

The Council for Industry and Higher Education



HEFCE Consultation on HEIF3

A response from the CIHE

September 2005

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Introduction

This document is submitted by the Council for Industry and Higher Education (CIHE) as a response to HEFCE's invitation to submit views on the proposals for the allocation of HEIF3 in 2005/36. We welcome the process of consultation that has preceded the issuing of this document and look forward to continuing that process with the OST and HEFCE.

The responses have been developed in discussions with the CIHE R&D Group and reflect a number of key underlying principles; namely that the funding mechanisms:-

- should encourage a broad range of interactions between business, the community and universities ranging from staff exchanges, student placements through sponsored and contracted research to formal technology transfer;
- should not encourage universities to distort projects in order to achieve tangible commercial outcomes for the university itself
- should encourage a response to demand and opportunity for innovation rather than focussing attention on a "technology push" mode of activity
- should recognise different modes of interaction appropriate to different industries – such as the service and media industries – which may transfer knowledge in different ways than in science, technology and medicine.

As well as deliberately addressing the specific questions asked in 2005/36 we also offer some comments where we think some aspects of the detail in the document warrant some specific application of the principles outlined above. These are set out in what we consider to be an appropriate point in relation to the matters addressed in the consultation questions.

Consultation Question 1

Consultation question 1

We invite views on:

- the approach which should be taken for Component 2 of the formula – whether to use data exclusively from either HESA or HE-BCI, or use data from both sources, or using HESA data for HEIF 3 with the intention to use HE-BCI for future rounds
- the use of the simple absolute measures of external income.

CIHE Response

The measures chosen should indicate as broadly as possible the attraction of the university to business and the community and as robustly as possible. Thus the measure should include broad rather than narrow measures of external income which should include sponsored as well as contracted research. The broader measure should be robust more robust and would offer the best prospect of avoiding possible inconsistencies in definition. The choice of using HESA statistics or HE-BCI should be subordinated to this principle. The measure should focus on income which reflects continuous interactions (ie revenue) and avoid the distortions which might arise by including capital items. It is important that the measure should avoid any tendency to distort interactions towards contracts of a commercial rather than a collaborative nature. In addition it should be the objective to include contributions in kind from industry (e.g. time, services and consumables) as measured by the users as these also reflect the importance placed by external agencies on interaction with the university. (Such data is collected, for example, in the case of KTPs.)

It may be worth modelling the effect of using income per FTE member of staff (rather than absolute income) as a means of reflecting the fact that KT capability is not necessarily linearly related to staff numbers (e.g. in teaching focussed institutions). This might have some effect in correcting any distortions which might arise by application of the principles in paras 35 & 36 of the document.

Detail comment (see para 22) – Institutional plans should explicitly include staff appraisal and development plans to encourage the development of the expertise needed to work at the institution / business boundary.

Consultation Question 2

Consultation question 2

We invite views on the proposal to have a third component to reflect activities that generate little or no income, and in particular the metrics within that component.

CIHE Response

The Council is in favour of metrics which reflect activities which generate little or no income as a balance to incentives which would encourage income generating activities irrespective of their relative effectiveness in achieving knowledge transfer. We would in the long term favour the development of a package of metrics which are neutral in respect of income generation and concentrate on the embedding and impact of the knowledge transferred. Embedding would be demonstrated by the transferee community adopting, and developing the knowledge transferred.

Consultation Question 3

At present the third component is restricted to 10% of the total funding to reflect perceived difficulties in measurement. In its current form the metrics to be used are:-

- Dedicated third stream staff
- SME engagement
- Number of licences granted

We recommend that robust metrics be developed that capture the flow and interaction of people since most knowledge is transferred through the movement of people (see below).

Consultation question 3

We invite views on the balance of funding between the three formula components. We also invite respondents to consider both the longer and shorter term implications of the proposed funding design.

CIHE Response

Although the CIHE accepts that at present the availability of robust data for the 3rd component is limited, we believe that more than 10% should be allocated and would favour firmly favour the development of metrics which would see this portion increase substantially in future rounds. In particular it is important to measure the activity in staff in “boundary crossing” activities. An appropriate starting percentage might be 20/25% given that the weighting of the remainder would still avoid the imperfections in this metric having an overlarge impact in actual allocations, that the metrics associated with the balance are imperfect themselves, and that starting at 25% would create a significant incentive to improve the metrics further.

Detail comment – what metrics have been established to demonstrate the effectiveness of knowledge exchanges (success is claimed for these initiatives which are to continue); do these offer examples which might be developed for broader application?

Detailed comment – (See Annex A para 10) recognising numbers of licences may add limited value to the metric if it overlaps with income generation on the one hand and SME interaction on the other (where income might be low). Rather we would encourage the development and measurement of people flows as most knowledge exchange takes place through this interaction.

Consultation Question 4

Consultation question 4

We invite views on the transitional factor and whether setting aside £10 to £15 million represents an appropriate balance between the above two considerations.

CIHE Response

Prima facie the amounts proposed seem reasonable but they need to be tested in the light of examples of how the funding would apply in individual cases and what other arrangements might be made (for example sharing resources after the allocations between institutions where this makes practical sense).

