Consultation on changes to our funding policies for knowledge exchange and innovation (KE&I)

Organisation	Scottish Enterprise
Question 1: how should the outcomes framework currently in place for UIF evolve to ensure University KEIF is structured to deliver on its renewed purpose and has the right strategic drivers and incentives in place?	We do not wish to respond to this question.
Question 2: what are your views on the current UIF collaborative framework, how could this evolve and be sustained to support further good practice and purposeful collaboration? Is there a role for the Knowledge Exchange Concordat in this context or more generally?	We do not wish to respond to this question.
Question 3: what are your views on how the impact and outcomes of University KEIF should be measured, including the role of metrics or other indicators in any future funding and allocation model? We would welcome views on current or potential good practice regarding measuring net-zero KE&I activities and outcomes.	We do not wish to respond to this question.
Question 4: how could the University KEIF, with Interface, help support collaboration with colleges, collectively supporting Scotland's SME base to be more innovative?	Many colleges have strong links into their local company base, providing training, connections and business insights, all of which support a broad range of companies to support innovation in their products, processes, services and workforce. There would be benefit in enhancing these links with companies and further integrating this into the wider innovation support offer.
Question 5: how could core capacity funding (College KEIF) best support colleges to be effective agents of KE&I? We would particularly like to learn from colleges directly on what KE&I means to them and	We do not wish to respond to this question.

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where capacity is needed to deliver this effectively, which could include building on current practice.	
Question 6: we would welcome views on what would be an appropriate period for SFC to run the first cycle of College KEIF before formally reviewing it and establishing a mature model for future years.	We do not wish to respond to this question.
Question 7: we would welcome views on the potential value of using College KEIF to create frameworks for collaboration and sharing of good practice across the colleges, and with universities.	We do not wish to respond to this question.
Question 8: our review recommended that we co-design the Entrepreneurial Campus strategy with colleges and universities. We would welcome views on what is proposed in this consultation, including potential opportunities, weaknesses and gaps.	We agree with the overall ambition but are keen to see more detail on the specific objectives, delivery mechanisms and timescale, including how ecosystem partners can help deliver it. We would draw attention to several gaps and weaknesses in the proposals: - There is currently no acknowledgement of how the proposals for an Entrepreneurial Campus strategy will complement existing activities across Scotland/UK; - Related to this, scaling it up will require significant investment over the medium term, including alignment with supporting initiatives (including Converge, B2B, SE's High Growth Start-up Programme, High Growth Ventures and SMART); - It is important that the strategy considers how joined-up support can be provided across institutions in a sustainable manner in terms of entrepreneurship, company formation and product development. For example, the product development needs of a life science business or a fuel cell developer will be costly and lengthy and therefore it would be useful to understand how the Entrepreneurial Campus model can potentially support commercialisation across very different industries. One option could be for universities to collaborate to offer different services that play to their relative strengths, and use a hybrid approach to support students both face to face and remotely. Another option is to partner with local SMEs to access equipment for product development, or with established accelerators to access their expertise;

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- There is a need to integrate Entrepreneurial Campuses into universities to actively promote a two-way flow of ideas, innovation and commercial experience. This integration is essential to achieve an embedded approach;
- In our experience there are significant variations in institutions' experience in knowledge transfer. It would be helpful to understand if there are any plans to support the institutions who currently don't engage in knowledge transfer (around half of them) to develop their commercial and entrepreneurial offerings and to support collaboration and sharing of ideas across all institutions.

We can see a range of opportunities in the proposals including:

- Promoting collaboration and pooling of resources between different Entrepreneurial Campuses and university Tech Transfer Offices to help expand opportunities and impact. We note that groups of English universities are already collaborating in this way to increase scale, reach and impact;
- Ensuring the delivery of Entrepreneurial Campuses is centred on people and skills and underpinned by practical knowledge. Current entrepreneurial education can be very academic (similar to some MBAs) and high quality, practical approaches are likely to have a bigger impact on company formation and growth rates;
- Encouraging institutions to recruit staff with first-hand experience of entrepreneurship and business development at both the pre-start and early-stage level of spinout companies;
- We strongly support the objective of supporting diversity and equal opportunities. In order to achieve this we suggest that the proposals should in turn be co-designed and delivered by a diverse group of individuals with a range of skills and expertise. In other words, supporting a diverse range of entrepreneurs is unlikely to be achieved if the process is managed and delivered by a group of advisers and experts who are overwhelmingly white, male and middle aged;
- There are opportunities to link the inclusive culture of entrepreneurship embedded in Entrepreneurial Campuses to wider groups of entrepreneurs at a local level. A growing body of evidence shows that purposeful businesses not only achieve higher growth but also have a

