



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



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC CONSULTATION

Issue Date: 7 February 2022

Reference: SFC/CN/01/2022

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

Issue date: 7 February 2022

Deadline: 22 March 2022

Reference: SFC/CN/01/2022

Summary: To consult on the implementation of key changes to our funding policies for knowledge exchange and innovation (KE&I) following the publication of the final report of SFC's review of 'Coherence and Sustainability' (the Review)

FAO: Principals / Chairs / Finance Directors / Board Secretaries of Scotland's colleges and universities; key partner bodies

Further information: **Contact:** Gary Bannon
Job title: Temporary Assistant Director
Directorate: Research and Innovation
Tel: 0131 313 6518
Email: gbannon@sfc.ac.uk

Contents

Consultation on changes to our funding policies for knowledge exchange and innovation (KE&I).....	4
Introduction.....	4
Context.....	4
Review of Coherent Provision and Sustainability	4
Background.....	5
What the review has recommended we do for Knowledge Exchange and Innovation (KE&I).....	6
Methodology	7
SFC’s system and strategy for KE&I	8
Our commitment to embedding equality, diversity and inclusion across our knowledge exchange and innovation portfolio	11
Consultation.....	12
(1) Knowledge Exchange and Innovation Fund	13
University KEIF	13
College KEIF	15
(2) Entrepreneurial Campus	17
(3) KE&I Infrastructure.....	19
Innovation Centres	19
Interface: the knowledge connection for business.....	23
Innovation Voucher Programme	24
(4) Missions.....	26
(5) KE&I Advisory Board.....	27

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

Introduction

1. We are writing to Principals of Scotland's universities and colleges, and other key stakeholders, to consult on the implementation of key changes to our funding policies for knowledge exchange and innovation (KE&I) following the publication of the final report of SFC's review of 'Coherence and Sustainability' (the Review).
2. The issues presented here are based on the recommendations in the Review which was informed by public consultation during Phase-one.
3. In early December, the Scottish Government published its draft budget for 2022-23 which is challenging. We are currently in the midst of a Spending Review and are operating in a tight funding environment. Given these challenges, SFC is committed to developing and implementing its review recommendations in partnership with the sector in order to ensure we have a responsive and coherent system that can adapt to the needs of the future.

Context

Review of Coherent Provision and Sustainability

4. The events of recent years, including the COVID pandemic and the UK's departure from the European Union, have changed the context in which we all work. Recognising this, the Scottish Government commissioned SFC to review how we could best fulfil our mission of securing coherent tertiary provision and excellent research in these changing times. In that Review of Coherent Provision and Sustainability (the Review), we sought a balance between ambition and pragmatism and set out the case for continued, evolutionary, whole-system change that builds from existing strengths, while sustaining research and knowledge exchange for the future.
5. The Scottish Government has accepted our Review recommendations. This marks an important point in the future development of tertiary education and research in Scotland. Our Review recommendations aim to:
 - a) Improve the way the education and skills system responds to the current and future needs of students, employers and local communities, including our need to keep learning and reskilling throughout life.
 - b) Nurture excellent discovery research and create knowledge that translates into immense social, economic and cultural value and impact.

- c) Secure the resilience and international reputation and sustainability of colleges and universities for future generations.
 - d) Enhance the contribution of colleges and universities to our economic and social prosperity and wellbeing, including tackling the pressing issues of our time, such as a just transition to a net zero carbon future, tackling persistent inequalities, anticipating future skills needs, and promoting innovation and entrepreneurship.
6. Our Review recommendations reflect a year-long engagement with many stakeholders and that spirit of partnership, engagement and consultation will underpin their implementation. This consultation follows our Review and builds on its recommendations for changes to key funding policies for knowledge exchange and innovation specifically.

Background

7. On 3 June 2020, the then Minister for Further Education, Higher Education and Science, wrote to SFC Chair, Mike Cantlay, to commission SFC to undertake the Review as part of the recovery from COVID-19.
8. On 26 October 2021, Jamie Hepburn MSP, Minister for Higher Education, Further Education, Youth Employment and Training, wrote to SFC in response to the Review¹.
9. The review had three reporting phases (December 2020, March and June 2021) and two time-horizons (Academic Year 2020-2021 and a 4-year change horizon).
10. The final (phase-three) report (the report) and summary (published 29 June 2021) reflects an extensive programme of engagement throughout the duration of the Review, involving a wide range of stakeholders, and captures the findings and recommendations of a number of related reports.
11. The Review is not intended to be an endpoint. The report outlines the challenges and complexities we face collectively and the significant strengths and necessary diversity of the institutions, subjects, qualifications and research evident across Scotland. Given the importance of subsidiarity in decision-making and the autonomy and agency of institutions and other actors within the tertiary and research system, the report highlights the importance of deeper collaboration and partnerships to effect change. We aim to balance ambition and pragmatism, pandemic pivots and long-term adaptation.

