

MMcV/LL/063

17 April 2003

Richard Lambert  
Lambert Review of Business-University  
Collaboration  
1 Horse Guards Road  
London SW1A 2HQ

Dear Richard Lambert

Thank you for your letter of 5 February 2003 inviting me to submit comments to your review of business-university collaboration.

The University of Central Lancashire grew from a relatively small polytechnic, the last to be created in England in 1973, to become the seventh largest university in the UK. It now has over 30,000 students studying on the main campus at Preston, the Cumbria campus at Newton Rigg, Penrith, partner colleges across the North West and NHS sites throughout Lancashire. The University employs over 2000 staff.

There are five faculties: Lancashire Business School; Cultural, Legal and Social Studies; Design and Technology; Health; Science and Land-Based Studies. There are a wide variety of courses, at access, HND, degree, post-graduate and research level, many of which reflect its strong links with industry, commerce and public service.

The University has a strong commitment to working with employers and we see our role including:

- contributing to the education and training of a skilled workforce, both pre-entry and by continuous professional development.
- providing services directly to business, some free at the point of consumption, others charged for on a cost-recovery basis.

Until the introduction of HEROBAC funding, we had received no financial help from Government towards the provision of these services. The introduction of HEROBAC has helped us very significantly.

cont./...

In 2000, the University received HEROBAC funding which it used to create a single 'gateway' for business to the expertise within the University called 'Business Services'. We have an established team of business development advisers whose role it is to build relationships with businesses to ensure that their benefit from the expertise within the University is maximised. Our customer base is varied, from the smallest SME through to major public sector employers such as NHS trusts.

At University of Central Lancashire, our activity does not focus exclusively on the commercialisation of research or technology transfer. We offer a wide range of consultancy services in all the University's specialist areas from Human Rights to Fire Engineering, as well as analytical and testing services and expert witnesses. We also share knowledge through training activities, which range from public short courses through to bespoke programmes delivered in house.

We have a number of successes. For example, we have been successful in securing ERDF funding to create the Harris Innovation Centre which focuses on the support of innovation in businesses, particularly from an IPR perspective, and the Design Innovation Unit which promotes innovation in design.

We were successful, alongside our partners, in winning funding for an NTI. Running alongside this is another ERDF funded project, Click North West, which has the objective of increasing the use of ICT in SMEs.

With the support of the RDA we have developed the University's Harris Knowledge Park which provides incubation units in a very attractive setting.

Alongside these specific initiatives, our business development advisers operate to promote the expertise within the University more generally and have, by now, introduced our services to over a thousand businesses, mainly in Lancashire and Cumbria.

We have a number of collaborative projects with industry. Notably, we are working with a major organisation, which is funding the development of one of our laboratories and, in turn, is gaining access to a cost effective facility and the expertise of our academic staff and research students.

Our HEROBAC funding has also supported other initiatives to facilitate our interactions with business. We provide an information/market research service to support academic staff in the development of their business plans. We have introduced a client management system to track customer involvement. We have also committed substantial sums to training programmes, which complement the existing expertise of our academic staff with more 'commercial' skills.

Having developed from a polytechnic with a strong vocational bent, the University has always aimed to involve employers in the development of the curriculum. This is particularly the case with our NHS customers' input into nursing related qualifications, working jointly with our Faculty of Health and Centre for Employability. We have also established a 'Contact Centre Forum' where all the major call centre operators in our region are represented with the objective of networking and sharing best practice. This has led to the establishment of an advisory group, which feeds in to the development of specialist qualifications for the sector.

cont./...

The University has built strong links with partner and other business support agencies. For example, we are represented at Board level in our local Business Links. We also regularly run 'surgeries' to maintain awareness of our activity amongst their advisers. We also work closely with one of the major 'cluster' organisations in our region, North West Aerospace Alliance, to draw down funding in support of supply chain development activity in this sector in conjunction with another major partner, BAe Systems.

The major barriers to successful university/business interaction have been well articulated in a range of forums, particularly in the recent background paper prepared to respond to this review by UUK.

