can Do Innovation Forum and the Scottish Government's review of Enterprise and Skills support. Today, the policy context has widened to include the Scottish Government's Strategic Board, UK Industrial Strategy, additional funding arising from Barnett consequentials, Research England's development of a KE Framework (KEF), and the recruitment of a UIF collaboration manager in March 2018.
4. The UIF exists to support HEI infrastructure and capacity to engage in knowledge exchange and innovation in support of the SFC's strategy and the Scottish Government's economic strategy. In order to receive UIF funding HEIs are expected to develop their 'services' in the spirit of continuous improvement and enhancement, and collaboration.
5. As set out at paper UIFRG/02/19, AY2016-17 was classed as a year of transition and a three year framework (AY2017-20)³ for the UIF, aligned with the

¹ Scottish Government asked SFC to implement "...innovative new approaches to exploiting our research base and incentivising those who adopt them" Letter of guidance to SFC 2015-16.

² <http://www.sfc.ac.uk/publications-statistics/consultations/consultations-2015/SFCCN022015.aspx>

³ SFC RKEC agreed at its August 2018 meeting to extend the AY2017-20 framework by one year to AY2020-21. This is to allow more time to review the UIF approach against the original vision, understand any potential relationship or alignment with Research England's Knowledge Exchange Framework.

Outcome Agreement cycle is now in place.

Funding model and reporting arrangements

6. The UIF model consists of two elements: the Platform Grant and the Outcome Grant.

Platform Grant

7. A Platform Grant of £250k per HEI per year is allocated where an individual institution can make use of it effectively.
8. The Platform Grant represents a baseline contribution towards maintaining each university's knowledge exchange and innovation activities. This element can be used at the institution's discretion to support maintenance of core staff and activities, support activities (such as public and cultural engagement) as well as staff development and the development of policies and practice.
9. Institutions are expected to provide match funding if they are able to, giving stable, predictable core funding for innovation support and knowledge exchange of £500k per annum. All except the smallest HEIs and Small Specialist Institutions are expected to match fund SFC's contribution.
10. Universities are asked to confirm (or otherwise) their ability to match fund the Platform Grant and report on the use of the Platform Grant through the Outcome Agreement process.

Outcome Grant

11. The second element of the UIF, the Outcome Grant, is distributed on the basis of satisfactory contribution to the delivery of national outcomes aligned with the Scottish Government's economic strategy, with universities working collaboratively where appropriate.
12. The Grant is used by universities to support a wide range of commercialisation, knowledge exchange, public engagement and other activities aimed at delivering the UIF outcomes.
13. The national outcomes for AY 2017-20 were identified through a sector wide workshop facilitated by SFC and Universities Scotland (October 2016) and are provided at Annex A⁴. These seven outcomes represent the areas where the Scottish sector will demonstrate progress towards delivering significant improvements in Scotland's already good performance. Depending on the HEI it

⁴ UIF 'priority actions' for AY 2016-17 are articulated under these high level outcomes. These outcomes are intended to demonstrate alignment with the Scottish Government's economic strategy and provide a clear direction of travel.

is possible that engagement with some, rather than all, outcomes is appropriate. Collaborative activities or specific actions are encouraged where appropriate.

14. HEIs are asked to submit a plan detailing the contribution their institution will make to the delivery of the national outcomes at an individual and collaborative level (where appropriate) in their Outcome Agreement. Consortia of HEIs are encouraged to deliver many, if not all of the national outcomes and innovative approaches to delivery are encouraged. Institutions can review and amend their contributions to the delivery of the national outcomes annually if this is required.
15. Since AY2017-18, the sector, through Universities Scotland's Research and Commercialisation Directors Group (US RCDG) has formed groups under the current seven UIF outcomes and all universities have confirmed their ability to engage with these where relevant. Each group is led by a university and is examining current good practice and areas for collaborative activity that will lead to sector improvement. Key stakeholders – Scottish Enterprise, Highlands and Islands Enterprise, Interface and Scottish Government- are fully engaged in this activity.

