Third stream - England Experience
OECD, Valencia November 08

- Alice Frost, Head of Business and Community Policy, HEFCE – a.frost@hefce.ac.uk
  Adrian Day Deputy Head – a.day@hefce.ac.uk
• History of the English third stream experience
• Overview of current HEFCE/HEIF funding
• HEBCI and metrics
Who is HEFCE?

- Established 1992
- A governmental non-departmental public body (DIUS agency)
- Infrastructure funder of HE in England (territorial)
- Responsible for Funding Teaching and Research and Assessing Quality of Teaching
- 7.5bn annual budget
- Fund universities, HE colleges and HE in FE colleges

Third stream - definition

- ‘trend among many universities toward a third function, which has been described using a range of terms such as knowledge transfer, community service, community engagement and the third stream.’
  - ‘Third Stream is about the interactions between universities and the rest of society.’ (SPRU, 2002)
UK third stream story so far

- 1970s – technology transfer from US
- 1970/80s – constraints on public funding; ‘entrepreneurial’ university – diversified funding streams
- 1980/90s – UK Conservative Govt ‘no near market’
- 1990s/2000s – UK New Labour focus on HE in economic and social development
- 1999 – launch of third stream: HEFCE – DfES and DTI (now DIUS)

Transition from Tech Transfer to Third Stream

Where we have come from… Where we are going to…

<table>
<thead>
<tr>
<th>STEM focus</th>
<th>All disciplines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple ‘transmission’ model of knowledge</td>
<td>Dynamic exchange model</td>
</tr>
<tr>
<td>Wealth creation</td>
<td>Innovation, productivity, quality of life, cultural enrichment, civic dev, community regeneration etc.</td>
</tr>
<tr>
<td>Large, multi-national businesses</td>
<td>Spectrum from global to local/ regional and all users</td>
</tr>
</tbody>
</table>
B&C interaction or ‘third stream’:
Scope

PRIVATE SECTOR
- Competitiveness, Growth

PUBLIC SECTOR
- Efficiency, Cohesion

CULTURAL LANDSCAPE
- Cultural Enrichment & Quality of Life

SOCIAL & CIVIC ARENA
- Resources & Opportunities

HEFCE third stream funding
Evolution of third stream funding

HEIs - and their activities - will be at different stages on this trajectory......
Glossary of terms

Main programme:
- HEROBC – HE Reach Out to Business and the Community; initial HEFCE programme (inclusive but small scale)
- HEIF – HE Innovation Fund; developed out of HEROBC working with Science Budget funders; larger scale but narrower focus to start

Smaller initiatives rolled into HEIF 3:
- HEACF – HE Active Community Fund; Home Office funding for volunteering
- Business Fellows
- KTCF – Knowledge Transfer Capability Fund: exploratory of T intensive HEIs responsibilities

HEIF 4 – Funding available

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>£112 million*</td>
</tr>
<tr>
<td>2009-10</td>
<td>£134 million</td>
</tr>
<tr>
<td>2010-11</td>
<td>£150 million</td>
</tr>
</tbody>
</table>

(HEIF 3 2007-08 £111 million)

* Plus £8 million for existing Centres for Knowledge Exchange
HEIF 4 – Scope of third stream/purpose of funds

- Support and develop a broad range of engagements
  - Not only with private sector – also public sector and charities, community groups etc
- Through knowledge and expertise exchange and enterprise activities
- Which result in economic and social value
- Alongside and integrated with research and teaching

HEIF 4 all formula

- No projects/competition
- AD to explain formula
- Funds unlocked against accepted strategy
Institutional strategies

• All HEIs requested to submit an institutional strategy
• Acceptance of strategy by HEFCE – necessary for funding allocation to be confirmed and released
• ‘Strategy’ rather than ‘plan’
  – Summary of HEI’s overall strategic approach to engagement, KE and enterprise (all sources)
  – Plans for spending HEIF 4 as part of that strategy

Assessment of strategies - process

• HEFCE assessed all strategies with advice from:
  – Independent expert consultants (PACEC)
  – HEFCE Institutional Teams
  – Advisory Group of externals
• Where we had questions/concerns about strategies, we requested a re-submission in June 2008 (all 129 passed!)
• Gave feedback, published an overview report and commended 8 strategies
HEIF 4 overview Mission Integration

<table>
<thead>
<tr>
<th>Integration Type</th>
<th>Number of HEIs</th>
<th>Percent of total respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearly integrated</td>
<td>100</td>
<td>79</td>
</tr>
<tr>
<td>Loose integration</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>No integration</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total respondents</td>
<td>126</td>
<td></td>
</tr>
</tbody>
</table>

“Our Enterprise Strategy has transitioned from being a third leg of our institutional strategy (the other two being Research and Teaching and Learning) to being an underpinning philosophy by which we deliver those core activities.”

