



Our Ref: KEF418PJ

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

17 April 2003

Dear Mr Lambert

**Re: Lambert review of Business - University Collaboration**

Thank you for providing the Knowledge Exploitation Fund (KEF) with an opportunity to contribute to this review.

As you will have heard from my colleagues in HEFCW, KEF is a solution made in Wales to enable higher and further education institutions to support the development of the knowledge economy. For the purposes of this report, I will refer specifically to HEI examples, but I think one of the strengths of the fund is its ability to harness the expertise of both sectors in their support of knowledge transfer to industry.

**Introduction**

The purpose of (KEF) is to provide support for the effective transfer of knowledge, skills and ideas from further education (FE) and higher education (HE) institutions to industry, in order to stimulate the knowledge economy of Wales. It does this by working to change the culture of FE and HE institutions in respect of their attitudes towards entrepreneurship and innovation - the twin engines of the knowledge exploitation process. KEF is raising the capacity of FE and HE institutions to develop and implement entrepreneurship and innovation strategies.

KEF is managed by National Council - ELWa and the Higher Education Funding Council for Wales (HEFCW) in close association with key partners. A particularly close working relationship has developed with the Welsh Development Agency (WDA), whose work with business complements KEF's work in capacity building within colleges and universities.

KEF is now approaching the end of the first phase (2000 – 2003) and has drafted its outline strategy for a second phase (2003 – 2006). This phase will continue to support the Entrepreneurship Action Plan and will also focus on supporting the Welsh Assembly Government's Action Plan for Innovation.

The future strategy for KEF is driven by three goals, each of which gives rise to a number of actions and performance targets outlined below.

### **Goal 1**

*To ensure a cultural change towards innovation and entrepreneurship within HE and FE institutions through activities designed to create, value and promote innovations with a view to commercialisation*

#### **Key actions include the support of :**

1. institutional strategies for innovation and entrepreneurship which will improve awareness, increase the impact within the curriculum and build up the level of expertise within institutions of the skills and appreciation of the value of innovation and entrepreneurship;
2. joint activities with the Entrepreneurship Action Plan which will involve the WDA culture projects, education projects and facilitate events including exhibitions, conferences, seminars and enterprise days to raise awareness and celebrate success; and
3. the promotion of entrepreneurship and innovation through the development of the KEF web site and the joint development of the innovation4wales web site, in partnership with the WDA to raise awareness, celebrate success and promote case studies of successful entrepreneurship scholarships and innovation developments.

### **Goal 2**

*To raise entrepreneurship and innovation skill levels, confidence and ability both of staff and students in Further and Higher education institutions*

#### **Key Actions will include:**

1. an additional 8,000 students in Welsh institutions receiving training for entrepreneurship;
2. the development of new training programmes for innovation at all levels to include technology management postgraduate degrees, linking technical innovation and entrepreneurship;
3. support for innovation in companies through the development of 8 sector specific training consortia for key growth industries in Wales, which will, with the innovation strategy and action plan increase in workforce development capacity of institutions;
4. building on the successful SME e-training consortium project in South West Wales to provide an all-Wales initiative for e-training, enabling the sharing of digital education resource material as well as accreditation and assessment methodologies; and
5. provision of master classes in entrepreneurship and innovation for academic staff.

### **Goal 3**

*To accelerate the successful application of knowledge and the commercialisation of ideas and products developed in institutions*

#### **Key Actions to include support for :**

1. the development and introduction of "Proof of Concept" support for the commercialisation of products developed in HE and FE institutions. This will include identification and protection of ideas, opportunity analysis and demonstration/development trials of products;
2. the award of Entrepreneurship Scholarships to recognise and support the excellence of knowledge based enterprises established by graduates from FE and HE Institutions and the tracking of these enterprises to learn from their experience and promote their success;
3. provision of incubator places in institutions;
4. development of centres of expertise and knowledge transfer, optimising the use of resources in FE and HE institutions;
5. collaborative projects between institutions and/or companies exploiting new technology in order to increase the R&D capacity in the region; and
6. technology transfer networks clustered between knowledge transfer centres.

#### **Response to the Lambert review by Knowledge Exploitation Fund**

1. Examples of best practice in business-university collaboration in Wales funded by KEF include:
  - ◆ the Welsh printing industry, the fifth largest employer in Wales has been provided with essential help with technology transfer and training by the Welsh Centre for Printing and Coating at the University of Wales, Swansea, in collaboration with three FE colleges. KEF support has enabled the centre to offer its world-class expertise to over one hundred small printing businesses, increasing their efficiency and ability to compete in national and international markets. The involvement of the FE sector has greatly assisted with the assessment of skills needs in the industry and the development of unique training to meet those needs;
  - ◆ the University of Wales, Aberystwyth, the Centre for Explosion Studies has received KEF help to target companies that would benefit from their world-class expertise in preventing and managing explosions. The Centre has a well established international market for its expertise, but only a negligible impact on the local economy of Wales. The KEF funding provided the resource to identify industrial companies in Wales, especially SME's, in order to help them with combustion research and safety. This is useful in countless industries using combustible chemicals, particularly in the oil, gas and petro-chemical industries, but also for smaller firms such as bakeries, where flour dust can be a combustible hazard in the wrong conditions, The Centre now has over 80 Welsh companies on its books; and
  - ◆ the Centre for Power Electronics, a CETIC centre at the University of Wales, Swansea has a number of exciting commercial exploitation projects which, with KEF assistance, they are in one instance spinning out as a joint venture with a local company. Another instance involves the licensing of new technology a local company. The aim of this development is to create a cluster of companies in South Wales involved with electronics design ("fabless companies") and feed into the International Rectifier

Fabrication plant also in South Wales. The Centre is now collaborating with two other universities in Wales to develop a Masters degree to meet the needs of this developing industry.

2. Strengthening relationships with other agencies is key to the success of KEF and as Wales is a small country, we need to pool our resources to have any impact on a UK or international market:
  - ◆ at the instigation of the WDA Technology Division and the College of Medicine, KEF has provided funding and support for the development of a pilot self sustaining Patent Fund. One of the patents protected in this way was the discovery, by Professor Tony Lai, of a sperm protein essential for the success of the fertilisation process - the commercialisation of which should yield significant dividends for the institution and the Welsh economy. The Knowledge Exploitation Fund is currently looking to develop this pilot into a patent fund linked to a pathway for the support of commercialisation including Proof of Concept funding for all Welsh institutions. In developing this fund, we are working closely with the Innovation Network, Cardiff Innovation Club, The Valleys Innovation Partnership and IP Wales; and
  - ◆ some of the barriers to technology transfer KEF has identified are cultural, due to a lack of understanding by academia of industry's needs; financial, new technology is high cost and high risk if objectives are not met and finally issues relating to companies' ease of access to the Technology Transfer resources. The KEF approach in reducing these barriers is to build the capacity of institutions to understand and support innovation. To support collaborative projects, sharing the risk with industry and finally to help institutions to target their marketing to specific industry sectors, utilising existing business to business networks facilitated by the WDA.
3. The issue of European State Aid Regulations and how they apply to commercial technology transfer and R&D services offered by institutions to companies would benefit from clarification. The proposed R&D block exemption should assist institutions and funding organisations in conforming to regulations in the area.

I have only mentioned a few of the projects that that are currently being supported by KEF, as I am aware that the Director of HE has given you the wider view of business–university collaboration in Wales. I enclose the latest KEF newsletter for your information and will be happy to provide any further information you require.

Yours sincerely

**Pat Jones**  
KEF Director