¹ <https://www.gov.scot/publications/scottish-governments-response-scottish-funding-councils-review-tertiary-education-research-scotland/pages/1/>

12. Respondents should read the [final Review report](#)² in conjunction with this document.

What the review has recommended we do for Knowledge Exchange and Innovation (KE&I)

13. The Review recommends we “... centre our knowledge exchange and innovation support on the top priorities of a green recovery, a well-being economy and transition to a net-zero carbon society.” It also stresses the importance of positioning our investments strategically closer to both colleges and universities - representing more of a co-owned strategy.
14. To support this aim we will work towards:
- Creating the Knowledge Exchange and Innovation Fund (KEIF), comprising the separate streams of College KEIF (a new funding stream) and University KEIF (evolution of the current University Innovation Fund), as our core funding in support of University and College capacity and strategy for KE&I.
 - Relaunching our flagship investments as University and College KE&I “stable long-term infrastructure”:
 - Interface (including the linked Innovation Voucher scheme)
 - Innovation Centres.
 - Co-designing the Entrepreneurial Campus concept with colleges and universities.
 - Developing mission-oriented research and knowledge exchange themes.
 - Establishing a university and college KE&I advisory function, either utilising existing structures or creating something new.
15. These strands do not exist in isolation from each other, rather they form a system with inter-dependencies. This concept of ‘system’ extends further into the UK and international domain as we must also enable Scotland’s institutions to leverage funding from UK Research and Innovation (UKRI) and other relevant areas.
16. There have been, and continue to be, numerous developments across the Scottish and UK innovation system which we will need to be cognisant of as we implement changes to our funding policy. This includes the Scottish Government’s recent commitment to introduce an Innovation Strategy³, the

² Phase 3 Report: Coherence and Sustainability: A Review of Tertiary Education and Research, June 2021 - <http://www.sfc.ac.uk/review/review.aspx>

³

Scottish Government Programme for Government 2021-22 - <https://www.gov.scot/publications/fairer-greener-scotland-programme-government-2021-22/documents/>

Scottish Government's developing National Economic Transformation strategy,⁴ UK Government's Innovation Strategy⁵ and the Levelling Up the United Kingdom White Paper⁶.

17. This then is the context for our future KE&I strategy. It forms the basis for this consultation on our options and addressing any areas of complexity. The remainder of this paper sets out some key questions on our current thinking and invites you to provide feedback which SFC will use as evidence in developing and implementing its policies in 2022.
18. SFC will work in partnership with Scotland's universities and colleges to co-design and co-own this framework so that it lives and breathes as a shared strategy, focussed on improving people's lives and changing the world for the better.

Methodology

19. Responses should be made using the [online consultation form](#) by the deadline of **12 noon, on 22 March 2022**. You should state clearly whether your response represents the views of a specific organisation or whether you are writing in an individual capacity. We will complement written responses with engagements such as roundtables, reference groups, responding to written or telephone enquiries, FAQs on our website etc.
20. All responses will be taken into consideration. We anticipate giving greater weight to the strength of the arguments presented than to the number of times a point is made.
21. 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. If we publish a response submitted by someone in an individual capacity, we will ensure it is anonymised. When providing your response, you will be asked to confirm whether or not you agree to your response being included in any potential publication. For further information on how SFC uses personal information please see our [privacy notice](#).
22. Respondents should be aware that we are subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would, therefore, have to

⁴ <https://www.gov.scot/news/delivering-economic-transformation/>

⁵ <https://www.gov.uk/government/publications/uk-innovation-strategy-leading-the-future-by-creating-it>

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052060/Levelling_Up_White_Paper.pdf

consider any request under the Act for information relating to responses made to this consultation exercise. You should mark clearly any parts of your response that you wish us to treat as confidential, subject to the Freedom of Information (Scotland) Act”.

23. A number of sessions and conversations have been arranged or are in the process of being arranged for example, Universities Scotland’s committees and Colleges Scotland’s Principals’ Group. These are intended to complement the written exercise and help ensure a good quality of response. The themes discussed at the sessions will mirror what is set out in this document.
24. The responses to this consultation will be used by SFC as further evidence in support of implementation of the Review’s recommendations.

SFC’s system and strategy for KE&I

25. SFC aims to enable Scotland’s colleges and universities (our institutions) to be effective agents of **knowledge exchange, innovation, enterprise and entrepreneurship**. SFC’s KE&I strategy should enable, incentivise and inspire our institutions to help drive Scotland’s future economic and social prosperity, and our ultimate goal is to build a net-zero green economy and society. This does not mean that our support is solely about high-tech innovations or solutions. Scotland is home to a diversity of post-16 educational institutions, public sector and industry, which all have a contribution to make based on their infrastructure, people and place.
26. A common feature across all institutions must be a ‘strategy and purpose’ that is focussed on responsible, ethical and inclusive KE&I. SFC’s core support must promote an environment or framework that embodies and promotes these qualities.
27. Diagram-one below is intended to describe SFC’s proposed system for supporting college and university knowledge exchange and innovation (KE&I) activity and engagement with the UK KE&I system, particularly UK Research and Innovation (UKRI), and the Entrepreneurial Campus. The diagram is not perfect and will be refined as a result of this consultation. As a summary diagram it cannot be comprehensive e.g. of types of KE&I activity but it can act as a reference point for the specific sections of this document and support your views on how they hang together to form a coherent system. A critical question, or cross-cutting theme, is how SFC should allocate its available resources across this system to effectively incentivise and encourage activity in pursuit of our desired outcomes.
28. The following is intended to put diagram-one into context.

