Improving Partnerships between RDAs and Higher Education

A Report for SEEDA from The Council for Industry and Higher Education
(CIHE)

1. Introduction

This paper from The Council for Industry and Higher Education (CIHE) aims to identify both issues and opportunities for RDAs to better engage higher education institutions in raising the capabilities and especially the skills base of their regions.

2. Summary and Recommendations

There has been considerable investment in recent years in building linkages between HEIs and businesses and RDAs have been a supporter of many such activities. But there remains considerable scope for ensuring that new initiatives are directed towards realising actual and potential opportunities. These should reflect both latent as well as actual demand in the economy and the roles higher education institutions (HEIs) can best play in stimulating and meeting these and helping to develop knowledge regions.

SEEDA is in a good position to have a strategic and management role in this, because it has both an overview of the entire economy and innovation system in the region and can influence how action on the ground takes account of its analysis of the region's needs. This paper emphasises that HEIs can contribute along a continuum from student placements and the supply of trained graduates at one end, through research collaborations and the more formal knowledge transfer functions at the other. Initiatives designed to enhance the contribution of HEIs to regional economic development interact with each other and the paper reflects this, both in its content and recommendations. It is important to bear in mind, however, that variances exist within a region as large as the SE and that initiatives should be tailored to local requirements.

We consolidate our recommendations below. They are developed in the text.

Recommendation 1: *All RDAs should identify their specific high-level regional and sub-regional learning needs and how HEIs can best deliver these.*

Recommendation 2: *The RDA should take responsibility for clarifying what distinctive contributions each local or regional HE and skill body should make, how they might best work together, including with other partners, and their expected impact.*

Recommendation 3: *SEEDA should build on its strengths in the graduate labour market. Its policies need to reflect the needs of each sector, especially those such as the creative industries that have high growth potential. Neither should the services sector be neglected.*

Recommendation 4: *Policies which SEEDA develop in strengthening HE's contribution to the economy need to take account of current provision versus needs and provision in neighbouring regions (and vice versa).*

Recommendation 5*: SEEDA needs to give consideration to how much it wants to encourage the growth of overseas students, to work with universities to attract still more overseas students and encourage more overseas workers to meet skill shortages. It needs to work with the Government to ensure that the economic value of such 'inflows' are recognised in policy making.*

Recommendation 6:

The RDA could address work-based learning (WBL) issues by :

- *taking a lead with other organisations in its encouragement, with individual universities or in partnership arrangement. It could help highlight more successful business partnership models (especially with SMEs) in the region and help share good practice and new ideas that work.*

- *working with Foundation Degree Forward (through its regional manager) and with relevant LSCs to identify new approaches to delivery of Foundation Degrees, and especially for those in work, that meet regional needs*

- *making greater use of the regional HEI body, HESE, to help promote share and develop new ideas in WBL and how best to ensure HEIs can offer WBL which meets business needs*

- *funding a pilot exercise involving a range of universities and colleges with a particular sectoral focus to assess the levels of learning that exist at levels 3 & 4 and the potential for subsequent enhancement and progression via WBL routes.*

- *helping pilot improved work-based assessment methods, involving employers , and identifying various approaches taken on employer assessments, and helping to evaluate these for use by South Eastern universities.*

- *building on its skills strategy, works with relevant Sector Skills Councils and a range of employers to develop Foundation Degrees that address skill needs in key supply chains, and also identify and develop career pathways for FD graduates. This would help harness the expertise of large employers to the small business sector – the key but current weak link in the productivity chain.*

Recommendation 7: *The RDAs could work with other bodies (eg local DAs) to establish the potential for Lifelong Learning Networks in the region. It may be that a range of LLNs might be developed that have a particular sectoral as well as geographic focus, especially sub-regionally. That would give them a raison d'etre, and more likely to engage key players than the currently proposed general remit.*

Recommendation 8: *There would seem to be a planning role for RDAs to ensure that provision meets both need and demand, and in particular that closures of subject departments at certain institutions do not lead to a major gap (eg in subjects of falling demand, like physics); the RDA has a strategic role to play in encouraging and facilitating greater collaboration between institutions*

Recommendation 9*: The RDA should help fund a pilot project to assess the skills and capabilities that already exist unrecognised in particular business sectors at around*

levels 3 and 4. This pilot should also identify what additional development is needed to bring staff up to level 3 and 4 and how the costs of assessing and accrediting existing skills can be lowered for the benefit of businesses and individuals

