

## Knowledge Transfer Grant consultation

Issue date: 10 October 2013

Deadline: 8 November 2013

Reference: SFC/01/2013C

Summary: Consultation on proposals as part of SFC's review of the Knowledge Transfer Grant.

FAO: Principals and directors of Scotland's universities

Further information:

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## **Knowledge Transfer Grant consultation**

1. I am writing to invite views on the Scottish Funding Council's (SFC) proposals for changes to the Knowledge Transfer Grant.

### **Consultation process**

2. We are committed to consulting widely on our proposals and welcome comments from our stakeholders and anyone with an interest in the issues raised in this document. The consultation period will run from 8 October 2013 to 8 November 2013.
3. A copy of this consultation document has been published on our website.
4. As part of the wider consultation process we will also liaise with key organisations such as Universities Scotland and the enterprise bodies through existing links.

### **How to respond to this consultation**

5. Responses to the key questions should be sent to SFC either by post to:

Knowledge Transfer Grant Review  
Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

or email: [ktgconsultation@sfc.ac.uk](mailto:ktgconsultation@sfc.ac.uk) or via the online form.

### **Status of responses**

6. You should state clearly whether your response represents the views of a specific organisation or whether you are writing in an individual capacity.

### **Openness**

7. We will make responses to this consultation available publicly. If you ask for your response not to be published, we will regard it as confidential and we will treat it accordingly.
8. However, respondents should be aware that we are subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would, therefore, have to consider any request under the Act for information relating to responses made to this consultation exercise. You should mark clearly any parts of your

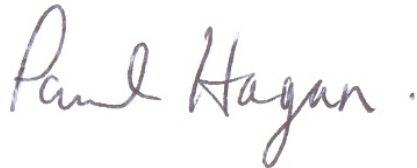
response that you wish us to treat as confidential, subject to the Freedom of Information Act.

### **Acknowledgement of responses**

9. We will acknowledge all responses. Please include an email address so that we can confirm we have received your response.

### **Further information**

10. For further information please contact: Dr Stuart Fancey, Assistant Director, Research and Innovation, Tel: 0131 313 6559, email: [sfancey@sfc.ac.uk](mailto:sfancey@sfc.ac.uk); or Hazel McGraw, Policy Officer, Research and Innovation, Tel: 0131 313 6657, email: [hmcgraw@sfc.ac.uk](mailto:hmcgraw@sfc.ac.uk).

A handwritten signature in black ink that reads "Paul Hagan". The signature is written in a cursive style with a period at the end.

**Paul Hagan**  
Director, Research & Innovation

## Knowledge Transfer Grant consultation

### Background

#### *The Knowledge Transfer Grant*

1. The Knowledge Transfer Grant (KTG) was initially introduced by the then Scottish Higher Education Funding Council (SHEFC) in 2001-02 as a capacity building grant intended to equip institutions with resources to deliver knowledge exchange activity.
2. The KTG has to date been a long-term, flexible funding stream to support knowledge exchange activities, including commercialisation of research. While taking into consideration the Scottish Government's priorities, the grant provides institutions with the freedom to determine which activities best meet their aims and build on their existing strengths.
3. The current KTG consists of:
  - A baseline allocation to each institution in recognition of the need for all universities to maintain dedicated KE staff and
  - A formulaic element, which in 2013-14 was allocated using the knowledge exchange activity metrics relating to AY 2010-11 and AY 2011-12
4. An annual KE return is requested from institutions. Following a review of the information collected as part of this return by the short-life [Knowledge Exchange Reporting Working Group](#)<sup>1</sup> in 2010 the following four sets of information/data were requested in AY2010-11 and AY2011-12:
  - KE strategy
  - Information on the use of Knowledge Transfer Grant (KTG)
  - Statistics for the outputs from knowledge exchange activity and
  - Narratives describing the impacts of knowledge exchange activity
5. Completion of the Higher Education – Business and Community Interaction (HEBCI) survey is a condition of grant for receipt of the formulaic allocation.