Distribution method and budget

16. The UIF Outcome Grant is modelled on the capacity of Scottish HEIs' for knowledge exchange – based on the KTG AY2015-16 allocations as informed by the AY2014-15 metric return. The former KTG methodology is provided for information at paper UIFRG/02/19, Annex A. HEIs have been advised that it is SFC's intention to continue funding HEIs at this proportion. This position is subject to the availability of funds and conditional on HEIs demonstrating proactive engagement with the UIF approach. At present, there is no sufficiently developed mechanism for varying levels of award unless an institution does not submit a satisfactory UIF plan.
17. UIF allocations for AY2016-17 to AY2018-19 are provided at Annex B. Following Scottish Government's announcement of additional funding, arising from Barnett consequentials, for research and innovation in AY2018-19 the UIF budget for AY2018-19 increased by £5.2 million (38.8%); from £13.5 million as set out in the final Outcome Agreement Funding announcement in May 2018, to £18.7 million⁵. The additional funding for UIF was distributed proportionally across all universities already in receipt of UIF. Indicative allocations for AY2019-20 indicate that this level of funding will not be maintained.

⁵ SFC/AN/12/2018 – Additional funding for research and innovation AY 2018-19:
http://www.sfc.ac.uk/web/FILES/announcements_sfcan122018/SFC_AN_12_2018_Additional_funding_for_research_and_innovation_2018-19.pdf

18. UIF funding allocations are agreed by Council as part of its consideration of final funding allocations for Outcome Agreements.

Monitoring the delivery of the UIF approach

19. The monitoring of both elements of the UIF at an institutional level are managed through the Outcome Agreement process, strongly supported by the SFC's Research and Innovation Directorate.
20. Institutions report on the delivery of their UIF plans as part of their Outcome Agreement self-evaluation. This is normally submitted to SFC in the October of each year.
21. It was proposed in AY2016-17 that the sector would take ownership of the development of a framework to "monitor and evaluate the success of the UIF approach at a national level". This approach to measuring the impact of the UIF has since been revised and the Outcome Agreement process is used by SFC as the main mechanism for monitoring HEI progress at an individual and collaborative level. SFC is working in partnership with the sector to progress the development of a framework that will outline the areas of strategic focus against the UIF outcomes that will be delivered through cooperation and collaboration.
22. Since March 2018, a UIF Collaboration Manager has been in post to drive to support the delivery of this collaborative framework. This post is funded by the SFC on behalf of the sector and hosted by the University of the West of Scotland.

Recommendations

23. The Group is invited to note the information contained in this paper.

Publication

24. This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: prejudicial to the effective conduct of public affairs.

Further information

25. Contact: Fiona Bates, Policy/Analysis Officer, tel: 0131 313 6609, email: fbates@sfc.ac.uk.

Annex A: UIF national outcomes for AY 2017-20

Seven outcomes have been identified as areas where, over academic year 2017-20 universities will demonstrate progress. These outcomes are:

Outcome one (demand stimulation): working with Scotland's Enterprise Agencies (EAs), Scottish Government, business networks, Interface, and others, Scottish HEIs will have helped to increase the demand and quality of engagement from businesses and the public sector for university services.

Outcome two (simplification/commercialisation): in partnership with the EAs and Interface, Scottish HEIs as a sector will have demonstrably simplified business access to the knowledge and expertise in Scottish universities.

Outcome three (simplification/greater innovation): in partnership with the EAs and Interface, Scottish HEIs will, at a national level, have made strategic use of their sectoral knowledge to promote greater innovation in the economy (including beyond non-STEM).

Outcome four (entrepreneurialism): Scottish HEIs as a sector will have made a significant and positive change in the way entrepreneurial opportunities are promoted and delivered to students, HEI staff, and businesses.

Outcome five (international): in partnership with Scottish Development International, Connected Scotland and others, Scottish HEIs will have pooled their knowledge and networks, and shared good practice to promote and engage Scotland internationally (operating under Scotland's International Framework).

Outcome six (inclusive growth and social impact): building on current and good practice, Scottish HEIs will have scaled up their support of the Scottish Government's ambitions for inclusive growth.

Outcome seven (equality and diversity): building on current and good practice, HEIs will have ensured positive promotion of equality and diversity in staff and all who are affected by the use of the UIF.

These outcomes are aligned with the [Scottish Government's economic strategy](#), [Universities Scotland 5 point action plan](#) and the [Scottish Government's 'Innovation Plan'](#) published in January 2017.