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<tr><td></td><td>direct positive impact on their local communities and populations. This would also help to strengthen the roles of universities as anchor institutions within community wealth building strategies;

- Considering how Entrepreneurial Campuses fit within the 'journey' of support provided by a range of delivery partners for entrepreneurs. For example, is the role of Entrepreneurial Campuses to focus on the start-up stage only or also to support the early stages of scaling? How would entrepreneurs move on to other support/investment?
- Similarly, can the strategy consider how best to manage and engage the community of Entrepreneurial Campus alumni? This could potentially bring significant value to universities and new entrepreneurs. Today's entrepreneur could potentially be a mentor after 3 years and an investor after 10 years.
- The Entrepreneurial Campus strategy should consider a range of international dimensions. For example, they could help attract talent to Scotland, facilitate export growth, identify overseas commercialisation opportunities for entrepreneurs and attract funding outwith Scotland;
- To further incentivise commercialisation of academic research (nationally and in individual universities) we encourage impact assessments to place more emphasis on economic impact and for university policies to provide clear and active support for commercialisation.</td></tr>
<tr><td>**Question 9: we would welcome evidence of current practice in Scotland (or elsewhere) to ensure we have an up-to-date picture of what is working well and upon which the Entrepreneurial Campus strategy could build on.**</td><td>In our view a range of practices in Scotland and globally offer valuable insights to help develop the Entrepreneurial Campus strategy, including:

- The joined-up approach to commercialisation and cross-university collaborations between Cambridge/Oxford and in the South West of England;
- The Waterloo -Toronto corridor and MIT -Cambridge are good examples of symbiotic relationships between university research, commercialisation and industry;
- Sharing 'what works' in current commercialisation activity across Scotland with all universities, and also sharing the current work to help institutions develop an entrepreneurial mindset;
- Drawing on existing knowledge and best practice (e.g. Innovate UK, SE's High Growth Start-up Programme) to help increase investment in college and university spin-out venture programmes and in organisations focused on driving entrepreneurship, innovation and research;</td></tr>
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	- Identifying and sharing the evidence from the delivery of the Saltire Fellowships. Anecdotally, the experience gained, and contacts made, through this programme appear to have been invaluable for life science entrepreneurs. The connections made from linking the Saltire and Globalscot networks have also made a real impact; - Learning from global entrepreneurial universities' investment models (US, Cambridge, Oxford, UCL) where significant funds are raised to support early stages of growth of their companies. These tend to also utilise their alumni networks extremely well, both to bring in investment into the funds and also to use their networks/connections to transform the growth of companies; - There may be useful learning gained from the Scale up Summer school programme, including ongoing collaboration with MIT.
Question 10: the Review recommended that the university and college sectors join SFC in repositioning Innovation Centres (ICs) as stable long-term infrastructure investments. We would welcome views on the details of the proposed 'repositioning' as described in this consultation, including any opportunities, weaknesses and gaps.	An approach which ensures a more sustainable future for Innovation Centres is welcome and should ensure that the contribution of Innovation Centres to the Scottish economy is maximised. We would expect it to be managed by SFC linked to performance of the Innovation Centres against key performance indicators (KPIs) and key government priorities, including those contained within the National Strategy for Economic Transformation. Greater certainty around funding would give Innovation Centres more confidence over their financial security and therefore enable them to be more strategic in their outlook, linking effectively with other agencies, government departments and policies. This would also enable Innovation Centres to plan for the future more effectively and specifically, to recruit and retain key staff. In Phase 2 of the Innovation Centres' development their relationships and operations vary between IC and university. Any future 'repositioning' needs to ensure that their role is clear within the wider 'infrastructure', and that information on their performance is seen to be clear and transparent so that their activity is additional to and not absorbed within wider institutional reporting.
Question 11: we would welcome views on how we could best strengthen the Innovation Centres' relationship with universities and colleges, ensuring added value, sense of partnership and collaboration,	The relationship Innovation Centres have with a 'host' academic institution can be both beneficial and challenging. Tensions can arise when they are required to take rapid, commercially driven decisions, for example around recruitment or retention decisions for key individuals. There may be merit in considering the implications of establishing a central 'Innovation Centre Support' function, covering all