Recommendation 10: *RDAs could usefully draw local SMEs into sectoral clusters to enable engagement to take place between them and HEIs.*

Recommendation 11: *The RDA should develop with HEIs a range of quality work experience programmes that will encourage students to undertake projects in SMEs in the vacations, weekends and even some evenings. It would be better for students to help SMEs solve business problems than simply earn money in low skill jobs.*

Recommendation 12: *The RDA should develop a critical inventory of regional academic assets, place them alongside its analysis of regional strengths, opportunities and gaps and work with HESE to determine:*
- *how HE policies and practices can better be aligned with regional priorities*
- *how the RDA working with HEIs (both individually and in clusters) and with support from HEFCE, LSC and other agencies can best effect that alignment*
- *how it might build upon the existing hubs and gateways to foster networks amongst "Communities of Innovation"*
- *appropriate regional metrics of success in knowledge transfer and community development that supplement an emerging national focus on formulae driven funding for R&D and knowledge transfer*
- *how it might use DTI and other business support products to stimulate a demand for R&D in regional business*

Recommendation 13: *The RDA could work with a group of universities and colleges (perhaps where progress is already being made) and with HEFCE to develop shared administrative functions for universities and colleges in the same region.*

Recommendation 14: *The RDA could bring together regional networks of organisations working in the HE, skills development and local business sector to facilitate synergies between them and optimise provision of services and support.*

Recommendation 15: *The RDA could bring together the overall regional DA funding plans for HE, skills development and enterprise so that the total picture is clear and initiatives can be better co-ordinated.*

Recommendation 16: *The RDA could bring together all regional education bodies and help them present a united picture to local business and the wider community of what they offer, where there are gaps and how opportunities can best be developed on a partnership basis.*

Recommendation 17: *The RDAs could better coordinate their thinking on regional provision and offer a more considered and strategic view on HE provision. A fragmented approach does not take account of often artificial regional boundaries.*

Recommendation 18: *The RDAs could designate dedicated project managers to manage the initiatives in these recommendations and put in place a support structure which makes clear accountabilities and communication channels.*

Recommendation 19: *The RDA should look at current practices in certain other regions and consider establishing appropriate partnership fora that bring together the leaders of businesses and higher education; these would facilitate occasional but high-level debate and a greater sense of shared purpose as well as discussion on particular issues where action lies in the hands of those around the table.*

2. Productivity and skills

Improving productivity, and the capacity to increase output per worker, is often said to be the key to long-term economic growth and the creation of a more wealthy, cohesive and caring society. A recent report from the SSDA[1] provides the clearest evidence yet linking skills to business performance in the UK. It shows a wealth of evidence:

- that greater education and higher level qualifications lead to higher salaries for individuals and a reduced likelihood of unemployment
- that businesses benefit also through increased productivity of workers. This productivity effect has shown to be more than twice as great as the effect on wages (so demonstrating the net benefits accruing to employers of investing in skill development and training)
- that a positive association exists between a highly skilled workforce and organisational performance.

All regions face challenges in competing with other world-class regions and sub-regions at a time when their economies are changing and when there are issues in ensuring a supply of relevant highly skilled and educated workers. The UK is said to have a productivity gap with the USA, France and Germany, due to a number of factors, but a major one is skills deficiencies at intermediate/higher vocational level (levels 3 to 4 in the National Qualifications Framework). The productivity gap with the USA is considered to be less to do with skill shortages at the higher levels and more to do with under-investment (including in R&D) and inadequate value-adding strategies (including developing higher level organisational capabilities) especially by the managers of smaller businesses (SMEs).

The issues are, however, inter-related. The existence of skill deficiencies do not encourage business leaders to invest in higher value-adding strategies. Management weaknesses[2] mean that many SMEs in particular may not be run by leaders who have the capabilities to evolve and advance their businesses. Many SMEs have a limited absorptive capacity for new ideas and good management practices, and this may be due to their limited deployment of graduates and limited investment in the development of their existing workforce. A key role for RDAs is to draw local SMEs into clusters that enable

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1. SSSDA (2004) *The UK skills and productivity base: the evidence basefor the SSDA's strategic plan 2005-08,* Research report No.6 , September 2004 (M Campbell and R Garrett)
2. as identified in report *Managers and leaders: raising our game,* Council for Excellence in Management and Leadership, 2002

them to engage with HEIs. The most productive way to achieve this might be to focus on sectoral needs where supply chain pressure can also be brought to bear (there are examples of initiatives in the aerospace, vehicle and other industries).