29. The Knowledge Exchange and Innovation Fund (KEIF) and Entrepreneurial Campus strategy will form our underpinning contribution and drivers in support of college and university strategies for KE&I and enterprise and entrepreneurship.
30. Following the publication of the Scottish Tech Ecosystem Review (STER)⁷ by Mark Logan and SFC's review⁸, which recommended the creation of an **Entrepreneurial Campus Strategy**, there is a recognition that our universities and colleges can do more to drive entrepreneurship and entrepreneurial activity that will be of significant benefit to Scotland's economy and society.
31. The **Innovation Centre programme** and **Interface** will evolve into KE&I **infrastructure** so that they may act as long-term strategic partners of colleges and universities, building opportunities of scale and supporting greater leverage into the system.
32. Our Review recommended we explore building in a **missions-led** approach in areas of greatest challenge for Scotland. To be successful in this approach we will need to use all our KE&I and research assets to galvanise collaboration and leverage funding from multiple sources. This includes our support for research collaboration through the development of the next generation of SFC's investment in Research Pooling. This area is inextricably linked to our KE&I approach, and is being developed in parallel. The ability of SFC to make explicit missions focussed funding available will be subject to the availability of funds and future spending reviews.
33. Our system will require good governance and strategic direction. We are proposing to establish a university and college **KE&I advisory function**, either utilising existing structures or creating something new. The evolution of SFC's National Impact Framework as SFC creates our new outcome and accountability frameworks will also form an important part of our approach to good governance.

⁷ <https://www.gov.scot/publications/scottish-technology-ecosystem-review/>

⁸ <http://www.sfc.ac.uk/review/review.aspx> - Recommendation: 'SFC rapidly develops a co-owned and co-designed Entrepreneurial Campus Strategy, building on existing successful activity in colleges and universities, and with an ambition to dramatically increase the flow of entrepreneurs into technology and other ecosystems consistent with the STER report recommendations.'

Diagram-one – SFC’s proposed system for supporting college and university KE and Innovation and the Entrepreneurial Campus

Purpose

SFC wishes to “...centre its knowledge exchange and innovation support on the top priorities of a green recovery, a well-being economy and transition to a net-zero carbon society.” SFC Review, phase-three report

Governance, good practice and measurement

KE&I Advisory Board: providing strategic oversight of and guidance on overall system performance
SFC National Impact Framework
Metrics and indicators: including HESA HEBCI
HE Knowledge Exchange Concordat

Equality, diversity and inclusion

We recognise the important role that our support for knowledge exchange and innovation can play in advancing equality, diversity and inclusion. Consideration of equality across our knowledge exchange and innovation portfolio is a priority if we are to succeed in delivering economic and societal goals.

Measurable Outputs and Outcomes

*successful spin-outs and start-ups / *companies supported to innovate and scale / *adoption of solutions / *income / * net-zero metrics / *E&D data / * entrepreneurial graduates (all levels) / *feedback loops to teaching and research / *KTPs

KE&I Activity (private and public sectors)

*licensing / *CPD / *collaborative R&D&I projects / *training / *incubators / *consultancy / *entrepreneurs in residence (EC) / *events / *collaborative networks / *KTP

Missions, Leverage and Income (beyond the SFC contribution) - Measurable

Colleges and universities must win/leverage funding from the wider UK system (particularly UKRI) and commercial activity (incl. venture capital)

Missions

Via SFC and other leveraged UK funding: collaborations of the willing focused on long-term solutions to our biggest problems

INFRASTRUCTURE

Innovation Centres

Build opportunities of scale
 Leverage funding
 Foster collaborations
 Translate industry, sector, technology etc. challenges and priorities into collaborative solutions with colleges and universities.

College and university KE&I and E&E capacity, strategy and good practice

Our colleges and universities have the resources, capacity and incentives to support effective strategies for KE&I and Enterprise and Entrepreneurship. SFC’s funding also supports the environment for responsible and inclusive practice.

INFRASTRUCTURE

Interface

Stimulate demand and simplify access to college and university KE&I with particular focus on SMEs – supported by the SFC Innovation Vouchers, connecting SMEs with academia for the first time, leading to sustained relationships. Promotion and celebrating the KE&I of our colleges and universities. Supporting the KE&I system to maximise their contributions to agreed outcomes.