avoiding duplication of effort etc. This would include opportunities for alignment and partnership with Innovation Interface, Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise and other relevant agencies and organisations.	Innovation Centres (maximising synergistic benefits) rather than tying individual Centres to specific academic institutions. Ongoing and increased alignment between the future focus of Innovation Centres' activities together with the strategic priorities of the enterprise agencies, and wider Scottish Government priorities, would be welcomed.
Question 12: we would welcome views on potential areas of future opportunity where the Innovation Centre model could help deliver outcomes for Scotland.	From their inception a core strength of Innovation Centres has been to act as a translation mechanism to bridge the gap between academic and commercial activity. This core competence remains, with a focus on making the maximum possible positive impact on the Scottish economy. However, as we strengthen alignment between partners in delivering Scotland's National Strategy for Economic Transformation (NSET) and the Scottish Government's forthcoming innovation strategy there are opportunities to develop their role. In particular we suggest they could: - Closely align with the priority market opportunities identified in NSET, including SE's national programmes. This will help support Scottish businesses to gain competitive advantage linked to Scotland's distinctive strengths and assets; - Play a greater role in supporting the development of new start-ups and spinouts, building on their core competence as commercially oriented organisations, helping companies to develop commercialisable solutions. (Note that other organisations are perhaps better placed to create new companies); - Work more closely with the SME base to develop innovative solutions for wider adoption across companies, as well as their one-to-one activity; - Working with stakeholders across the public sector, industry and academia, support the development of 'innovative places' in areas across Scotland where there are strong innovation assets and expertise. - In addition, we can suggest further ways that the Innovation Centres could evolve to help deliver greater outcomes for Scotland:

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- Given the often rapid changes in the external and funding environments it is important for the Innovation Centre model to be sufficiently flexible and agile to respond to these changes (e.g. the Centres' response to Covid);
- For this to happen, there has to be a mutual willingness and desire to work together. Innovation Centres should be encouraged and facilitated to collaborate, but it will also need the commitment of other agencies and organisations;
- It is crucial that Innovation Centres are an integral part of the forthcoming Scottish Government Innovation Strategy and that their contribution is recognised. However, we would not wish their commercial focus and direct links to industry to be diluted in any way as part of the Innovation Centres becoming more closely aligned to SFC and/or their host academic institutions;
- In some areas of new technology, they could play a developmental role in helping companies that don't understand the technology to identify and implement optimal solutions for their business. For example, they could help businesses understand industrial biotechnology processes and solutions in businesses/sub-sectors where awareness is currently relatively low.
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<td>**Question 13: we would welcome views on strengthening Interface's relationship with universities and colleges, ensuring added value, sense of partnership and collaboration, avoiding duplication of effort etc. This would include opportunities for alignment and partnership with Innovation Centres, Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise and other relevant agencies and organisations.**</td>
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We recognise that Interface has played an important role in encouraging businesses to work with colleges and universities to unlock innovation potential, accelerate growth and nurture future talent. We would want to see Interface continuing to play this role, particularly since rates of knowledge exchange levels are generally low and there are clear opportunities to promote stronger collaboration. Similarly, in Scotland as elsewhere in the UK the number of spinout companies created each year remains static, and Interface could play an important role in increasing the number of innovative companies created.

Interface's existing funding model is relatively complicated, involving various partners, amounts, timeframes and priorities. Interface must produce various reports depending on the measures/priorities for each partner, and the delivery focus/targets in each region often differ according to the relevant funding partners' priorities. Harmonisation of funding and reporting would be beneficial.
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	Finally, we recognise that Interface and Innovation Centres each have distinctive roles and so in repositioning them as long-term elements of the innovation 'infrastructure' we suggest they retain separate KPIs to recognise their distinctive contributions.
Question 14: if you have direct experience of working with Interface, we would welcome suggestions for evolutions to its operating model to help it develop even more effective support for productive relationships between businesses and our universities and colleges.	The role of Interface is well defined, and it delivers on its objectives. Expanding this role would potentially duplicate or compete with other providers in academic/business collaborations, such as KTN, Innovation Centres, Research Institutes and Catapults. There is still scope to improve the process of seamless referrals between SE, Interface and other partners and stakeholders. We need to be clear on what each organisation offers and when a business should be referred. There is still duplication of effort across organisations, whether that be scoping projects, business follow ups and referrals into other organisations. There is an opportunity to make this less time consuming and a better experience for the business. There is also an opportunity to learn more from each other and develop a joined-up approach to the Scottish Government's policy priorities, such as net zero and fair work. Aligning our approaches and messaging in our engagement with businesses can add value and be complementary.
Question 15: we would welcome general views, based on direct experience of the Innovation Voucher scheme, on how it could evolve and better support our system for KE&I.	We do not wish to respond to this question.
Question 16: we would welcome views on widening the scope of Innovation Vouchers to encompass wider KE activity but retaining the key objective of using them as a means to promote first time collaborations and encourage longer-term relationships.	We do not wish to respond to this question.
Question 17: how could colleges and universities help SFC understand, or monitor longitudinally, how	We do not wish to respond to this question.

