Scottish Parliament Education and Skills Committee

Call for submission of views on the performance of the SFC

October 2016

University of Strathclyde Response

The University of Strathclyde is pleased to provide a summary of our views on the performance of the SFC in the context of the outcomes set by Scottish Government and as part of the Education and Skills Committee’s pre-budget scrutiny.

First and foremost we support Universities Scotland’s submission and position that a funding council or equivalent body is essential and that key funding streams, such as the Research Excellence Grant, are of fundamental importance to the higher education (HE) sector’s financial sustainability. In acting as the NDPB with responsibility for formulaic and strategic university funding, SFC provides an important strategic partnership interface between the sector and Government. With SFC’s support, and co-investment from other public and private sector partners, Strathclyde has achieved significant recent success, demonstrable via increased and accelerated economic and societal impact.

We also support the view put forward by Universities Scotland that SFC’s support and joint working on responses to policy developments has been strong and positive in relation to the Teaching Excellence Framework and the Research Excellence Framework. However we would also agree that SFC should have the capacity and confidence to initiate policy developments itself and to do so by creating the right environment for, and responding flexibly and positively to, success, whilst always working in collaboration with the sector. Ensuring investments are evidence-based - informed by data analysis and policy research beyond Scotland - would provide reassurance to both institutions and Scottish Government that there is a clear understanding of ‘what works’.

1. Context

This submission builds on our response to the Scottish Government’s recent call for evidence in relation to the Enterprise and Skills Agency Review (the Review) – this provides important context given one of our key response points related to close collaboration between the government agencies which were the subject of the Review, which we feel is crucially important to secure the full benefits from each type of intervention. As stated in our submission to the Review, a unified ‘one Scotland’ approach would enable collective focus on achieving an overarching strategic vision to prevail over any organisational boundary issues. We also noted that, whilst the number of ‘levels and organisations’ which funding flows through is of relevance, our view is that efficient and effective targeted investment – in terms of minimising funding complexity, with appropriate focussed investment, co-investment and reporting structures/timeframes – is the key, irrespective of the levels or number of organisations involved.

In terms of funding and fiscal context, we consider the possibility of an agreement (compact) between the Scottish Government, the sector and the SFC should be kept open, noting that individual universities have recently been invited to negotiate 3-year Outcome Agreements with the SFC for the period 2017-2020. For universities to deliver on medium-term commitments whilst facing increasing costs and wider risks, there must be a firm pledge to provide sustainable funding over a multi-year period, as highlighted in Audit Scotland’s recent report, as well as an affirmation of universities’ autonomy.
2. SFC Performance: strengths and areas where greater impact could be achieved

Focusing on SFC, our overarching view in terms of organisation and delivery is that form should follow function and that the collective focus of SFC should be on interpreting Ministerial advice and supporting the sector to pursue an agreed set of sector objectives delivered via a diversity of approaches which are in keeping with each institution’s individual mission.

We fully support Universities Scotland’s view that responsibility for allocating funding to universities sits best with an agency with NDPB status to ensure there is an appropriate interface between universities and Government, and that the agency takes account of policy imperatives and provides advice to Ministers based on close working with the HE sector, and vice versa. The evidence base to inform such funding decisions – in particular the allocation of core/formulaic funding – is extensive encompassing REF, TEF, HESA/HEBCIS data and Outcome Agreements. At Strathclyde we have a particularly strong and positive relationship with our Outcome Agreement manager and her wider team and this has enabled a deeper understanding of Strathclyde’s position and vision to be developed within SFC.

We also believe that strategic funding should be targeted and considered over a medium term timeframe, with a focus on clearly defined areas of activity with correlated positive outcomes, in order to minimise dilution and hence maximise measurable impact.

Formulaic funding

Developing funding methods in consultation with the sector both reduces burden and provides much-needed certainty and it is our view that the SFC should continue to ensure that the majority of its funding is delivered via transparent formulaic approaches which reflect a consensus view. In developing the Research Excellence Grant, universities were able to see how their REF success, and between-REF changes in research-related data, would translate to funding allocations, albeit the initial impact on funding was transitioned over 3 years. In contrast, the full impact of recent changes to the Universities Innovation Fund (UIF; formerly the Knowledge Exchange Grant), and the precise means of determining allocations, are yet to become clear. Removing the link between known performance metrics for knowledge exchange and UIF funding allocations also leads to increased uncertainty for individual institutions. The reductions in UIF and removal of a funding formula create a risk that the funding will tend towards short term objectives rather than providing the core funding required to support university work in innovation, one of the Scottish Government’s key economic priorities.