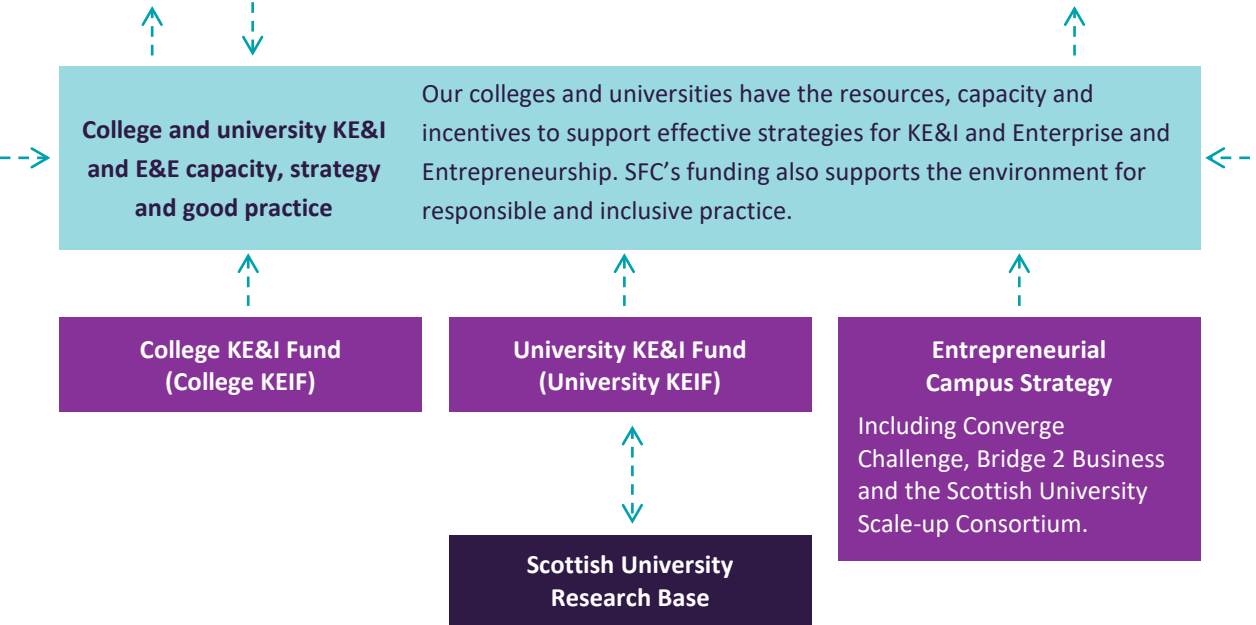
College KE&I Fund (College KEIF)

University KE&I Fund (University KEIF)

Entrepreneurial Campus Strategy

Including Converge Challenge, Bridge 2 Business and the Scottish University Scale-up Consortium.

Scottish University Research Base



Our commitment to embedding equality, diversity and inclusion across our knowledge exchange and innovation portfolio

34. The Equality Act 2010⁹ requires us to deliver on the Public Sector Equality Duty¹⁰. SFC adheres to the Equality and Human Rights Commission's (EHRC) Scotland-specific advice and guidance¹¹ and has established a Memorandum of Understanding¹² with the EHRC to strengthen our approach.
35. Beyond legal compliance, we recognise the important role that our support for knowledge exchange and innovation can play in advancing equality, diversity and inclusion. Consideration of equality across our knowledge exchange and innovation portfolio is a priority if we are to succeed in delivering economic and societal goals.
36. We are committed to ensuring that inequality is not perpetuated through the innovation and knowledge exchange activity supported by our funding; that the different rights and needs of all protected characteristic groups are recognised and addressed; and that people across all protected characteristics share the benefits of the supported activity.
37. It is essential that the SFC works with colleges, universities and key stakeholders to identify and tackle instances of underrepresentation, address differential needs and systemic disadvantage to reduce the impact of bias and ultimately reduce inequalities. We know it cannot be assumed that the sharing of knowledge and the impact of new technologies will have equal benefits or positive effects for everyone, and it is important that, in partnership with colleges and universities, we consider this alongside ensuring that there are equal opportunities to participate in the knowledge exchange and innovation ecosystem itself.
38. We are seeking to embed equality, diversity and inclusion in our strategy for knowledge and exchange and innovation; building on current good practice, identifying opportunities to advance equality and build a truly inclusive system. You should consider your responses to the questions set out in this consultation through the lens of equality, diversity and inclusion and explain any risks or opportunities in your submission. Responses will help shape any changes to be adopted.

⁹ Equality Act 2010 - <https://www.equalityhumanrights.com/en/equality-act-2010/what-equality-act>

¹⁰ Public Sector Equality Duty - <https://www.equalityhumanrights.com/en/equality-act-2010/what-equality-act>

¹¹ Scotland-specific advice and guidance - <https://www.equalityhumanrights.com/en/advice-and-guidance>

¹² Memorandum of understanding between SFC and the Equality and Human Rights Commission
http://www.sfc.ac.uk/web/FILES/EqualityDiversity/SFC_EHRC_Memorandum_of_Understanding.pdf

Consultation

39. The following sections set out the context and questions we would welcome your views on. We are seeking your ideas and, where you see risks, we want to hear your proposed solutions.
40. We have aimed to make questions as open as possible however, please note that this consultation follows the SFC Review and the Scottish Government's Ministerial response to it. We are, therefore, starting from this position and now looking at issues relevant to implementation. We are **not** seeking to revisit the evidence or the principles behind the recommendations of the Review.

