



University and College Union

‘Further, higher, better’

**Submission to the government’s
second Comprehensive Spending
Review**

Section 14

14 Business and community outreach and knowledge exchange

Further education

Outreach activities, having staff who go out from the institution to work with individuals and organizations who are not participating in learning and training, have a long history in further education. Pioneered in the 1970s and used by many colleges and adult education services to assist widening participation activities, outreach fell from favour in the 1990s when increasing student numbers usually from groups and individuals already participating in learning was the policy imperative.

From 1997 when the Kennedy Report on further education reintroduced widening participation, there has been a rediscovery of outreach. Outreach in further and adult education has two main thrusts: taking existing curricula out of the college/service to new usually community sites; negotiating the existing curricula with groups and individuals and through these processes developing new curricula, programmes and modes of delivery. Outreach in essence was translation: translating the curricula to groups and individuals unfamiliar with both it and the language it is often described. It is also about taking messages about learning needs and wants to colleges/services in terms that could respond to.

As the policy imperatives now seem to be moving away from widening participation again to a focus around skills generation, there are two main concerns around outreach activities.

The first is the policy change referred to above. However, outreach could still be a vital component in meeting government targets for adult literacy and numeracy.

The second threat to outreach activities is around funding. Although outreach can and should be essential to a college/institution's activities, its funding can be insecure. It is often a long term investment with small immediate pay off in the type of indicators so beloved by funding agencies. With the funding methodology prior to the Learning and Skills Council there was an entry element which was for work before actual teaching and learning. This could fund outreach, along with other marketing and information, advice and guidance activities.

The LSC funding methodology combined the entry element with the teaching and learning component and this meant there was no funding that could be identified for outreach. As the LSC moves to yet another funding allocation process that leaves behind most of the methodology used for more than a decade, the future funding for outreach activities is very uncertain.

One way of moving forward in terms of outreach may be to develop outreach teams based perhaps on local authority or local LSC areas. There is sufficient

practice in outreach to know that organizations and individuals may have learning needs and wants that run across institutional and organizational boundaries, and there may be advantages to having outreach workers relate to geographic areas. This also might help funding as it could then be spread between a number of organisations.

There has been an increasing focus on colleges' engagement with employers. Although a high percentage of employers using colleges are satisfied with what colleges are providing, there are even higher percentages of employers not using colleges nor knowing very much about them.

As with colleges' early relationships with community organisations, some of the problems are about message and language being used by colleges and employers. We consider that there is an urgent need for a cadre of 'translators'/intermediaries in the employer/college nexus. Indeed the second Skills White Paper, in March 2005, recognised this requirement with its proposal for 'skills brokers' especially in relation to National Employer Training. These brokers would seem to have other roles in terms of the contentestable nature of these programmes and other employer engagement activities. There may be then advantages in having outreach teams for business on hand to facilitate college-employer discussions. Such teams could be on a regional or local LSC basis.

The 2006 further education White Paper acknowledges employers as the major customer of FE, alongside learners. The 'demand-led' Train to Gain programme for adult learners, starting in April 2006, to deliver training, normally in the workplace, is, according to the White Paper 'designed and delivered to suit the employer's operational needs'.⁶⁴ Brokers will work with employers to assess training needs and find suitable training for employees. Basic skills and a first level 2 qualification will be free; level 3 provision will receive a state contribution of up to 50% of the costs.

Higher education

In the past 15 years there has been a marked increase in the level and scope of interaction between higher education and business in the UK. These activities have come to be seen as a third strand in the missions of higher education institutions, in addition to teaching and research, and have become a significant element in the activities of universities and their staff.

There are many different kinds of interactions between higher education and business. These range from technology transfer and research collaboration – which are particularly marked in higher education institutions with a higher level of research intensity – to contributing access to education, supporting small and medium sized enterprises (SMEs) and meeting regional skill needs, which are more marked in institutions with a lower level of research intensity.⁶⁵ Institutions with a higher research intensity tend to focus particularly on business sectors/clusters in science, medicine, engineering and technology; institutions with a lower research intensity are particularly active among not-for-profit organisations and in the public sector.⁶⁶

To increase knowledge transfer, the government has introduced a variety of schemes to improve performance: University Challenge, providing universities with seed corn funds; Science Enterprise Centres, providing access to entrepreneurial skills to science and engineering undergraduates and graduates; the Higher Education Innovation Fund, providing incentives for universities to transfer knowledge to the economy. In the 2005 Budget, Chancellor Gordon Brown announced that there would be funding incentives for universities opening their research facilities to business.⁶⁷

We note the particular focus of the second Comprehensive Spending Review on the acceleration in the pace of innovation and technological diffusion and the continued increase in the knowledge-intensity of goods and services. The Lambert review of business-university collaboration has recently addressed this issue, and recommended that third stream funding should be increased to around £150 million in England 'in the future'.