Strategic Funding

The following are key examples of SFC’s strategic investment (including co-investment with other agencies/industry and business partners) in Strathclyde which have been highly successful in terms of engagement and benefits realised:

- **Technology and Innovation Centre**
  Delivered with support from SFC and Scottish Enterprise, TIC is a £90M transformational investment changing the way academics, business, and the public sector work in partnership to connect world-leading multi-disciplinary research to societal and business challenges at pace and speed. TIC houses 700 researchers covering a broad range of sectors including energy, health, future cities, advanced manufacturing and photonics.
• **Engineering Academy**

Our pioneering Engineering Academy provides an alternative route into university and employment in a subject area not traditionally offering FE-HE articulation. From an initial intake of around 50, this innovative entry route has grown such that over 100 entrants per annum are now admitted – the programme is built on strong links with industry and is a completely new way of undertaking articulation with range of college partners. With additional support from the appropriate agencies, we would like to expand this successful model via the development of new Academies at the University:

- A Digital Academy to contribute to Digital Scotland addressing employment skills, capacity shortages and graduate employability;
- A Social Sciences Academy to build on longstanding links with FE colleges and low participation schools through SWAP West and FOCUS West; and
- A Business Academy to build upon articulation from FE onto existing courses.

• **Skills for Growth – additional funded places**

The provision of additional funded places via this SFC-funded scheme allowed Strathclyde to recruit 25 undergraduate students per year to its highly innovative and newly established Biomedical Engineering programme. In addition, postgraduate taught places have been provided to 85 students per annum in a range of new Engineering, Science and Child & Youth Studies courses. Proposals to SFC to recruit to all of these innovative, and largely newly established, Masters courses were directly linked to meeting industry / societal need and SFC has been responsive and flexible in its support for developing these new courses.

• **Innovation Centres (ICs)**

Strathclyde is a partner in the largest number of ICs in Scotland. These collaborative partnerships are funded jointly by SFC, Scottish Enterprise and H&I Enterprise:

- The Industrial Biotechnology Innovation Centre (IBioIC), launched in 2014 to accelerate and de-risk the development of commercially viable, sustainable solutions for high-value manufacturing in chemistry-using and life science sectors.
- Since July 2016, Strathclyde has also hosted the Digital Health & Care Innovation Centre (DHI), which will enable Scotland to harness digital health technologies in order to scale its health and care services to meet demographic challenges and to position Scotland as world leading in this rapidly growing worldwide market.

• **Research pooling**

Strathclyde has been a committed participant in the SFC-funded Research Pooling initiatives since these began in 2003. We have a critical role in both the Scottish Research Partnership in Engineering (SRPE) and the Energy Technology Partnership (ETP) where our Principal Professor Sir Jim McDonald is Chair. We play leading roles in SUPA (Physics), ScotCHEM (through WestCHEM, chemistry) and we are engaged at appropriate levels in all the other relevant Research Pools:

- MASTS
- SICSA
- SIRE
- SULSA

• **Power Networks Demonstration Centre (PNDC)**

PNDC is a research centre founded by government, industrial and academic partners with the aim of accelerating the adoption of innovative research and technologies by the electricity industry. PNDC has attracted more than £30M funding and includes partners from
across the power industry including Scottish Power, Scottish and Southern Energy, UK Power Networks, Vodafone, Locamation, Omicron and S&C.

- **Enterprise Campus pilot**
  In its final year of a three year pilot, this SFC-funded project provides support to develop an entrepreneurial culture and to drive high growth business ideas emerging from postgraduate students across Scotland. The programme provides support on a regional hub and spoke model, and Strathclyde is the Hub University in the West of Scotland, supporting students from partner Universities across the region. In the first two years of the project Enterprise Campus West provided key support to over 30 aspiring entrepreneurs and formed 18 new growth businesses such as the MindMate app.

**Maximising impact**

We believe there are opportunities whereby SFC could ensure the sector achieved greater impact:

- In some cases the dispersion of investment – for example to allocate strategic funding to all/most universities – has inadvertently constrained success. Articulation is an example where additional places were distributed widely across the sector, in some cases to expand existing provision (such that it is difficult to track the impact of those particular additional places) and in other cases to develop fully new and innovative routes into HE, such as our pioneering Engineering Academy described above, which we are in a strong position to expand if more funding were available.
- Investment is not always of sufficient duration – for some strategic funding streams such as additional undergraduate skills places, the full funding has been for fewer years than the duration of the course for some of our students (integrated masters students study for 5 years); this makes planning more complex if those students’ experience is not to be diminished.
- While SFC has created a number of new valuable organisations which complement the universities, it should also consider making more use of collaborative institutional initiatives, such as the successful Enterprise Campus Pilot, which provides a national service using expertise of the 3 most experienced institutions in the field of practical support to budding postgraduate entrepreneurs.

ENDS.