1	Knowledge Exchange and Innovation Fund (KEIF) <ul style="list-style-type: none">• University KEIF (questions 1 to 4)• College KEIF (questions 5 to 7)
2	Entrepreneurial Campus (questions 8 to 9)
3	KE&I Infrastructure <ul style="list-style-type: none">• Innovation Centres (questions 10 to 12)• Interface (questions 13 to 14)<ul style="list-style-type: none">➤ <i>Innovation Vouchers</i> (questions 15 to 17)
4	Missions (question 18)
5	KE&I Advisory Board (question 19)

(1) Knowledge Exchange and Innovation Fund

41. Our Review has recommended that we create a “Knowledge Exchange and Innovation Fund (KEIF) for universities and colleges, to provide underpinning support to contribute to national and regional economic and social goals...” and to “...centre [our] knowledge exchange and innovation support on the top priorities of a green recovery, a well-being economy and transition to a net-zero carbon society.” This core, stable funding stream will support the respective capacity of our colleges and universities to engage in KE&I activity with businesses and wider organisations. It will also enable interaction and participation in Scotland’s, and the wider UK’s, innovation ecosystem - which SFC’s KE&I portfolio is a part of.
42. The Review recommended that SFC, “Consult the college sector on the creation of a College Innovation Fund as sustained underpinning support to allow colleges to secure local and national partnerships with employers to benefit from college expertise as needed... We are keen to enable the full potential for support for a green recovery, jobs and community development that colleges as local anchor institutions will bring.”
43. In practice this means we will establish a single narrative or vision statement for the KEIF. Under this we will evolve the current University Innovation Fund (UIF) into the University KEIF within, as a starting assumption, current budget and seek to create an entirely new funding stream for colleges called College KEIF subject to availability of funds.
44. The Review has also recommended, as a key area of “system change”, that Scottish Government works with SFC to explore the potential for multi-year funding commitments across the board. Therefore, there is potential for the KEIF to be structured in this way and we should explore the benefits this would bring.

University KEIF

45. SFC has worked most closely with Universities Scotland’s Research and Knowledge Exchange Committee (US RKEC) and Research and Commercialisation Directors’ Group (US RCDG) on the current UIF since its introduction in AY2016/17. **We would expect that university responses to this section will be informed by the individual university representatives on these groups.** Respondents might also refer to the 2019 SFC-led review of UIF – the recommendations have not been progressed due to the pandemic, however,

they provide useful reference points to what has been discussed before and which may remain relevant today¹³.

46. The UIF is currently structured around broad outcomes¹⁴ which, through the SFC's outcome agreement process, universities are expected to commit to achieving through both individual strategies and in collaboration. The latter is supported by the UIF Collaboration Manager (hosted by University of West of Scotland), a post which is currently funded by additional SFC funds until 31 July 2022. The UIF is allocated in two parts: a universal £250K Platform Grant (matched where possible); and the remainder formulaically using data from the SFC KE metric return¹⁵. It is a condition of grant for universities to complete the Higher Education Statistics Agency's (HESA) Higher Education Business Community Interaction Survey (HE-BCI).
47. The Knowledge Exchange Concordat is now well into its development year and some Scottish universities have opted to either sign-up to the full development year or principles only at this stage. We should now consider what role the Concordat should have in our system.
48. We now need to ensure the right mechanisms are in place to ensure the University KEIF delivers against its renewed purpose. Referring as always to SFC's proposed system, we would welcome your responses to the following questions.

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?

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?

¹³ Paper RKEC/19/25, UIF Review

http://www.sfc.ac.uk/web/FILES/committeepapers_19122019/RKEC_19_25_UIF_Review.pdf

¹⁴ The current UIF model is focussed on seven outcomes which were aligned with SFC and Scottish Government strategies as was current at 2016. These are available at

<http://www.sfc.ac.uk/innovation/university-innovation/university-innovation.aspx>

¹⁵ The UIF Outcome Grant is modelled on the capacity of Scottish HEIs' for knowledge exchange – based on the former Knowledge Transfer Grant AY2015-16 allocations as informed by the AY2014-15 metric return.

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.

Question 4: how could the University KEIF, with Interface, help support collaboration with colleges, collectively supporting Scotland's SME base to be more innovative?

College KEIF

49. Whilst we have run two successful rounds of the College Innovation Fund (pilot) our Review recommends that a baseline for an underpinning College KEIF should be established. Where the pilot was project based the proposed College KEIF is intended, as informed by the evidence to our Review, to contribute to long-term college capacity for KE&I. By capacity we are referring to people and the infrastructure colleges will require to effectively interface with businesses, public and third sector organisations and to win or leverage funding into KE&I activity.
50. This is a significant next step for our College KE&I strategy and we propose to build it in a measured way, from AY2023/24 at the earliest, subject to availability of funds. We need to understand what timescale of first cycle we should put in place for College KEIF before we review it and establish a mature model for future years. We would envisage working with colleges over this period on developing a monitoring and evaluation framework aligned with our proposed National Impact Framework.
51. The questions and themes set out below will help us develop further the evidence for College KEIF. It should be noted that no budget is in place at this stage and that any future budget will be subject to the availability of funds. We expect to use the further evidence generated by this consultation, and continued engagement with colleges over 2022/23, to develop proposals for future implementation.
52. We hope this consultation will help us with the following themes.
 - **Outcomes** – our Review provides the foundation (net-zero, economic and social renewal etc.) from which there is a need to establish appropriate outcomes to drive and incentivise this funding stream.