Joint funding by HEFCE and the Office of Science and Technology for the third round of the Higher Education Innovation Fund (HEIF) in England will provide a total of £238m over the two years 2006-07 and 2007-08. This includes up to £20m as continuation funding for the Centres for Knowledge Exchange (CKE) which were initiated in 2004 under HEIF 2. Under the third round of HEIF, funding will largely be allocated to institutions on a formula basis.⁶⁸

The Higher Education Funding Council for Wales's Third Mission Fund supports higher education institutions in activities that bring economic and community benefits. The Third Mission Fund was £4.1m in 2005-6, rising to £6.1m by 2007-8. HEIs have developed rolling three-year strategies (from 2004/05 to 2006/07) for their third mission activities, which include:

- enterprise & entrepreneurship – eg the development of spinout companies from HEIs;
- services to business – eg training and consultancy;
- contract research;
- skills and employability – eg developing graduate skills suitable for the workplace, working with employers to develop the curriculum;
- innovation & knowledge transfer – eg collaborative research programmes with industrial partners;
- developing new and faster ways of doing things;
- community development – eg promoting Welsh language and culture, public lectures, exhibitions and other events for children and adults.⁶⁹

In Scotland, the Scottish Higher Education Funding Council has introduced formula allocation for knowledge transfer based on activity measures through its Knowledge Transfer Grant from 2004-05. This aims to maintain predictability in allocations through formula funding rather than competitive bidding, and will monitor and keep under review the metrics used for funding purposes. The KT grant in 2006-7 is £16.0m.

In Northern Ireland, knowledge transfer is promoted primarily via an adaptation of HEIF which is a joint initiative of the Department of Enterprise, Trade and Investment (DETI) and the Department for Employment and Learning (DEL), and delivered by the Regional Development Agency, Invest NI. Eligible activities must take account of DEL/DETI strategic priorities and also reflect the Northern Ireland Regional Innovation Strategy. Funding of around £9.5m has been granted for 2004-5 to 2006-7.

Since the late 1990s, there has been a series of surveys of HE-business interaction covering the whole of the UK and published by HEFCE, the most recent, published in January 2005 and covering the period 2002-3, was titled 'Higher education-business and community interaction survey'.⁷⁰ The inclusion of 'community' in the title of the 2002-3 survey was significant. Although most HEIs responding to the survey reported private commercial business, as the main beneficiaries of their services, 50 reported public sector partners as the main beneficiaries. A further 26 HEIs reported social, community and cultural groups as their main priority.

Overall the survey data show a 'continuing improvement' in HE-business interactions. There was 'evidence of growing ownership by HEIs of their own distinctive approaches to contributing to the economy and society (their third stream strategies), reflecting the diversity of the HE sector'.⁷¹ There was an increase in the commitment to supporting small and medium-size enterprises (SMEs) and meeting regional skills needs. Provision of a single enquiry point for business and working with SMEs to determine their needs from HE was now done by 89% and 79% of HEIs respectively.

The latest report indicated that income from consultancy in 2002-3 was up by 38% from from 2001-2. The number of HE staff reported whose main role is working with business and the wider community in 2002-3 was 4,134 full-time equivalents – a 125% increase on the 1,836 figure for 2001-2.

The turnover of formal spin-off companies (both with and without HEI ownership) was £358m, with an employment of nearly 13,000 full-time-equivalent staff. Intellectual property-based income, from licensing and sale of shares in spin-offs, appeared to have diminished slightly.⁷²

The report showed that UK HEIs continued to generate more than three times as many spin-off companies per £m of research expenditure as in the US; however, US universities produced around one-third more patents per £m and well over double the licence income per £m.⁷³

Comment

We welcome the opportunity for increasing numbers of UK academic staff to develop entrepreneurial skills and commercialise the research and scholarship they are engaged in. We welcome the government's commitment to increased funding of university-business links, not least the the formation – announced in the 2006 Budget - of a national enterprise network of over 200 schools, new

summer schools in enterprise, including scholarships to American universities for young British entrepreneurs.

Provided additional funding for third stream activities is 'new' money, and not top-sliced from recurrent funding for teaching and research, we welcome the government's response to Lambert, and look to the government to meet the Lambert recommendation during the period of the 2007 Spending Review. We also welcome providing the majority of third stream funding on a formula basis.

But higher education-business interactions are rightly in a minor league – compared with mainstream teaching and research – in terms of university priorities, and in terms of the amount of staff time spent on them, and in terms of the proportion of university income and expenditure they account for.

We consider it is of great importance that higher education institutions are allowed flexibility and autonomy in how they interact with business and the community; that social engagement is considered as valid as economic engagement; and that institutions guard against commercialisation of knowledge restricting academic freedom. We emphasise the need for increased awareness among employers of the potential for working with HEIs.