Consultation Question 5

Consultation question 5

We invite views on the proposal that there should not be a specific financial incentive for collaborations. We also invite views on whether there are other non-financial means to provide support for good collaborations.

CIHE Response

The Council agrees that there should be **no** collaborative boost. Collaborations should be incentivised by the additionality they offer in their own right.

Detailed comment (see para 60) nevertheless institutions may wish to include a specific regional dimension in their strategic plan which complements RDA initiatives and is explicitly set in the context of those programmes; this could be confirmed by the RDA themselves.

Detailed comment (see para 62) strategic plans should include an explicit evaluation of how they have been designed to demonstrate value for money against alternative means of achieving the same ends (e.g. by leveraging other resources) and how they fit with the regional dimension.

Competitive Element

Consultation Question 6

Consultation question 6

We invite views on the types of collaboration that should be encouraged in the competitive element, and views on any particular priority action areas that would benefit from support.

CIHE Response

In general institutions are poor at recognising how their intellectual assets may best be used to create value and have been encouraged to undervalue people transfer versus formal knowledge transfer. Collaborations which can demonstrate robust means of measuring outcomes particularly those achieved through indirect means would be particularly valuable as well as those which offer new means of identifying potential market applications of emerging technologies.

We have also included in an annex to this paper a suggestion which has arisen from related researches carried out by CIHE as part of a project assessing the competitiveness of UK HEIs. This might be the type of project which could be considered under HEIF3 and might be used as a “thought experiment” to test the criteria to be used.

Consultation Question 7

Consultation question 7

We invite views on the evaluation criteria which should be used for the competitive element.

CIHE Response

The competitive element should be used as an opportunity to innovate in knowledge transfer. Accordingly key criteria which should be included are:-

- The extent to which a problem in knowledge transfer has been identified and articulated and the scale of the opportunity and impact which would result from providing a solution
- The extent to which the solution can be “modelled” and is transferable between the originators and other institutions; this is particularly important given the thinness of the cadre of staff with real breadth and depth of experience at the HEI / Business interface.

- How far end users, including small businesses and not-for-profit organisations, are part of the collaboration; collaborations just between HEIs may not result in beneficial outputs
- The criteria (and perhaps the panel membership used in assessment) should be neutral as to the nature of the knowledge transfer and allow those projects which are concerned (say) which knowledge transfer involving media, the arts, and the service and public sectors to be judged equally with those focussed on science, engineering and technology,
- The novelty and feasibility of the approach taken.

Detailed comment (para 95 allows for institutions to participate in more than one bid) we suggest that participation in more than one bid should exploit different attributes of participating institutions, otherwise they may be stretched or unfocussed.

Consultation question 8

Consultation question 8

We invite views on the likely response rate to the competition and on practical approaches for ensuring an appropriate quantity of bids.

CIHE Response

We understand (from conversations with OST) that the sponsors are reluctant to describe examples of how competitive bids might be profiled in order to avoid steering approaches. Nevertheless it is possible that by describing the types of problem that such bids might usefully address, suitably innovative and adventurous proposals might be stimulated. The identification and generation of market traction for different applications of new technologies and demonstrating these through to proof of concept stage is an example of one such challenge which might be cited in encouraging bids and which would show the promise of substantial additionality from collaboration.

Similarly it might be useful to prompt for projects which of their nature might not occur to local collaborations of HEIs. Research suggest a particularly large link between scientific excellence and economic impact. It might therefore be productive to encourage transfer of knowledge for application between regions (e.g. from the so-called “research triangle”) and from overseas rather than re-invention. We would encourage a very broad definition of knowledge transfer.

See also the issue and project outlined in the annex “window on the world”.

Annexe – The Window on the World

This suggestion arises from discussions with senior executives of CIHE's member companies.

Background

Large research intensive companies (such as many of those among CIHE's members) have large numbers (e.g. > 10,000) of scientific researchers. These become excellent in their own field and it is part of their obligation and a realistic expectation that they will be aware of the latest developments affecting their own projects wheresoever in the world they might arise. The same is not true of small companies and yet the impact on product competitiveness of researches elsewhere may be the same – in effect winner takes all. Resources, both personnel and materiel, exist in universities which could contribute towards alleviating this competitive deficit.

Suggestion

Current KT “products” and funding programs incentivise universities to transfer their own knowledge in their own interest as well as the company's. However they may well have a far better capability and capacity than a company to assimilate, evaluate and even act as a conduit for knowledge arising elsewhere. The specialised knowledge and propensity to act as such a “window on the world” for small companies may exist in different universities within a region. The funding provided under the competitive element may provide a vehicle to stimulate such a collaborative project. The interest in the use of such a knowledge resource in a region would provide an interim metric on its effectiveness; the impact measured by the effect on decisions made by companies and the eventual outcomes would be the long term metric. It would also be of great use in preparing companies for the due diligence involved in seeking investment and we believe that the fact that the university would not be seen to act in its own commercial interest may be an additional element in fostering good and productive long term relations.

CIHE
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