

RESPONSE FROM UNIVERSITY OF DERBY TO LAMBERT REVIEW

1. Business – University Collaboration

The University of Derby is committed to the principles of working with its local and regional business community. We welcome the broad range of relevant activity which is now being recognised through the HE Business Interaction Survey, as reflective of the diversity of HE contributions. We believe that the benefits of this type of engagement are manifold :

- Culturally embedding the University within its community
- Support for regional economic development and regeneration
- Income generation in the face of reducing public purse funding
- Increases pressure on Universities to become more “business like” and act to commercial timescales
- Offers the opportunity to update academic product offerings, so as to make them topical and business relevant (with obvious benefits to the students studying)
- Raise higher level skills in the workforce

Specific, but diverse, examples of this University’s collaborations with business, which we offer up as models of good practice, include :

- DigiEye – using some highly specialised IP that was developed over years of publicly funded research into colour measurement and interpretation, we have formed a joint venture with a hardware manufacturer to develop a colour assessment system (DigiEye). The basis of the decision to form a joint venture (rather than another exploitation vehicle) was that this drew on the key, and complementary, strengths of the partner organisations. Our partners have strong production capabilities, have a well proven international distribution system and a network of agents and resellers through whom we can access our markets. The University has core strengths in the science and psychology of colour assessment and an international network of end user contacts.
- Coats – we have partnered Coats (formerly Coats Viyella) for a number of years in the development of colour management systems for their textiles businesses. The relationship, in existence for approximately 7 years, is based upon a series of annual R&D contracts within which Coats identify specific development needs, and funding, for the future year. This type of contract arrangement, built on the foundations of mutual respect and trust, has enabled the research unit at the University to better plan and budget, in a time of much change in public research funding. Security of income is vitally important when considering the position of staff involved in these forms of activity.
- External representation – the University strongly advocates external representation (2 way) as a means of bonding links between business and academia. As examples of good practice :
 - The Governing Council has a balance of public, private and voluntary members. This balance ensures that the needs of business are considered at the very highest level within the institution.

- The University Court (our meeting of stakeholders) meets twice a year to consider topical issues with the University's senior personnel. Approximately 50% of its membership are drawn from the regional business community. This dialogue often informs strategic thinking within the University and ensures that the voice of business is heard by a wide University constituency.
- Our academic units (Schools) have Advisory Boards, to advise on market demands and strategic directions, which include business persons with specific sectoral focus.
- The University's one-stop-shop for business to business, employer related, activities has on its Board of Directors a number of external business representatives; again to ensure that the demands and needs of the market are considered.
- In reverse, a number of the University's senior personnel act as University representatives on external, business organisations. For example, the Director Education Health and Community Studies sits on the Board of Trent Workforce Confederation and the Strategic Health Authority, the Business Development Director sits on the Board of the Business Link; the Deputy Vice Chancellor Academic represents all the East Midlands Universities on EMDA's Higher Level Skills Group, GO-EM's Partnership Forum and chairs the EMUA Executive. These links ensure that the needs of business are well understood, and that the capacity and capabilities of the University are considered by those with public responsibility for business support services.
- Business incubation – a recent development at this University (in the past 3 years), this has exemplified the value of having strong relationships with the regional business community. Many of our incubator units are dedicated to graduate businesses, and are therefore often let to recent graduates with little experience or confidence in running a business. By using the strong links that we have with business people in the region, we have been able to identify informal mentors, business coaches and training and development facilitators that are *appropriate* to the needs of individual new start businesses. This has increased the chances of survival, and then growth, for these young businesses and will ultimately significantly contribute to the development of the regional economy. This activity base has the strong support, including capital, of the east midlands development agency.
- The University also works with many local and regional employers in the area of Continuing Professional Development (notably Education, Health, Management and Law). This long-term relationship again embeds the University within its regional business community and has a number of spin-off advantages to both employer and University alike. The flexible pedagogies of the University of Derby have helped to achieve this through more accessible approaches such as e-learning and work based learning.
- We are working at various levels with the New Deal for Communities project:- a deprived ward of the city centre.
- The University of Derby lead the country in the Learning Through Work scheme, which enables employers to negotiate tailored, on-line, work-based learning contracts for individual or group professional development.
- We have established 12 Foundation Degrees to address workplace skills - including the first Foundation Degree in the E University – and have a plan for 1000 Foundation Degree learners within 3 years.

- We have implemented 8 Teaching Company Schemes over the last two/three years.
- We undertake a significant amount of project work for small businesses, particularly in the rural communities, to support their development e.g. Peak District Rural Forum
- Attracting staff who are competent to work in a hybrid environment with both business and academic skills remains a constant challenge for recruitment and development. A genuine career structure within HE is required.

2. Barriers to Strengthening Relationships

The University recognises that there are a number of barriers to improving these relationships. Some of these are environmental; some imposed and others internal and cultural. Nonetheless, all are important to address.

