

Scottish Funding Council (SFC) Knowledge Exchange and Innovation (KE&I) Consultation Response – March 2022

Questions 1-3 (Universities only)

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

Whilst it is understood that this a university-specific question – and while it is not the place of the college sector to suggest how universities utilise their Knowledge Exchange and Innovation Funds (KEIF) – colleges in Scotland have a significant number of well-established and mature relationships with employers and industry Scotland-wide across the spectrum and diversity of the SME and larger employer base. The opportunity to collectively support the small and medium-sized enterprise (SME) base in its innovation efforts is welcome and could profitably benefit from the effective partnerships already carried out by colleges with their work in this area.

Collaboration with colleges could be facilitated by a more robust and active connection with Interface, with sector updates to all partners in an equal-access model within the tertiary space; the college sector is certain that this would facilitate meaningful opportunity-sharing and greater likelihood of shared learning with the university sector.

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.

Overall Funding

The college sector would expect to see a greater overall share of the funding that goes into this area as we go forward with the College KEIF. With significant funding introduced from the start of the process, then, there exists the potential for colleges to deliver large-scale benefit to the economy of Scotland. Colleges are well placed to evidence current innovation efforts and exponential impacts linked to agile and targeted use of the College KEIF – it is expected that individual colleges will report this detail to SFC in their own consultation responses.

Reflecting upon this, the expectation for the funding level from SFC is equivalency to the FWDF programme and investment in the 7-to-8-figure millions (circa £8-10 million), initially at least, subject to agreed delivery conditions and milestones.

Whilst there are subtleties and nuances to knowledge exchange and innovation that mean a standard (or sectoral or national) way of thinking may be impractical, perhaps even impossible, to determine, based upon the individual college consultation returns (separate to this consultation response) it is expected that clarity and specificity will be provided for gaps and established programmes of skills and KE&I delivery.

Capacity

On the question of capacity, the fundamental point here concerns resource, or more bluntly, people. For a fully effective delivery model – devoid of curriculum borrowing – there has to be new resource rather than absorption into existing college structures, especially if an emphasis is being

placed on future-proofing and strategic, long-term investment. The funding model within which colleges currently operate contains a level of rigidity that is not conducive to, nor catalysing for, creative KE&I or opportunistic business development linked to funding nimbleness for KE&I.

College sector feedback has been clear that enabling scale is vital to delivering college-led innovation, which the funding model noted above directly impacts. The College KEIF will, it is hoped, enable colleges to redress the current imbalance for college-led KE&I provision in Scotland through its intrinsic flexibility, with material benefit realisable not just for colleges, but across the wider collaborative agenda of SFC and Scottish Government, as colleges look to share expertise and insights with university colleagues. The funding changes proposed, if implemented to greatest effect, would allow asset and infrastructure development, promoting effective alliances with businesses, public sector and third sector organisations, and with clear potential for top-up and leverage additionality with KE&I activity.

Small and Medium-sized Enterprises

The on-campus/in-person, off-campus/in-person, and online/hybrid skills delivery system that colleges provide has brought tangible and measurable benefit to businesses of all sizes and stages of development. SFC support for a flexible and adaptable KE&I offering would deliver greater relevance to SMEs, fully considerate of their proliferation throughout Scotland and their disparate means of connecting with KE&I delivery.

The inherent difficulties for SMEs to devote the necessary time for a qualification-based intervention could then be overcome through appropriate capacity and scale in the KE&I offering. The role of colleges, especially in the localised and regionalised way in which they operate, would then deliver the intended and significant positive outcomes linked to economic productivity for business across the spectrum, whether through product, or process or workforce development innovations. The anticipated positive outcomes and impacts – enhanced productivity; turnover and profit margin growth; increased employment – would then follow.

An important caveat with this is that, in the main, SMEs may initially require a considerable time and resource commitment, in order to develop innovation and knowledge exchange activities. It is important that SFC are aware of this working landscape and the need for commitment and patience in the early phase of the College KEIF.

Widening Access

If consideration is given to not only priority areas but priority groups, then, the levers necessary to open KE&I access to a widening access and participation cohort are manifest and provide achievable equality, diversity, and inclusion matrices for participation across myriad employer demographics. This may also need to consider Scottish Government efforts and plans in the International Education Strategy, with scope for broader access and horizon scanning of ‘international’ opportunities – Scottish Government have been clear that their vision for education (and associated elements, such as learner-student-apprentice-employer overlap) is not insular, rather, it is to be multi-modal and expansionist in outlook.