In a recent publication by the Higher Education Policy Institute, Sachi Hatakenaka said: 'Third stream activities' need to remain very diverse as each university should respond to external needs in its own way, and so it is vital that government support should not lead to straitjacketing or even narrowing its focus ... The overarching policy objective should be to instil economic and social impact as 'values' within universities ...'⁷⁴

On the potential conflict of interest between academic freedom and commercial confidentiality, arising out of universities having economic agendas, we note Hatakenaka's comment: '... some of the best US universities have a culture that means they would choose 'openness' over patenting if that was a more effective route for generating public benefits.'⁷⁵

The 2003 white paper, 'The future of higher education', acknowledged the importance of university-business interactions in England's regional economies, but said: 'Much of our current performance is based on knowledge transfer from cutting-edge, internationally competitive research. This is important. But we must also make sure that businesses can access all the rest of the knowledge and expertise held by the HE sector.'⁷⁶

Following on from that, the white paper has given the English Regional Development Agencies, from 2004-05, a formal role in how the Higher Education Innovation Fund is distributed. The AUT supports attempts to strengthen regional partnerships between universities and bodies such as RDAs and the Learning and Skills Councils. However, we do have some concerns about the accountability and representativeness of RDAs. For example, who will monitor their activities and how can universities and their staff influence them? The RDAs in England are newly created bodies, and will

need time to establish themselves and their strategies for regional economic development, particularly in relation to higher education. The AUT cautions against an overly interventionist approach by the RDAs to higher education institutions.

In addition the white paper proposed a network of around 20 Knowledge Exchanges, to be 'exemplars of good practice in interactions between less research-intensive institutions and business'.⁷⁷ The AUT welcomes the Knowledge Exchanges. However, we would not want to see knowledge transfer activity concentrated in teaching-only institutions. It makes no sense to fund institutions to transfer knowledge that they have played no part in creating. Knowledge transfer is not a separate activity from research but operates most effectively when it flows naturally from the research that underlies it. Despite the extra funding for knowledge transfer, there is a danger that the effect of the government's policy of further research selectivity will be to weaken the knowledge transfer capacity of the sector as a whole.

A number of actual or potential conflicts relating to involvement by academic and related staff in economy related activities. These issues need to be addressed if best practice in university-business interactions, from the staff perspective, is to be ensured, and if barriers to interactions are to be overcome.

There are conflicts of interest between academic freedom and commercial confidentiality. The strong tradition among academics of early, widespread and unfettered publication of the results of research is often seen to be at odds with the desire by commercial sponsors of research to delay – or even suppress – publication.

Clear institutional level guidance on best practice is needed on issues such as length of confidentiality periods and the right to publish the findings of research or consultancy. Contracts between universities and sponsors need to reflect this best practice.

There can be a conflict between the goals and interests of academics and of businesses. While academics may be interested in knowledge for its own sake, business partners are chiefly interested in the commercial relevance of research.

One potential resolution to these conflicts would be for both sides of a university-business partnership to be clear about their priorities and aims in a partnership to develop greater awareness of where the other partner is 'coming from'. Institutions should provide potential partners a clear statement of their values and priorities – particularly relating to institutional autonomy and academic freedom – and how these apply to university-business interactions.

There is often a conflict within higher education institutions between the public agenda of an institution, as expressed in its mission statement and corporate planning documents, and the financial realities of life in higher education. In

particular this relates to institutions saying they support university-business links, particularly at the local and regional level, while the 'hidden agenda' of institutions is that activities which count towards a high Research Assessment Exercise rating – and thereby high research funding – are what really count.

Although the rules governing the RAE have become more inclusive in terms of what can be submitted in the exercise, the tension still exists. Greater provision of recognition and reward for staff involved in economic related activity, in terms of remuneration, release from other duties, promotion and staff development, would help to ease these tensions.

Universities need to pay closer attention to the ethical dimension of commercial funding. In recent years, there have been a number of notorious examples of corporate sponsorship, most famously the decision by Nottingham University to accept £3.8m from British American Tobacco to set up an International Centre for Corporate Social Responsibility. The AUT has been encouraging a discussion with our members on this issue, for example, by promoting the new Missenden Code of Practice on Ethics and Accountability.⁷⁸ However, we believe that the vice-chancellors need to become more involved in the debate.

The AUT believes that universities should ensure that their policies on university-business relations require open contracts, effective conflict of interest guidelines, and clear control of any academic policy implications of such arrangements by the academic board.⁷⁹ Universities should reject contracts that have inappropriate strings attached. Academic boards should have a mechanism to review contracts with academic conditions attached and should periodically review other research contracts to ensure that they are not in violation of the academic integrity of the institution.

We welcome the contribution of sectoral guidance, 'Ethics matters: managing ethical issues in higher education', published in 2005,⁸⁰ to this and other issues. We recommend that higher education institutions use the 'Ethics matters' guidance in developing their own comprehensive policies.