Skill gaps (within a firm), skill shortages (within the wider labour market) and latent skill shortages exist at the basic level, at intermediate level (technician, supervisory) and in such subjects as maths, the sciences, IT and engineering, in specific languages and in leadership and management.

Recommendation 1: *All RDAs should identify their specific high-level regional and sub-regional learning needs and how higher education institutions can work to deliver these.*

Latent skill shortages are particularly insidious because they force an organisation to restrict its growth in productivity if they think skilled staff will not be available. Hence, many become caught in a "low skills equilibrium" (see AIM/CIHE report *Solving the Skills Gap, 2004*). Generic skill gaps in graduates (as well as in specific technical disciplines), in such areas as communication, team-working and knowledge of business, have been a problem widely reported by employers. Businesses, especially small firms, are being encouraged to take more student placements and offer quality work experience schemes as an effective way of enhancing graduates' skills, for example through the STEP programme, but progress is relatively slow.

RDAs have a role to encourage greater business-HE interaction to improve higher level skill supply and graduate skills and to work with other organisations to overcome identified skill gaps in their regions (eg with SSCs, local sector groups through for example their Framework for Regional Employment and Skills (FRESA) and the new Regional Skills and Productivity Alliances). There is a danger though of too many different local and regional bodies being created to tackle regional and sub-regional skills and productivity issues, leading to confusion and inefficient working.

Recommendation 2: *The RDAs should take responsibility for clarifying what distinctive contributions each local or regional HE and skill body should make, how they might best work together, including with other partners, and their expected impact.*

A number of Government policies aim to influence skill development and the performance of the UK, and so can influence how RDAs effectively operate in this area. These include:

i)   The *Science and Innovation Framework 2004- 2014,* which seeks to:

- raise the percentage of UK R&D nearer to US levels, an ambitious target that requires a substantial increase in private sector R&D;
- increase the research infrastructure of higher education institutions (HEIs);
- increase the funds available to HEIs for knowledge transfer (notably the Higher Education Innovation Fund, HEIF) and allocate these on a more formulaic basis;
- simplify small business access to IPR through developing a set of principles and templates and making existing good practice more easily accessible, especially to small companies.

However, these proposals do little to encourage a more demand led approach to knowledge transfer or address the limited capacity of SMEs to absorb or evolve R&D, knowledge or new approaches, whether in partnership with HEIs or the other organisations. They also tend to neglect the creative industries and service sector through an over-concentration on more traditional industries.

ii) The Government's *Skills Strategy,* which offers a commitment to public support to education and training of 16-18 year olds and to adults up to level 3, as a platform for employability, and for certain re-skilling/meeting shortage needs. But it says virtually nothing about higher education and misses the crucial issue of how the supposed skills gap at supervisory level 3 is to be addressed.

iii*) The Future of Higher Education* (White Paper, Jan 2004), which seeks to encourage a more flexible and responsive as well as better funded system of higher education. Support is to be given to continued expansion of the HE sector, but mainly at Foundation Degree level (the NVQ3 to 4 interface), and to be delivered mainly in the LSC funded sector (i.e. FE colleges) and not HEIs. It specifically mentions the strengthening of regional partnership, including greater partnership between RDAs and institutions, and the role of RDAs in helping SMEs to link better with HE, and also greater FE-HE links. However, it says virtually nothing about lifelong, work-based or part-time learning (over-focusing on traditional school-leavers taking full-time study), other than in relation to new Foundation Degrees (2 year degrees), and also little is said about how other new provision, where employers have expressed a specific identified need, will be funded.

While Government policy clearly acknowledges the potential role of RDAs in relation to higher education, and provides a policy framework and funding to improve skill supply at higher levels and HE-business interactions (especially with SMEs), it also provides some challenges for RDAs in meeting their specific regional priorities.