University of Reading
Quotes on academic engagement

- ‘UCL regards KT as an integral part of an academic’s portfolio, enriching other aspects of academic activity, and will recognise and reward significant contributions accordingly.’ UCL
- The vast majority of academic staff are encouraged to undertake AR [applied research] activities as a normal and essential part of their duties’. Coventry
- ‘A large majority of Trinity Laban’s academic staff are engaged in professional practice at the highest level as dance artists and musicians. This is one of the chief mechanisms whereby the institution maintains a dynamic dialogue with the industries it serves.’ Trinity Laban Conservatoire of Music and Dance

Underlying narratives

- Science & Innovation – linear model, absorptive capacity, broad definition of innovation
- Education – Boyer’s work on scholarship of engagements, Dearing Review, civic engagement, lifelong learning

– Engagement
Contextual factors to UK third stream

- Diversity of UK HE sector/university title – binary line; one funding body for universities, HE colleges and HE in FE; university title for wider range of HEIs, professional and private sector
- Concentration of research in universities
- Massification in HE
- Autonomous, ‘private’ universities
- Anglo-saxon economic/social model; weaker regionalism (in England)
- Diverse economic and social opportunities and challenges of UK

Other reflections

- Value of large scale collaborative projects for innovation; but issue of sustainability
- Diversity of English economic and social needs; fits with a bottom-up approach to engagement via HEIs
- Formula funding enabling HEIs to build their own strategic approaches (avoid mission distortion); and helps embedding
- Opportunity costs with Teaching but especially Research
Weblinks

- Overview of HEIF 4 strategies 2008-11
  [http://www.hefce.ac.uk/pubs/hefce/2008/08_35/](http://www.hefce.ac.uk/pubs/hefce/2008/08_35/)
- Eight commended strategies
- All 129 HEIF 4 strategies
- Forthcoming third stream evaluation (1999-2008)
  [http://www.hefce.ac.uk/econsoc/buscom/3stream/](http://www.hefce.ac.uk/econsoc/buscom/3stream/)

HEBCI survey and metrics

- Over to AD
HE-BCI Aims

- to provide data regarding the continuing development and range of interactions between the HE sector and business and the wider community
- to provide reliable and relevant information to support the continued public funding of the third stream of HEIs’ activity
- to give HEIs a consistent basis for benchmarking and information management
- to develop a suite of indicators at the level of the individual HEI, some of which will be appropriate to inform allocations in the UK.

HE-BCI Process

- Survey in two parts (A&B)
- Part A
  - On-line database
  - Qualitative and non time-bound data
  - Social and economic priorities, infrastructure, benchmarks etc
  - Always open
- Part B
  - ‘User-friendly’ Excel questionnaire
  - Financial and numeric data
  - Activities and outputs as proxies for impact
  - Fixed survey period
HE-BCI Process

- **Part A**
  - Strategy, Infrastructure, Research-based interactions & IP, CPD, Regeneration and Social, Community and Cultural activity (SCC)

- **Part B**
  - Collaborative Research, Contract Research, Consultancy, CPD, Regeneration, IP, Spin-offs and start-ups (numbers and performance where available) and SCC
  - Most indicators include interactions and income split by SME, Large business and non-commercial partners; regional sub-totals are also collected

HE-BCI overview

<table>
<thead>
<tr>
<th>Activity</th>
<th>Questionnaire</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating new knowledge</td>
<td>Table 1</td>
<td>Contract &amp; Collaborative research</td>
</tr>
<tr>
<td>Application of knowledge and resource</td>
<td>Table 2</td>
<td>Consultancy, equipment and facilities &amp; CPD/CE</td>
</tr>
<tr>
<td>Social and economic development</td>
<td>Table 3</td>
<td>Regeneration</td>
</tr>
<tr>
<td>Intellectual Property</td>
<td>Table 4</td>
<td>Patents, copyright, design, licenses, spin-offs</td>
</tr>
<tr>
<td>Social, community and cultural (SCC)</td>
<td>Table 5</td>
<td>Public events attendees, staff time</td>
</tr>
</tbody>
</table>
### HE-BCI overview

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Questionnaire</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>Table 1, Table 2, Table 4</td>
<td>Direct, indirect economic &amp; social impact</td>
</tr>
<tr>
<td>Non-commercial partners</td>
<td>Table 1, Table 2, Table 4</td>
<td>Direct, indirect economic and direct social impact</td>
</tr>
<tr>
<td>Regional (HEI’s home RDA)</td>
<td>Table 1, Table 2, Table 4</td>
<td>Direct, indirect economic and direct social impact</td>
</tr>
<tr>
<td>Overseas</td>
<td>Table 4</td>
<td>UK Competitiveness, benefit to UK PLC</td>
</tr>
<tr>
<td>SCC</td>
<td>Table 5</td>
<td>Direct social, indirect economic benefit</td>
</tr>
</tbody>
</table>