- **Diversity** - we will need to account for diversity of college specialisms, place etc. in the model and readiness levels of individual colleges to participate now or later.
- **Connection** - the model will need to be configured to optimise the connection of colleges to the wider SFC KE&I portfolio, and Scotland and UK innovation ecosystems.
- **Funding allocation model** - including utility (or not) of a floor or platform element.
- Scope for **collaborative framework** or activity similar to/learning from the UIF approach.
- **Measurement framework** - exploring our options for early progress measurement and a pathway to establishing a robust measurement and impact framework, which will include establishing an appropriate baseline

53. Referring as always to SFC's proposed system, we would welcome your responses to the following questions. You may wish to refer to the Cumberford/Little report¹⁶, College of the Future (Scotland) report¹⁷, and information on the SFC (Pilot) College Innovation Fund¹⁸.

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 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.

¹⁶ <https://view.pagetiger.com/inlhij/1>

¹⁷ <https://www.collegecommission.co.uk/the-scottish-college-of-the-future>

¹⁸ <http://www.sfc.ac.uk/innovation/college-innovation/college-innovation.aspx>

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.

(2) Entrepreneurial Campus

54. Following the publication of the Scottish Tech Ecosystem Review (STER)¹⁹ by Mark Logan and SFC's Review²⁰, which recommended the creation of an Entrepreneurial Campus Strategy, there is a recognition that our universities and colleges have an opportunity to facilitate and encourage a greater degree of entrepreneurship and entrepreneurial activity - creating significant benefit to Scotland's economy and society as well as to themselves.
55. In its formal response to SFC's Review, the Scottish Government said it "[...] supports SFC in taking forward this recommendation, which pays attention to the recommendations in the review led by Mark Logan on the Scottish Technology Ecosystem (STER)."
56. Successful delivery of the Entrepreneurial Campus strategy is intended to generate a larger, more diverse, pool of entrepreneurially minded students and academics, increase the rates of start-ups being generated in university and college settings, with access to expertise and facilities where market validation, prototyping and training can be developed. For students this will accelerate and improve their journey to developing viable start-ups and for staff and academics create better cultures and pathways to spin-out or start-up. This would intend to create greater economic and societal benefit for Scotland with ambition for increased company and talent retention in Scotland. It is likely that this will only be achieved if other parts of the system are also able to deliver the right support/conditions.
57. Our vision is that every university and college will enable a baseline level of provision which ensures every student in Scotland has the option or opportunity to receive an entrepreneurial education and recognise the pathways to create their own start-up or increase the likelihood of joining a start-up/scaling company, social or other type of enterprise.
58. The intended approach for Entrepreneurial Campus is to deliver a system intervention which embraces change across multiple areas of higher and further education. This will reflect STER recommendations and expand into

¹⁹ <https://www.gov.scot/publications/scottish-technology-ecosystem-review/>

²⁰ <http://www.sfc.ac.uk/review/review.aspx> - Recommendation: 'SFC rapidly develops a co-owned and co-designed Entrepreneurial Campus Strategy, building on existing successful activity in colleges and universities, and with an ambition to dramatically increase the flow of entrepreneurs into technology and other ecosystems consistent with the STER report recommendations.'

wider provision of education and support. In taking this approach we are broadly considering four areas, these are:

- Education – delivering a significant increase in availability and uptake of high quality, entrepreneurially informed teaching which provides students with fundamental skills to develop their entrepreneurial journey.
- Environment – creating the wraparound conditions that will support students and staff to further develop ideas and mindset. Examples include focus on improving diversity, embedding inter-disciplinarity, access to facilities and expertise.
- Activity - building out from existing national programmes which are delivering benefit e.g. Converge Challenge, Bridge 2 Business, whilst supporting universities and colleges to share learning and best practice from their existing portfolios. Consider new inclusive programmes for students to, themselves, build their entrepreneurial thinking – whether forming an enterprise is the goal or not.
- Architecture –the architecture to support that change might be through,as examples: sector wide agreements, a concordat (style approach) setting the good practice benchmarks or by using hubs and spokes where existing leadership can be identified.

59. Considerations running through our work include:

- Equity of access to entrepreneurship activity for students both by course, by institution and by personal circumstances.
- The efficient use or development of existing activity to avoid duplication.
- Investment in system change – supporting for example, curriculum redesign, entrepreneurs in residence, extracurricular provision and so forth - will need to be costed and funding sourced.

60. As outlined in Made it Happen²¹, many universities have made significant progress and are delivering activity, education and providing incubation facilities. The scale and uptake of this offering needs further understanding and this consultation can support this.

²¹ <https://www.universities-scotland.ac.uk/publications/made-it-happen/>

61. A significant number of college students go on to form companies or operate as sole traders. Supported by Young Enterprise Scotland through Bridge 2 Business, this company formation process has an established support network which is an asset as we establish the baseline for further development.
62. SFC currently funds and supports Converge Challenge²², the Scottish University Scale-up Consortium²³, and Bridge 2 Business²⁴. We will seek to position these strategically within the Entrepreneurial Campus strategy and welcome other suggestions of new or existing architecture of potential value to the vision.
63. Referring as always to SFC's proposed system, we would welcome your responses to the following questions.

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.

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.

(3) KE&I Infrastructure

64. In our Review we recommend that "...the university and college sectors join SFC in repositioning Innovation Centres (ICs) and Interface as stable long-term infrastructure investments, helping to maximise their contribution to the economy and the relationship between the sectors and society in these challenging but opportunity-rich times".