3. How do these issues affect the South East?

The South East has given itself a challenging economic target, to be one of the top 15 regions in the world in terms of labour productivity and employment rates (see *Regional Economic Strategy for the South East* document). Currently, it is one of the most successful UK regions in economic terms, contributing some 40% of net revenue to the Treasury and has 30% of UK R&D. It has relatively low unemployment, good levels of education across the region and a good record of business start-ups. It has one of the highest proportions of workers who have obtained level 3 or above (over 50%) and also highest at level 4 and above (over 30%). In the South East, some 21% of employees are graduates compared with only 9% in the North East, and this gap is growing.

But these overall statistics mask wide variations across the region, in particular a north-south divide eg:

- GDP per head - Berkshire £19k, Isle of Wight £8.3k

- Business start-up rates - 73 per 10,000 pop Windsor and Maidenhead, 31 Portsmouth
- school performance - 63 % gaining GCSEs A-C Bucks, 34 % Portsmouth

with pockets of deprivation and of low participation of the population in HE. Also, as its Regional Strategy document points out, the region has failed to translate its skills capabilities into strong productivity growth.

To meet its economic target, the RDA in the South East (SEEDA) has set out a strategy which seeks to encourage greater lifelong learning opportunities, tackle social exclusion, and develop a greater involvement of all partners in entrepreneurship, technology and a commitment to workforce development. One of the key partners in this strategy should be higher education, in order to meet the demands of its growing knowledge economy and its sector strengths in hi-tech and advanced engineering, IT, pharmaceuticals and media/creative industries, all strong graduate employment sectors:
 - The region has a third of total UK employment in sectors of IT, telecoms, defence and aerospace, plus 60 % of UK motor sport, and also an important share of emerging industries (eg nanotechnology).
- In creative industries such as the AV sector, some 66% are graduates and some 24% have post-graduate awards. In the three interactive media sectors of web design, CD-Rom production and computer games about 81% are graduates.

Recommendation 3*: SEEDA should build on its strengths in the graduate labour market. Its policies need to reflect the needs of each sector, especially those such as the creative industries that have high growth potential. Neither should the services sector be neglected.*

In the 1990s, it was the service sectors of retail and wholesale rather than the IT and computing industries that accounted for the surge in productivity in the USA. Generally it is the users of new technologies rather than the creators that are the keys to productivity growth.

The South East has a large HE sector. It ranks 3rd in the UK, with 157,000 total FTE students, and some 17 HEIs, (plus a number of colleges offering HE), and 2nd in terms of total income (£1,633m, 11.3% of total). But, these figures are skewed by the dominance of certain institutions, especially in terms of research funding (and in particular the presence of Oxford, which gets over 25 % of the total HE research income in the South East). There is a concentration of HEIs around the south and west of London and along motorways (in the Southampton area, along M4/M40), and large areas in the region have no or very limited HE opportunities. Two major initiatives have been taken lately, a new campus in Medway (see Appendix) and another in Hastings (both supported by SEEDA), to improve the provision of high level learning opportunities and supply of graduate skills to localities where participation in HE is low. These have been done in partnership between HEIs and FE colleges. The scope and extent of partnerships should be further encouraged as they offer a key to raising both the effectiveness and efficiency of the learning available.

There is considerable variation in quality across the HE sector in the South East - only one university is in the top ten (*The Times 2004 'league table'*, Oxford at No.1), only two in the top 20 (Royal Holloway and Bedford New College is 15th) and four in the top 30

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(Southampton is 25th and Reading is 30th), out of a total 170. Individual institutions have different subject strengths and priorities too (eg in sciences, IT, business schools), and their geographic pattern (and resource distribution) does not seem to have a logical relationship with the region's geographical economic pattern or that of business opportunities and requirements. Hence our recommendations below on the need for greater co-operation between HEIs facilitated by the RDA (the same could also be said for partnering between HE and FE institutions).

It is interesting to note how much lower the South East's share of total HEI income is compared to its economic contribution (see above). Equally there is a misalignment between the contribution and distribution of regional economic performance and HEI teaching and research capacity across the region. This issue needs further analysis but presents some interesting challenges. The RDA will want to consider how far it wants to encourage and help fund greater alignment.

Student mobility is another issue for consideration. In addition to the obvious north-south movement at graduation, there is considerable movement of students and graduates between the South East and its contiguous regions (especially London): only 48% of HE students from the South East study in the South East region (a lower percentage than many other regions) but a further 17% of them study in London and 9 % in the South West. There is even more movement at graduation between London and the South East: 51% who have studied in the South East stay to work there, and 24% move to London region (but just 9% move to the South West).