The focus on the development of a defined and integrated 'third stream' of activity is relatively new and the funding to support this activity only came on line in 1999/2000. That funding was small, particularly when compared to funding for teaching and learning and for research. For most institutions, any income derived from third stream activities was, again, minimal when compared to the perceived 'core' business. Whilst a University may express a commitment to engaging more closely with business and the community, in practice, limited resources must be focused where they bring maximum value. An increased and sustained stream of funding is essential if Universities are to maintain and increase third stream activities.

The proposed level of funding for the new HEIF, set out in January's White Paper, of £90 million - of which only £10 million is new money - is totally inadequate to support the work being done across the sector now, let alone be adequate to fund the much-needed expansion.

The competitive nature of the funding to date has also had the effect of taking already overstretched resources away from pushing forward developments in third stream activity. Poorly articulated government strategy for third stream activity also creates issues. For example, the recent White Paper outlines the creation of a group of Knowledge Exchanges. However, at this point no one in the major agencies is able to indicate in detail the nature of a Knowledge Exchange. This makes it very difficult to develop a coherent strategy for third stream activity.

There is also a conflict between the broader reach out agenda and policy for science and technology. Whilst the importance of, for example, cultural and creative industries is frequently stated, the lion's share of funding still goes to science and technology. This does not support the indication of the desirability of 'diversity of mission'.

Universities are large, complex organisations where change inevitably takes time but this is not unique to universities. The structure of our institution is very effectively geared around its core business, i.e., attracting students and providing students with a high level of service as our customers. However, that is not necessarily a structure which facilitates working with the business world. For example, financial systems are structured to manage substantial income from HEFCE and research council funding streams. At the University of Central Lancashire, we have addressed this issue by employing a qualified accountant within Business Services itself. A key part of that role has been to develop effective systems and practices which support business transactions.

cont./...

Similarly, HR and reward practices do not necessarily support or incentivise activities outside teaching or research. We are well aware that this is an issue we must address but with some pragmatism about the speed at which we can drive through such a significant change in an organisation of this size.

The majority of our academic staff are committed to working with business. However, resources are tight across all streams of higher education so workloads and conflicting priorities become an issue. Further integration of third stream alongside teaching and research will help but it is still very early days on this. Equally, whilst academic staff can offer the expertise, they do not always have 'commercial' skills or approach required for an effective dialogue with a business. At University of Central Lancashire, we have aimed to overcome this by instigating a series of courses on relevant skills such as business planning, proposal writing, presentation skills, etc.

Alongside businesses, Universities must now also interact with a range of partners to develop their third stream activities. RDAs are becoming critical stakeholders for universities. However, there is still some way to go to develop mutual understanding. Whilst our own RDA, NWDA, is perceived as one of the best, there remains a strong emphasis on the science and technology agenda when it comes to interacting with HEIs. Equally, it is well documented that collaboration between Business Links and universities has not always had a strong track record. We have persevered to develop understanding and this has been supported by our having recruited staff from the business support network. However, we recognise that further effort is required to maximise benefits from the relationship.

Whilst our institution, like most other universities, has had ad hoc links with business for many years, the infrastructure to support a truly integrated third stream has been in place for less than three years. We are proud of what we have been able to achieve in that time and also accept the lessons we had to learn. We recognise that the agenda the policymakers hold for us is developing and that we must evolve to meet those expectations. However, we would strongly welcome a consistent and permanent stream of funding together with clear objectives and measurement methods which take into account the strengths of all types of institution. For us, this will be one of the most significant factors affecting our interaction with business.

Finally, organisational strategy emerges out of the Institutions Corporate Plan. This corporate plan is compiled taking into account the desires of HEFCE, financial considerations and the input of the University Board. Third leg activity will be given greater emphasis and priority in the planning process of this University. More substantive change would then result from performance objectives allied to funding and the desire to support Third Leg activity.

I hope this is helpful.

Yours sincerely

Malcolm McVicar  
Vice Chancellor