Innovation Centres

65. The core principle of moving ICs to 'infrastructure' is to more deeply embed ICs in partnership with our universities and colleges and commit to them over a longer period of time, with increased stability, rather than running re-funding processes effectively from scratch on artificial cycles (five-year cycles currently).

²² <https://www.convergechallenge.com/>

²³ <https://www.sfc.ac.uk/news/2021/news-84876.aspx>

²⁴ <https://yes.org.uk/enterprise-education.php?id=2>

66. For our Innovation Centres (programme) this will, in practice, include:
- Relaunching the purpose of the IC programme, consulting colleges and universities, and our partners in Government and agencies. We will agree outcomes in our pursuit of green recovery, wellbeing, a just transition, and an entrepreneurial economy with a clear expectation of rapid change where needed and a continued broad contribution to our company, public sector and skills base.
 - Strengthening the relationship between these important bodies (Interface and ICs) and universities and colleges to maximise economic, social and environmental impact arising from our institutions through KE and Innovation support.
 - Moving from relatively short cycles of discrete fundamental funding reviews to a stable infrastructure relationship in which our support continues, contingent on affordability, sustained market demand and continued flexible delivery against goals that will be adjusted as policy or opportunity dictate.
67. In order to reposition ‘qualifying’ ICs as stable long term infrastructure investments, we need universities and colleges to help co-design and co-own the IC programme as an effective part of the KE&I system. We will work with universities and colleges to be more explicit on the role of the ICs within our KE&I system, re-affirming them as national assets. By moving away from discrete funding cycles ICs will have more stability and will be freer to attract further public sector support.
68. We will run a process to determine long term infrastructure investments in AY2022-23.
69. As a minimum to qualify as an SFC ‘infrastructure’ investment an IC must do or embody the following:
- Be focused on using all SFC funding in utilising and connecting the existing strengths of our universities and colleges with businesses²⁵. We will move our emphasis from KPI measures to delivery on agreed outcomes and we will deliberately relaunch purpose with a broader KE remit in order to reflect the diversity of our institutions and the value they can bring. An infrastructure investment must recognise this and adapt accordingly.

²⁵ Where ‘businesses’ here is to be read as including private sector, third sector and public sector organisations, notably the Scottish NHS and Social Care system.

- Be strategically aligned to the needs of Scotland today particularly in the context of recovery, Brexit and net-zero. We will agree outcomes in pursuit of green recovery, wellbeing, a just transition and an entrepreneurial economy. For an IC to be supported over the long term it must be clear that they are playing/can play an integral role in delivery of national strategies and priorities. It would be unnecessarily limiting if the role of an IC remained rigid and single focused so we will expect ICs as long-term investments to have a broader and highly collaborative remit.
- Strategic alignment is required to ensure we do not duplicate efforts or clutter support and the landscape. It is also vital in enabling an IC as an infrastructure investment to demonstrate that they are bringing real value to the system beyond the impact an individual organisation or even a partnership of institutions or organisations could have themselves. An infrastructure investment must demonstrate that they can play a significant role in helping Scotland leverage in UK, EU and other sources of R&D support. They are vital to the system in connecting and building opportunities of scale for Scotland.
- An IC as an infrastructure investment must be fully part of the university and college KE&I system whilst maintaining and demonstrating significant industry demand. ICs as infrastructure will exist to help universities and colleges maximise their value to Scotland (through their KE&I) so ICs' relationships with universities and colleges must be strengthened collectively and individually. We will look to universities and colleges to help us co-own and co-design that support.
- Infrastructure investments must ensure that they are bringing industry demand to universities and colleges that stimulates and challenges them. ICs will be more proactive in engaging with institutions to establish our strengths better and tap into them. They must work closely with SFC's support for research collaboration and system entities, including Research Pools, where that supports desired outcomes.
- Infrastructure investments should build on existing college links and make rapid inroads into developing greater college innovation as college capacity grows.
- Infrastructure investments must play a leading role in skills development with significant skills programmes ensuring we are preparing for future jobs and training innovators of the future – this is a key element to their industry demand credentials.

70. The seven current ICs²⁶ are delivering their Phase-two business plans with necessary changes made and agreed with funding partners as part of their Emergency Years (AY20-22) priorities. ICs have continued to show flexibility and initiative in reacting to the needs of Scotland – evidenced in their increasing focus on Net Zero and Covid response and recovery work. They will continue in this manner, developing plans in pursuit of outcomes, in lead up to any long term stable infrastructure investment.
71. Referring as always to SFC’s proposed system, we would welcome your responses to the following questions.

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.

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, avoiding duplication of effort etc. This would include opportunities for alignment and partnership with Interface, Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise and other relevant agencies and organisations.

Question 12: we would welcome views on potential areas of future opportunity where the Innovation Centre model could help deliver outcomes for Scotland.