There are examples of colleges offering, currently, Scotland-centric scholarships linked to business and something experientially beneficial, with KE&I either encompassed within that or ripe for inclusion. This approach would also allow for enterprise to become embedded within multi-course delivery across appropriate SCQF levels, courses, qualifications and CPD, with an outlook beyond Scotland.

There are best practice exemplars throughout the college sector and it is anticipated that individual college returns will highlight both the current practice models for SFC to build upon, as well as innovative practice within the environment of innovation delivery itself.

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.

Sector feedback on this aspect of the College KEIF is clear that the commitment would need to be for a minimum of 36 months from date of inception, with informed observations noting that a period of implementation, circa 3-5 years, would be both necessary and anticipated for this kind of programme to gain suitable traction, become embedded, and deliver a sustainable college-school senior phase-employer model of engagement that encapsulates knowledge exchange, innovation, enterprise and the requisite skillsets intrinsic to those areas. The impending Scottish Government (and SFC) plans for multi-year funding announcements will play their part in this and should be cognisant of start-up, implementation and development aims of the College KEIF.

There is a strong expectation in the college sector of concrete commitment for future years, with SFC utilising pre-existing learning and development points from the long-term UIF programme, alongside clear acknowledgement of both 'infancy' for the College KEIF and potentially significant alignment to some existing institutional expertise with this type of initiative.

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.

Collaboration

In line with the emphasis within Question 4 (see above) being posed to universities directly, there is obvious intrinsic value for collaboration and sharing across colleges (sectorally) and with universities (regionally and nationally). It is understood that frameworks are resource heavy in the creation phase, thus, acknowledgement of the 'flat' starting end of the development curve for colleges, from start-up and the time and resource needed to bend that curve upwards, has to form part of SFC thinking for the early aspects of College KEIF use.

The option of piloting, initially, in key areas (i.e., place-based and skills/economy-led) is worth consideration, however, the practicalities of that would need resource and SFC/sector agreement to enable that, as well as taking positive advantage in using aspects of best practice already extant in the college sector. Universities were on this learning curve formerly and the learning points from that could be usefully shared with the college sector to help avoid reinvention or some of the pitfalls.

With collaboration in mind, there is a fruitful nexus between the academic research sphere, college KE&I, and businesses, that would allow productive co-creation interventions sympathetic to the overarching aims of SFC and tertiary alignment. There are key networks within the college sector that it may be reasonably assumed mirror those in the university sector, thus, the potential for kindred groups to work together is both desirable and achievable. In addition, there are baseline activities already in place with some colleges that will allow for immediate connection and enhanced development, for example, the UHI colleges' model, whereby ten 10 of Scotland's colleges are already part of a university partnership of the UHI, demonstrating that strong engagement across that tertiary system is already in place within that college region.

Investment Framework

It is apparent that, in the university sector, UIF and KE have been inculcated to the university programme and to decision making by our university colleagues, however, to achieve that parity in the college sector there will need to be sustained and serious investment and commitment, both from SFC and from universities, to embrace co-creation, co-delivery, and commonality of purpose in the 'single narrative' approach. This would, by necessity, extend to the reporting, compliance, and audit requirements, with a college sector request to have 'light touch' approaches adopted by SFC in these areas, allowing for needed flexibility and responsiveness in delivery to align with the

follow-up visibility to SFC and Scottish Government through fit-for-purpose and helpful reporting frameworks.

Colleges play an important role in delivering education, qualifications and diverse skills, with unique capabilities that are complementary to the KE&I offer available already, such as transformative practice in the technological and professional/CPD realm, all of which aligns with KE&I goals. Current efforts with this strand look at, for example, digital maturity within organisations and ways to address gaps that deliver value-added impact. That complementarity, cognisant of the differentiated set of capabilities within the college sector, should be considered consequently if SFC are seeking to embody the new College KEIF in a national landscape, and in full awareness of that differentiation when attempting to establish a single narrative or vision statement for the KEIF.

One small note of caution here would be around the efficacy of a single narrative or vision if ongoing evidence gathering by SFC (and the college and university sectors) illustrated divergence of aims, impacts and outcomes despite best efforts of both sectors to embrace the concept.

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.

The understanding of Colleges Scotland is that the sector would welcome co-design of an Entrepreneurial Campus strategy and implementation programme. There is both practicality and aspiration in this kind of initiative, with a KE&I pipeline opportunity that covers the schools' senior phase, FE-level and HE-level delivery options. This type of welcome programme has been provided before and then eroded through inflexible (or withdrawn) funding methodologies, so there remains an imperative to reclaim previous good practice and tangible outcomes from the new College KEIF and its corresponding development through an Entrepreneurial Campus strategy.