HEIs operate at the international, national, regional and local level (sometimes at all of these levels within a single institution). The fact that the SE HEIs are not generally in the top flight of international or even national institutions (though of course there are many centres of excellence) could support both a greater focus on meeting regional and local needs and also greater partnerships to strengthen the quality of the experiences they offer and the R&D and knowledge transfer they undertake. This theme of greater partnership facilitated at least in part by the RDA is a recurrent theme of this report.

Recommendation 4: *Policies which SEEDA develop in strengthening HE's contribution to the economy need to take account of current provision versus needs and provision in neighbouring regions (and vice versa).*

The growth of overseas students (non-EU) at UK HEIs has particularly benefited the South East (2nd highest region in England in terms of the proportion of its students from overseas with Heathrow airport as a major asset). There is also an increasing amount of research undertaken by overseas PhDs that helps to relieve shortages.

Recommendation 5*: SEEDA needs to give consideration to how much it wants to encourage the growth of overseas students, to work with universities to attract still more overseas students, and encourage more overseas workers to meet skill shortages. It needs to work with the Government to ensure that the economic value of such 'inflows' are recognised in policy.*

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4. HE as providers of skills and workforce development

For businesses of all sizes to develop the skills and capabilities of their workforce, they require easy access to a range of quality learning providers that can offer relevant customer led learning options. But currently:

- Higher education institutions (with a few exceptions) are not good at delivering or assessing sector or business specific work-based learning (WBL) or workforce development, especially if it is in the smaller chunks that many businesses require.
- WBL is still not 'mainstream' HE and its use is patchy beyond the current Foundation degree developments. The learning outcomes, assessment frameworks and overall approaches to WBL in HE tend to be couched in the language of academics, not employers or that of workforce development.
- The use of WBL in accrediting prior learning (APL) is still relatively weak and there are no easy and intelligible work-based progression routes backed by credit frameworks (with some institutional/local exceptions).
- It is not easy for institutions to respond to employers' specific needs with new undergraduate programmes and stay within their agreed student numbers (HEFCE), except Foundation degrees where specific new funding is available
- HEIs need to evolve from their reliance on traditional 3-4 year products and offer more modularised programmes to employers, which fit better with their needs
- Progress has been generally slow in getting HEIs to cooperate amongst themselves and with further education colleges to pool resources, improve effectiveness, get employer involvement and raise the overall quality of the student experience.
- There is a lack of employer engagement with new Foundation Degrees, which is seen as a major issue to be addressed for their future sustainability.
- Business schools are variable in quality and tend to offer Mass that are increasingly less welcomed by businesses rather than bespoke products designed with and for businesses or business sectors. Many have good links with businesses that could be the basis for developing a better range of bespoke executive programmes.
- While some businesses rely on their own in-house training functions and perhaps evolve these into so-called Corporate Universities, they can require considerable investment and few large businesses open them to those in their supply chain.

The evidence on training investment shows that employers spent many billions of pounds on training staff, yet they only spend a small proportion of this (estimated at some £125m) in HEIs. The same story applies to R&D, with only a fraction of the total spent with higher education. The Lambert Review's conclusion was that there is a demand side problem, but is it that so much of what higher education does and is rewarded for doing is not seen as relevant by business?

The RDAs have a role in developing closer working between businesses and higher (and further) education institutions in the provision and assessment of learning, and skills, addressing the issues above which are current blockages.

Work-Based learning (WBL) in particular has many recognised advantages for HE – in improving flexibility of universities and their responsiveness to employer needs,

developing partnerships, and opening up access to HE to a wide range of students. But progress in integrating WBL into formal programmes has been relatively slow across the HE sector (with a few individual institutional exceptions). One of the problems is a lack of shared understanding of WBL, and its definitions and language used, by HEIs and employing organisations. There is a need to make improvements here and open up the area to innovative development work, which might unlock the potential of WBL for specific sectors. HEIs need to be encouraged to make the bridges needed between work experience and learning, and employers need to be made more aware of its potential benefits in meeting demand.

Foundation Degrees offer a demand led approach with work based learning as an integral component. Much experience is being gained in getting the Foundation Degrees established and working with employers, especially in the design, delivery and assessment of WBL. This could be built on more to help get WBL taken up more widely, in honours degrees. But there have been difficulties in engaging employers in new Foundation Degrees, and there is a temptation to dilute the vital work-based component. We believe this should be resisted. Indeed, greater employer involvement in all stages of the learning process (from the design of the curriculum to some assessment of the learning outcomes) is required, as recent Foundation Degree Task Group report confirms. But this is resource intensive and costly, for HEIs and colleges and for employers.