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<sup>1</sup>[http://www.sfc.ac.uk/web/FILES/Knowledge\\_Exchange/Report\\_of\\_Knowledge\\_Exchange\\_Reporting\\_Working\\_Group.pdf](http://www.sfc.ac.uk/web/FILES/Knowledge_Exchange/Report_of_Knowledge_Exchange_Reporting_Working_Group.pdf)

## Knowledge exchange landscape

6. The knowledge exchange landscape has changed substantially since the introduction of the KTG in 2001-02:
  - HEIs have significantly increased their KE activities, supported by the increase in KTG over the period. Commercialisation and innovation support have taken increasingly prominent positions in Scottish universities' day-to-day business
  - Emergence of the 'impact agenda' influencing the culture of university research management
  - In response to guidance from the Scottish Government, SFC and its partners in the enterprise agencies and Universities Scotland have developed the 'single knowledge exchange organisation' for Scotland, to be called "Innovation Scotland", in order to increase the effectiveness of knowledge exchange structures and support in Scotland
  - Scottish Universities have made intellectual property whose value is not immediately realisable, available through "Easy access IP" arrangements, principally through the university-technology.com database
  - The SME-university introduction organisation, Interface, has been created, with hundreds of successful projects – and growing businesses - being facilitated by Interface and supported by Innovation vouchers
  - The ongoing creation of Innovation Centres, clusters of businesses and universities working together in a (sub-)sector to lower barriers to innovation exploitation in that sector
  - The introduction of Outcome Agreements, which set out the goals and ambitions of individual universities, as agreed with SFC, and how they contribute to the priorities of SFC and of Scottish Government

## Review of the KTG

7. KTG is £17.1 million in AY 2013-14, £15.8 million allocated using the knowledge exchange activity metrics and £1.3 million allocated as a baseline amount of £70K per institution.
8. In March 2012, Circular letter SFC/05/2012 – '[Updated main grants to universities](#)'<sup>2</sup>, SFC informed universities that KTG would be reviewed in time for AY 2014-15.
9. Circular letter SFC/05/2012 also indicated that:

*'SFC will move towards more strategic use of Knowledge Exchange support, investing in larger-scale projects that have the capacity to stimulate sustainable*

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<sup>2</sup> <http://www.sfc.ac.uk/newsinformation/Circulars/2012/SFC0512.aspx>

*structural changes in linkages between academia and industry, rather than funding, small-scale Knowledge Exchange projects’.*

## **Principles**

10. At its meeting of June 2013 SFC’s Research & Knowledge Exchange Committee agreed that:

“The KTG should:

- Support engagement with Innovation Scotland (previously SKEO), Interface and the Innovation Centres
- Support collaborative behaviour
- Support institutional knowledge exchange capacity
- Support innovation
- Support removal of barriers to exploitation of research
- Incentivise knowledge exchange with business and public policy and support public and cultural engagement and
- Support the continued international ambitions of our universities in exploiting commercial opportunities

The KTG allocation model should:

- Be transparent and fair
- Be integrated with Outcome Agreement processes where possible and
- Maximise use of existing data sources to minimise burden on institutions

## **The Proposals**

### ***Fixed element***

11. The KTG currently has a baseline allocation of £70,000p.a. for each institution. Broadly equivalent to one FTE of staff resource and associated costs, this allocation was originally intended to support all institutions to develop KE capacity.
12. We propose that it is valuable to retain this baseline of support, and, indeed, to extend it. A baseline allocation will:
- Maintain stability of KE staff resources in institutions, especially important for the smaller specialist institutions
  - Reflect support for knowledge exchange activities such as public and cultural engagement which are not income-generating and therefore are not reflected in the metrics and variable allocation and
  - Support collaborative behaviours and engagement with Innovation Scotland, Interface and Innovation Centres

13. The SFC proposes to:

- Retain the baseline of £70K pa for the institutions with lower levels of revenue generating KE activity
- Extend that baseline to £140K pa for the institutions with higher levels of revenue generating KE activity and
- Change the terms of the KTG to make receipt of the fixed element subject to the following conditions:
  - i that institutions use the resource in the interest of Scottish economic, cultural or societal benefit
  - ii that this resource should help to promote collaborative working between universities, including through Innovation Centres and research pools, in support of the Government Economic Strategy.