It is apparent to colleges that incubation and start-up potential also exists in this mode of delivery, as well as the possibility to introduce conducive environments delivering high-quality, holistic and fundamental entrepreneurial skills. This would allow colleges to be the catalyst for enablement of students, learners and employers in what should be their entrepreneurial space.

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.

Informing the Colleges Scotland response on behalf of the sector, following engagement with sector colleagues, we know that provision of current best practice exemplars will be provided by individual colleges. The work of colleges in the areas of entrepreneurship and enterprise, such as West College Scotland, City of Glasgow College, Perth College UHI, and Edinburgh College, will reflect the positive landscape into which an Entrepreneurial Campus strategy will fit.

There is a possibility for entrepreneurial residency to play its part in the overall aims of the scheme, however, based upon previous college sector efforts in the last ten years in this regard, there needs to be significant investment to retain that expertise and that may not fit the profile of return-on-investment anticipated by SFC.

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.
Innovation Culture

With no apologies for making an obvious point, but colleges already demonstrate capabilities with regard to innovation; the emphasis upon Innovation Centres merely makes a stronger case for

colleges to play a critical role in developing ICs and the work they already undertake. Cultures of innovation already exist in the college sector and should be beneficially exploited.

It is clear that there is considerable opportunity in this strand of work for SFC, for colleges, and for universities, as long as the rationale does not limit itself to a 'dual-purpose' model that separates the efforts of colleges and universities in what are often synchronous approaches to skills development through innovation for learners. It is a truism that colleges incubate new business start-ups through several routes, namely, Hairdressing, Health & Beauty, Sports Development, and the Construction and Automotive trades, and the potential exists to formalise the entrepreneurial and enterprise aspects of these 'cottage industry' and start-up possibilities through Innovation Centres.

There is a place for Innovation Centres to lead on the green agenda and on areas such as workplace automation, with expectations from colleges on considered and impactful input on areas where they can provide leadership and, equally, where SFC and universities can provide leadership. This would allow colleges to set out visions for sector, staff, student, employer, and stakeholder expectation. Any notion of 'repositioning' can then become an investable theme thereafter.

Innovation Leadership

It is worth noting that there are a number of college sector leaders who ascribe to, and who are members and Fellows of, the Institute of Innovation and Knowledge Exchange, therefore, there should be no doubt around the veracity of college sector commitment to innovation and the extended premise of Innovation Centres. Alongside this, there are professional competence opportunities already being delivered throughout Scotland for senior college sector personnel to achieve both organisational and leadership training in innovation – some of which bolsters existing skills and commitment, some of which introduces new adherents – and which underpins the college sector's serious commitment to innovation.

Innovation was a clear focus for SFC in the recent report 'Coherence and Sustainability: A Review of Tertiary Education and Research', with several references to the place of innovation within the breadth of strategies needed to deliver coherence and sustainability, both nationally and for the tertiary sector. All of this chimes with considered points made within the [Cumberford-Little Report](#) of March 2020, with case study data provided showing, for example, impact across the South of Scotland Skills and Learning Network, the Michelin-Scotland Innovation Park in Dundee, and the place of innovative approaches to innovation itself (a point made above against Question 5). Further comments were made in that report to note that 'organisations leveraged higher levels of value and performance from being part of an eco-system, with an agile mindset, an entrepreneurial spirit, and with new styles of leadership' (see [Cumberford-Little Report](#), p30).

All of this builds upon the work of Professor Grahame Reid in his 2016 report on Innovation centres for SFC (see '[Independent Review of Innovations Centres Programme](#)') and is succinctly stated as an opportunity for '... the success of the college sector in Scotland ... through innovation ...', presciently noting that the '...delivery of skills is not some sort of "secondary" innovation' (see '[Independent Review of Innovations Centres Programme](#)', p51).

What must be acknowledged here is that, if maximising contribution to the economy of Scotland is the driving force behind Innovation Centres, then, 'opportunity-rich times' have to work on a balanced 'opportunity-sharing' model. This would resonate with the points made by Professor Sir Anton Muscatelli in his report to the Scottish Government in November 2019, emphasising that it was a 'national mission' to drive innovation in Scotland (see [Muscatelli Report](#), p1). If that 'national mission' is to be realised, then, with the current imbalance corrected – and the College KEIF is very welcome (albeit no funding level has yet been set) – the former invidious position of a college sector provided with reported full-sector funding of £1 million for innovation, against a university level of £105 million over a 7-year period from 2013-14 to 2019-20 (see [Cumberford-Little Report](#), p51), can be redressed.

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.