### HE-BCI → HEIF

- Not simply turning the handle...!
HEIF 4 – All Formula

Formula:
- First component (40%)
  - Capacity building and potential
  - Academic staff numbers (FTE) specific query
- Second component (60%)
  - Performance
  - Value/impact of B&C services
  - (SME income double weighted)
  - Based on basket of income metrics
- A minimum level guaranteed for all HEIs (£100K pa); and other caps and restraints to sustain capacity from competitive rounds and spread funds across diversity of HEIs/needs

<table>
<thead>
<tr>
<th>Formula component</th>
<th>HEIF3</th>
<th>HEIF4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity</td>
<td>HESA Staff numbers</td>
<td>HESA Staff numbers</td>
</tr>
<tr>
<td>Income</td>
<td>• HE-BCI Contract R</td>
<td>• HE-BCI Contract R</td>
</tr>
<tr>
<td></td>
<td>• HE-BCI Consultancy</td>
<td>• HE-BCI Consultancy</td>
</tr>
<tr>
<td></td>
<td>• HE-BCI Equip't &amp; facilities</td>
<td>• HE-BCI Equip't &amp; facilities</td>
</tr>
<tr>
<td></td>
<td>• HE-BCI Regeneration</td>
<td>• HE-BCI Regeneration</td>
</tr>
<tr>
<td></td>
<td>• HE-BCI IP income</td>
<td>• HE-BCI IP income</td>
</tr>
<tr>
<td></td>
<td>• HESA non-credit bearing course income</td>
<td>• HESA non-credit bearing course income</td>
</tr>
<tr>
<td></td>
<td>• HESA KTP income</td>
<td>• Momenta KTP income</td>
</tr>
<tr>
<td>Modifier (p/a)</td>
<td>HEIF3</td>
<td>HEIF4</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>----------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Final year budget</td>
<td>£110M</td>
<td>£150M</td>
</tr>
<tr>
<td>Formula / competition</td>
<td>75% formula</td>
<td>100% formula</td>
</tr>
<tr>
<td></td>
<td>25% competition</td>
<td></td>
</tr>
<tr>
<td>Pot ratio (staff, income, non-financial)</td>
<td>45:45:10</td>
<td>40:60:0</td>
</tr>
<tr>
<td>Extra SME weighting in income pot</td>
<td>n/a</td>
<td>2x</td>
</tr>
<tr>
<td>Minimum allocation</td>
<td>£100k</td>
<td>£100k</td>
</tr>
<tr>
<td>Max allocation (absolute cap)</td>
<td>Absolute £1.5M</td>
<td>£1.9m</td>
</tr>
<tr>
<td>Maximum transition above last award (relative cap)</td>
<td>Relative n/a</td>
<td>150%</td>
</tr>
<tr>
<td>Minimum transition from last award</td>
<td>75%</td>
<td>80%</td>
</tr>
</tbody>
</table>

HEIF3 £82M → HEIF4 Yr1 £112M → HEIF4 Yr2 £134M → HEIF4 Yr3 £150

£1.5M +37% → +20% → +12% → £1.9M
Relative proportions of HEFCE's Teaching, Research and Third Stream Funding

Note: data displayed show the relative distribution of funding; generally any individual HEI will appear at different points on the x axis for the different funding streams.
Thank you
Additional information from HEFCE

Alice Frost and Adrian Day

Higher Education Innovation Fund round four institutional strategies
http://www.hefce.ac.uk/pubs/hefce/2008/08_35/#exec

This document comprises: an overview by Public and Corporate Economic Consultants of higher education institutions’ strategies for round four of the Higher Education Innovation Fund; and HEFCE´s commentary on that overview. Of interest to those responsible for: Interactions between higher education and business, the public sector and the wider community; Contract and collaborative research; Continuing vocational education or professional development; Strategic planning; Regional economic development; Knowledge transfer and exchange

Reference: 2008/35
Publication date: October 2008

Participants might also be interested in browsing some individual university strategies - 129 are on a website: http://www.ikt.org.uk/heif3/Heif3landing.aspx

HEFCE commended 8 of these strategies for particularly innovative practices:

- University College London - for commitment to a step-change in performance through integration of its economic and social contributions with its mission.
- Durham University - for linking together its local, regional, national and international engagement.
- Trinity Laban Conservatoire of Music and Dance - for developing an integrated strategy across knowledge transfer and public engagement.
- Coventry University - for its innovative approach to developing and maintaining strategic partnerships.
- Imperial College London - for its commitment to two-way dialogue: disseminating good practice and gaining feedback.
- University of Hertfordshire - for its ambitious plans to engage academic staff in working with business and the community.
- Brunel University - for its approach to developing its strategy through dialogue and feedback.
- London South Bank University - for its commitment to measuring economic and social impact to inform its strategy and actions.

Finally on the metrics side, the Higher Education Business and Community Interaction Survey, which is published annually, may be of interest:

http://www.hefce.ac.uk/pubs/hefce/2008/08_22/

Higher Education - Business and Community Interaction Survey 2006-07

This report analyses the results of the 2007 Higher Education - Business and Community Interaction Survey for UK higher education institutions, and refers to the academic year 2006-07.

Reference: 2008/22
Publication date: July 2008