²⁶ www.sfc.ac.uk/innovation/innovation-centres/funded-innovation-centres.aspx

Interface: the knowledge connection for business

72. Interface: the knowledge connection for business²⁷ has existed since 2005 to connect Scottish businesses to our academic base. It has grown in size and reputation and it is now very difficult to imagine our KE&I ecosystem without this key component. Like ICs, Interface is a mature organisation with significant brand recognition and a key part of our KE&I support.
73. In our Review we recommend that “...the university and college sectors join SFC in repositioning Innovation Centres (ICs) and **Interface** as stable long-term infrastructure investments, helping to maximise their contribution to the economy and the relationship between the sectors and society in these challenging but opportunity-rich times”.
74. Our Review recognises the current value of Interface and the potential for even greater benefits to our KE&I support system and Scotland. For Interface this will, in practice, include:
- Relaunching the purpose of Interface, consulting both colleges and universities, and our partners in Government and agencies. We will agree outcomes in our pursuit of green recovery, wellbeing, a just transition, and an entrepreneurial economy with a clear expectation of rapid change where needed and a proven broad contribution to our company, public sector and skills base.
 - Strengthening the relationship between these important bodies (Interface and ICs) and universities and colleges to maximise economic, social and environmental impact arising from our institutions through KE and Innovation support.
 - Moving from short cycles of discrete fundamental funding reviews to a stable infrastructure relationship in which our support continues, contingent on affordability, sustained market demand and continued flexible delivery against goals that will be adjusted as policy or opportunity dictate.
75. To do this we will need to re-determine/re-establish the purpose of Interface to maximise its benefits over the longer term, consulting with partners in Scottish Government and the enterprise agencies and most significantly universities and colleges.
76. Above all, Interface exists to help universities and colleges maximise the impact of their knowledge and facilities through working with businesses. This

²⁷ <https://interface-online.org.uk/>

relaunching needs to agree outcomes in pursuit of green recovery, wellbeing, a just transition and an entrepreneurial economy with a clear expectation of rapid change where needed and a proven broad contribution to our company, public sector and skills base.

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.

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.

Innovation Voucher Programme

77. SFC’s Innovation Voucher (IV) programme has been running since 2009 and has helped over 1500 companies work with a university or, more recently, college for the first time. These £5k (matched in kind by companies) vouchers allow businesses to work with an academic on an innovative project (development of product/service/process) and hopefully build a relationship which can go on to deliver economic, societal or environmental impacts for Scotland.
78. We, as part of the Review, consulted with US RCDG²⁸ to gain views from the university sector on how we might improve the scheme. This was very helpful. We have an opportunity to build on those views and consider how SFC can better understand success with the intended outcome of helping create sustained relationships. Whilst the uptake of IVs has been low from colleges so far, we plan to redesign the scheme as a single tertiary offering and expect college use to increase as capacity grows due, in part, to the College KEIF.
79. We are considering the implications of increasing the value of the ‘Standard IV’, broadening to KE over the narrower ‘innovation’ definition currently in operation and whether improvements can be made to ensure a broader, less concentrated take up across institutions. We will also consider back office functions and efficiencies in application and payment processes.

²⁸ The Research and Commercialisation Directors Group of Universities Scotland’s Research and Knowledge Exchange Committee.

80. We (SFC) are rightly proud of the scheme and our role in offering the opportunity for first time collaborations which can then lead to significant relationships and impact for Scotland. However, we must also explore how we can report and record (on the optimal frequency) how many IVs lead to further engagements with the university or college (or other universities and colleges) and whether this success can be used to inform a less burdensome and more flexible allocation model.
81. Referring as always to SFC's proposed system, we would welcome your responses to the following questions.

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.

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.

Question 17: how could colleges and universities help SFC understand, or monitor longitudinally, how 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?

(4) Missions

82. In our Review we highlight the significant opportunity for our universities and colleges to tackle large-scale challenge areas of current and future need for Scotland. This missions approach puts research and innovation at the heart of achieving this goal, subject to significant and sustained funding focused on long-term outcomes and impact rather than short-term outputs.
83. In its response to the Review, Scottish Government stated it is “supportive of the arguments” around mission-led approaches. We are now interested to hear views on SFC’s potential role in this area, in particular how could, working in partnership with Scottish Government and its agencies, SFC support our colleges and universities to play their part.
84. Any missions-led approach would need to align with the forthcoming Scottish Government National Economic Transformation Strategy and associated Innovation Strategy. This consultation is an opportunity to provide strategic input and to generate evidence around the potential for missions-led approaches.
85. Our Review also recommended the development of the next generation of SFC’s investment in research pooling, with a focus on interdisciplinary challenge-oriented research collaboration. Our future support for research collaboration is inextricably linked to our KE&I approach, and is being developed in parallel. We will seek alignment and coherence across our portfolio, recognising that a successful missions approach requires this.
86. Achieving missions will require broad academic expertise and engage underrepresented groups and individuals who are often most impacted by the areas we are trying to tackle.
87. Referring as always to SFC’s proposed system, we would welcome your responses to the following question.

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?

(5) KE&I Advisory Board

88. It should be clear from the previous sections that a core part of our strategy will be to position our KE&I support in partnership with colleges and universities. We also want to ensure that our support is configured and operating optimally. The creation of an advisory board, populated by appropriate representation from universities, colleges and wider stakeholders, is proposed to help support this concept. We recognise that, once we have considered the views of respondents to his consultation we may see an **existing** body being able to be given the commission to act as such an Advisory Board.
89. Referring as always to SFC's proposed system, we would welcome your responses to the following question.

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.