There is an opportunity to include college sector leaders in the planning elements of how best to strengthen Innovation Centres; a simple and effective start for this would be through better engagement with/from Interface, to allow parity of access to innovation opportunities that is mindful of system strength and qualification excellence in the college realm. In addition, openness and honesty in discussing how changes to the landscape can best be managed and achieved within a collaboration approach would be welcome.

The 'artificial cycle' noted in the SFC consultation document demonstrates the need for sustained funding and thinking around the 'added value' imperative for Innovation Centres. There is a circular economy reflection needed here: if there are to be sustained and meaningful opportunities for sharing and collaboration over a prolonged period of time – particularly with Innovation Centres (and potentially including workplans and combined efforts) – then, a partnership dynamic has to be implemented and sustained without prejudice to deliver shared outcomes and appreciable, cross-sectoral impact.

The openness anticipated from shared Innovation Centres has to be predicated upon a shared investment model and over a time period that commits to prolonged positive effect. It would be impossible for a 'short' funding model to deliver the intended outcomes and 'infrastructural' thinking has to form part of the rationale for the programme.

The college sector will happily engage with SFC to determine how best to achieve this and to share insights on how these align with national strategies and priorities. This will also involve college sector advancements into the research arena, which can be discussed in greater detail at a later date.

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

The place of Innovation Centres as incubation spaces is worthy of consideration, as people and place play their part in economic recovery. Innovation Centres are intrinsically linked to industry demands and not to college or university agendas, thus, provide a credential-rich environment that carry currency and credence beyond the institution and into the economy, particularly with Covid recovery efforts to the forefront of people's minds.

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.

Not to belabour a previous point, but the current limitation of college sector opportunity through Interface is an area for development and improvement in the 'contact' relationship with the college sector. There is scope for colleges to inform any debate on changes needed here, but mindful of the positive impact available from constructive engagement that aligns with economic, social and environmental impact linked to KE&I. This point should be extended to include co-created engagement plans that reflect parity of opportunity for colleges, with an appropriate brokering of opportunity by Interface to help with this. If colleges were clearer on the willingness of Interface to facilitate this, then, there is significant scope for innumerable opportunities linked to that transparency and partnership approach.

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.

A reflection from the college sector is that a change in mindset would be beneficial to both Interface and to colleges, as we look to amend the working space and dynamic as much as open up channels of opportunity that rest within the remit of Interface; this would help to reflect a whole-system approach that drives national benefit and negates current legitimacy concerns in the Interface-delivered KE&I area.

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.

Whilst it is understood that responses will be provided on a college-by-college basis, sector feedback is clear on the benefits and potential evolution of the scheme for a more effective means of creating, embedding and expanding the innovation initiatives and programmes currently connected to use of the vouchers.

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.

Reflecting upon the positives derived from the Flexible Workforce Development Fund, there are precedents with other SFC-funded programmes in terms of first-time collaborations with new employers and clients and evidence of long-standing relationships that have derived from that initial programme. While predominantly skills led, there are parallels with SFC KE&I plans that show significant potential to achieve the intended outcomes of this programme. SFC intention to consider increasing the value of Innovation Vouchers and the definition would be welcomed.

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?

This is not applicable to Colleges Scotland and responses will be provided on a college-by-college basis.

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?

With regard to the National Strategy for Economic Transformation (NSET), and reference to entrepreneurship within, there are clear links to colleges proactively developing – with SFC and universities – the necessary investment mechanisms to achieve the high-level aims of Scottish Government and the mission-led requirements of resource utilisation and investment inherent in this consultation on KE&I funding policies: colleges and universities can, collectively, deliver large-scale future need in a manner that reflects each sectors specialisms and relationships. This would be contiguous with both the National Improvement Framework (NIF) and the National Performance Framework (NPF).

While colleges are not currently acknowledged in the sphere of research pooling and collaboration, there is potential to redress this with current college sector activities underway that might profitably serve the aims of SFC and university colleagues with both research and KE&I. Colleges Scotland is happy to convene engagement with this between partners.

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.

On the basis that a serious review of the skills landscape and economic priorities linked to the NIF and NPF is intended, then, college ability to cohere current activity across SFC and SDS regarding skills delivery, with the possibility to channel SFC-led efforts in funded KE&I activity that broadens the scope, depth and catchment of employers and industry, is an important reflection that should be discussed in greater detail post-consultation. This would allow the college sector to maximise and utilise funding models linked to activity, with measurement of impact and outcomes in the KE&I space integral to helping SFC achieve intended aims. Colleges Scotland is happy to convene a working group for this purpose and to facilitate discussions on key elements of the KE&I Advisory Board, such as governance.

Colleges Scotland
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