- The commercial pressures on the University, in light of the annual efficiency gains imposed by HEFCE, to make financial gains *now* mitigate against the development of long term relationships with regional businesses. There is a pressure to make maximum financial gain in any dealings of this nature, without having a regard to the long term position (short termism).
- By far the largest number of employers within this region are small to medium sized enterprises (SME's). These are notoriously hard to reach and have a psychological aversion to working with the University sector. Because they are, by their nature, small scale businesses their ability (and willingness) to pay for business services is often outweighed by the costs of reaching them (market development) and of service/product delivery. Specific funding is required to both access the SME communities (although they are never homogenous) *and* often to fund the SME in taking time away from the workplace for the delivery of the service (eg. Short courses).
- Academic pressures – traditionally, commercial work is seen to rank lower within the academic psyche than research and teaching. Whilst we are working hard to change this perception (by, for example, the introduction of new job titles and rewards structures), such culture change is not an overnight phenomenon.
- Short termism – much of the public funding that is directed to supporting University and business collaboration is short term. This tends to raise the expectations of the employer community and, if not carefully managed, can do more harm than good. Constant bidding has high opportunity costs. Uncertainty of contract makes for unhelpful staff turnover. Conflicting agenda of different Government departments is not helpful.
- A major concern for the University of Derby is the recent decision to focus by far the lion's share of public research funding into the hands of a few Universities. This decisions means that little or no “blue skies” research will be undertaken by Universities like Derby; generating little or no “clean” intellectual property. Any research that we do, therefore, is likely to be funded by commercial sponsors who will ultimately own the intellectual property thereby developed. Whilst the revenue effects of this are neutral, there is minimal opportunity for the development of high growth, IP based spin-out companies as a result. This hinders the capital growth of these “non research” Universities.

3. How Can Business Attract the Best Graduates?

It is clearly in Universities' interests to ensure that its graduates and post-graduates are as "employable" as possible. To this end, the University of Derby invests significant resource in a number of actions designed to highlight employer needs to the potential "employee pool" and to expose businesses to the skills and qualities offered by our graduates.

- We offer all of our undergraduates specific development opportunities to improve some of their personal skills (interviewing, letter writing, CV construction etc.)
- We host career fairs for a range of local, and regional employers to better support the 2 way exchange of information
- A number of our academic programmes demand a placement in industry. This offers the student the opportunity to experience life in employment and also offers employers the risk free assessment of potential future employees. We find that a significant number of placements end with the offer of permanent employment.
- On a shorter level of engagement, we run our own Student Employment Agency such that students can gain valuable work skills (and financial reward) whilst they are studying here
- We offer employability modules within our Combined Subject programme
- All undergraduates have opportunity to undertake work experience with us
- We have run graduate placements schemes to encourage small businesses to try recruiting a graduate, and the graduate to consider working in a small company
- We are embedding enterprise skills in all our undergraduate curriculum
- We support graduates into setting up their own businesses

4. Improvement of Financial Arrangements

With the assistance of HEROBC/HEIF funding for infrastructure, Universities have been able to build up a momentum on this agenda which must not now be lost. It is critical to deliver this funding as *core*, rather than competitive bidding, to create a genuine third leg whereby employers can become as mainstream as an individual customer. Now is the time to establish continuity of purpose and of funding methodology. Companies need to be able to long-term relationships with universities for a whole variety of services, rather than simply within short term initiatives.

- For business relations to be *core* to the University, it needs to have *core* funding. The proliferation of short term project funding for this activity, although clearly welcomed, mitigates against the development of long term strategic plans, and the growth of in depth business relationships. This activity can and does work but may need several years of core funding before it can become self sustaining.

The University of Derby has perceived no notable difference in the number of research enquiries as a result of the introduction of R&D tax credits. Whether this is to do with the promotion of the scheme is for others to comment. However, we would make the following general observations in respect of the financial arrangements surrounding University and business collaborations.

- The provision of central Government funding to enable Universities to access SMEs (paying for the provision and delivery of the service and, when linked to some other sources of funding, potentially compensating the SME for loss of income during the engagement) is particularly welcome. Our experience is that this sort of “pump priming” funding enables us to overcome the psychological barriers and, having developed the relationship and experienced the service, a number of SMEs become repeat clients and help broker more business via word of mouth. This has the double benefit of being good for the University, but also good for the economic development of the region.
- TCS, the former Teaching Company Scheme, is an excellent model for technology transfer. The use of Government intervention to support the development of strategic business projects, using high quality graduates, supported by academic staff seems to us to generate compound benefits. The company, and thereby the regional economy, benefits by having subsidised service to develop what it may not have otherwise been able to afford. The graduate gets valuable, real life business experience on a project that really matters, and gets paid for the work done. The University, and the academic, gets exposure to the needs of business and a mechanism for engaging meaningfully with the business community. The University of Derby strongly advocates the continuation, and indeed growth, of this Scheme and is alarmed by the possibility that the Scheme may be reduced, or refocused to FE levels.
- It is essential to focus Knowledge Transfer funds on new universities who have demonstrated their ability to transfer knowledge, technology and skills into the workplace, and especially into small businesses. While it is true that research and knowledge transfer complement on another, research- intensive universities should be expected to link research to applications in return for high public investment in their research. Less research intensive universities will rely upon the Knowledge Transfer strand to underpin their critical relationships with private, public and voluntary sector organisations. This will benefit both economic and social regeneration.
- Opportunity costs for bespoke employer provision are often as high as the costs for developing provision that will run over several years.
- The demand side needs stimulating as much as the supply side to tackle willingness to pay realistically for valuable HE services. There is an assumption that because universities are government funded they should be able to provide free or unrealistically low cost.
- We need to be wary that metrics do not drive universities towards measurable but less meaningful activity artificially

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