many Innovation Vouchers have led to ongoing relationships? Are there cross sectoral digital solutions to this which can help us better understand the outcome we hope to achieve?	
Question 18: From experience of mission-led approaches elsewhere, how would you advise SFC to use its resources and investments to facilitate such activity in support of Scottish Government objectives for economic transformation?	There is growing public and political will to address the most pressing challenges of our time, such as inequality, climate change, public health and the impact of an ageing population. Missions provide a way of tackling these challenges by setting out a clear path with specific goals and concrete, measurable, realistic actions. They can be used to focus research, innovation and investments towards solving society's big challenges while also spurring growth and jobs across the economy.
	To do this, according to the work of Mariana Mazzucato at UCL, missions need to be bold, inspirational and relevant: tackling the challenges people face in their daily lives. They must activate innovation across a wide range of sectors, disciplines and actors to ensure all the talents are engaged in new partnerships that can tackle these difficult challenges. They must also drive multiple, bottom-up solutions and new projects and programmes which will need a diverse set of funding instruments from grants, to challenge calls and prizes, to new forms of procurement.
	There are perhaps four steps to implementing a mission-driven approach (for example, see this NESTA blog https://www.nesta.org.uk/blog/mission-oriented-innovation-seven-questions-search-better-answers/):
	1. Scope out and select missions 2. Convene communities and build partnerships to mobilise for action 3. Use finance and funding tools to leverage and attract investment and drive new projects 4. Manage and monitor the progress of the project portfolio towards achieving mission goals
	SFC could take a range of considerations into account in deploying its resources and investments:
	1. Scope out and select missions

| | - The criteria for selecting the best missions need to be clear and fair and based on a sound evidence base that articulates how the mission will achieve its objectives.
- Building the evidence base to support the design, development and selection of missions will involve a range of techniques including analysis of emerging trends and threats, foresighting and futures research and data analytics, as well as business demand and government policy.
- Missions should have a clear direction with ambitious but realistic research and innovation objectives over defined timescales. These should apply to activities along the innovation chain from research to near-market innovation and make it clear how these will help achieve social, environmental and economic impacts.

2.   Convene communities and build partnerships to mobilise for action
- Missions aimed at tackling global challenges and creating and shaping markets are, by definition, cross-sectoral and should span multiple organisations across the academic, public, private and third sectors. It takes significant skill and effort to break down existing silos and create genuine collaboration across partners, sectors, territories and perspectives.
- It is important to create spaces where all interested parties can come together to share ideas and opinions, working collaboratively in activities such as consultation, prioritisation, analysis, facilitation, gathering ideas and storytelling.

3.   Use finance and funding tools to leverage and attract investment and drive new projects
- Assess funding models and support development of new ones if required.
- Missions will bring together a wide range of research and innovation activities, involving different levels of risk across the entire innovation chain and different financial support mechanisms .
- There will need to be active management of new, developing missions to ensure the financial and funding landscape is aligned to and supports the aims of the missions. If required, new funding models may need to be developed and supported.

4.   Manage and monitor the progress of the project portfolio towards achieving mission goals
- There will be a need to maintain an overview of progress of the 'project' portfolio towards achieving the mission goals. It is also likely that bespoke monitoring and evaluation frameworks or performance |

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	frameworks will be needed to properly capture how missions shape new markets, rather than just fix market failures and to measure social and environmental impacts, as well as economic measures. - If missions have really captured the imagination of the public then part of the process should also be to use citizen's experiences and observations to monitor and communicate progress towards mission objectives. - All of this will require a significant, ongoing project management resource in developing appropriate performance frameworks and communication skills to ensure progress updates are shared widely across society.
Question 19: We would welcome views on the breadth of the role a KE&I Advisory Board could play and what stakeholder membership would give us the most effective support for SFC's role in the ecosystem.	Having been involved in the KE&I Advisory Board previously we see an important role for SE/enterprise agencies to continue to play to ensure that SFC's KE&I activities increase their contributions to Scotland's innovation ecosystem. This would help strengthen connections to other elements of the ecosystem including strategic policy and market opportunities, entrepreneurship programmes, support for company innovation as well as place-based approaches to building regional innovation systems. While enterprise agencies bring these broader perspectives and a strong focus on delivery, we also recommend that the Advisory Board include more direct business representation to provide a demand-side perspective of KE&I.
We may publish a summary of the consultation responses and, in some cases, the responses themselves. Published responses may be attributed to an organisation where this information has been provided but will not contain personal data. When providing a response in an individual capacity, published responses will be anonymised. Please confirm whether or not you agree to your response being included in any potential publication.	Publish information and excerpts from this survey response INCLUDING the organisation name.