14. The proposed method of differentiating between institutions of lower and higher KE activity is a rolling three year average of formulaic KTG income. A significant interval between groups of HEIs will be used as the dividing line.

### ***Consultation questions***

**Question 1.** Do you support the introduction of a raised baseline element for KTG for institutions with higher levels of KE activity?

**Question 2.** Do you agree with the proposal to explicitly require universities to support collaborative KE activities in pursuit of the Government Economic Strategy, linking receipt of the baseline element of KTG to this requirement?

**Question 3.** Do you agree that the division between groups of institutions of higher or lower KE activity is most appropriately done by considering levels of KTG income from SFC.

### ***Variable element***

15. The formula which allocates the variable element of KTG is based on differential weightings of different activity metrics. The weightings currently are:

Outreach	5
Enterprise Schemes	4
Consultancy	3.5
CPD	2.5
External research	2.25
Licensing	1.5
Translational Awards	1.5
Venturing	1.0

16. In order to encourage and reward the support by universities of the growth of Scotland's small and medium sized enterprises, it is proposed to double weight the income in any category which is identified in the current breakdown of returns as deriving from Scottish SMEs.
17. It is further proposed to group the weightings into three bands, as below, to simplify the model:

Outreach	5
Enterprise Schemes	5
Consultancy	3
CPD	3
External research	3
Licensing	1
Translational Awards	1
Venturing	1

### ***Consultation questions***

**Question 4:** Do you agree that the proposed double weighting of the returned activity relating to SMEs will reward and encourage universities to engage with and support SMEs?

**Question 5:** Do you support the proposal to simplify and rationalise the KTG formula weightings to three bands?

### ***Maximising use of existing data sources and reporting***

18. Institutions have previously been required to return four sets of data as part of the annual KTG return as set out in paragraph 4 above. It has also been a condition of grant since 2011-12 that HEIs return data to the Higher Education – Business and Community Interaction (HEBCI) survey.
19. The categories of data returned to KTG and HEBCI are mostly well aligned with the exceptions:



- That the location of commercial income (ie from a Scottish, RUK, European or overseas company) is not collected by HEBCI
- That care needs to be taken to capture European income leveraging commercial income as that is not as clearly captured under equivalent HEBCI headings and
- HEBCI does not collect information on translational awards and venturing (ie VC funding, RCUK follow-on funding, Wellcome Trust Translational Award etc)

20. It is proposed that:

- We continue to require institutions to return the HEBCI survey and will work with institutions to investigate variances between KTG and HEBCI data
- We use HEBCI data to drive the KTG formula in all similar categories but that we continue to require institutions to break down commercial income by geographical source and to return information on translational awards

### ***KE strategy***

21. Through the Outcome Agreements process SFC already collects information from institutions on their KE strategies and targets. It is proposed that we no longer ask HEIs to return KE strategies as part of the KTG return.

### ***Case studies***

22. Institutions have previously been required to submit up to 10 case studies demonstrating the impact of knowledge exchange activities. Case studies were not requested in 2013-14 in recognition that this would duplicate effort in preparing REF submissions.
23. SFC proposes that future KTG annual returns will no longer require institutions to return KE case studies.

### **Consultation questions**

**Question 6:** Do you agree that SFC should adopt the use of data returned to HEBCI as the input to the KTG formula. The KTG return to SFC would be restricted to the geographic origin of commercial and translational award income.

**Question 7:** Do you wish to comment on the proposed simplification of the KT return?

**Question 8:** Do you have any further comments on any aspect of this consultation?

## How to respond to this consultation

24. Responses to the key questions should be sent to SFC no later than 8 November 2013 either by post to:

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## Further information

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