The CIHE believes that Further Education Colleges (FECs) are the natural deliverers of FDs, and they were expected in the HE White Paper to be the focus of expansion at this level, as they are better networked with employers, more vocationally focused, and more numerous and hence locally accessible to more businesses and employees. But because of concern about quality, they are not able to award the degree (unlike their equivalent US Community Colleges which award Associate Degrees). That responsibility rests with HEIs who have (mostly) less of a tradition of work-based learning and generally less contact with local employers. Employees of small and medium sized firms do not usually want whole programmes which universities traditionally offer, but prefer smaller 'chunks' of learning, delivered very locally to meet specific needs (which minimise staff absences – often a more serious impediment than the cost of the learning). Ways need to be explored to ensure high quality FDs can be both delivered and awarded by FECs in partnership with employers, and in smaller chunks to encourage uptake by SMEs. This may be via an accreditation consortium, networks of FE colleges or individual mixed economy colleges who have the appropriate quality controls. Costs will also need to be better identified and shared between the partners and assessment issues addressed (as proposed above) so the work-based element can be truly valued by employers and students.

A great deal of WBL at higher levels in the workplace is undertaken as part of company specific training programmes, where assessment is mainly undertaken internally (i.e. in the hands of employees' supervisors or managers). This is in contrast to WBL within HE programmes, where assessment is mainly the responsibility of HE staff (and HEIs). Bridges are needed between the two approaches. Helping supervisors assess work-based learning that can then be accredited by academics as part of a recognised award may offer an alternative to external assessment, but there is very little experience of this at present.

Accreditation of Prior Learning (APL) has had relatively little impact to date at undergraduate level (outside of professional practice areas). Current assessment relies mainly on the use of portfolios and evidence gathering which can be time consuming, expensive and sometimes appear cumbersome to non-academics. There is a need to find alternative assessment methods which employers can use more easily.

Recommendation 6:

The RDA could address WBL issues by :

- *taking a lead with other organisations in its encouragement, with individual universities or in partnership arrangements. It could for example work more with some of the universities in the region, such as Portsmouth which has more developed WBL modules in degree programme, to highlight more successful business partnership models (especially with SMEs) and share good practice and new ideas that work.*

- *working with Foundation Degree Forward (through its regional manager) to identify new approaches to delivery of Foundation Degrees, and WBL in particular, and where it meets regional demand (and also with relevant SSCs)*

- *making use of the regional HEI body, HESE, more to help promote share and develop new ideas in WBL and how best to ensure HEIs can offer WBL which meets business needs*

- *funding a pilot exercise involving a range of universities and colleges with a particular sectoral focus to assess the levels of learning that exist at levels 3 & 4 and the potential for subsequent enhancement and progression via WBL routes.*

- *helping pilot improved work-based assessment methods, say by the greater use of work-based supervisors (rather than external assessors) who would be trained by university staff (this approach is being tried by Westminster University). Other types of approaches to test the adequacy of employer assessments could be identified and the RDA could help to evaluate these for use by South Eastern universities.*

- *Building on its skills strategy, works with relevant Sector Skills Councils and a range of employers to develop Foundation Degrees that address skill needs in key supply chains, and also identify and develop career pathways for FD graduates. This would help harness the expertise of large employers to the small business sector – as we have said the key but current weak link in the productivity chain.*

The planned regional Lifelong Learning Networks (LLNs), to be funded by HEFCE, are aimed at improving collaboration between HEIs and FECs, especially in addressing how to develop progression between both sectors and provision which meets local employer need. However, the commitment of the LSC to them and involvement of employers is essential, even although there is unlikely to be any direct funding from LSC. It is important that the RDA is supportive of any new LLNs approved by HEFCE in the region, and works with them. The RDA could then work with HEFCE to agree appropriate strategies to preserve important provision in the area or further expand it. The example of the Greater Manchester Strategic Alliance in the Appendix is working towards becoming a LLN at a sub-regional level, and has had support from their RDA from the start to ensure that the needs of the regional economy are being met.

Recommendation 7: *The RDAs could work with other bodies (eg local DAs) to establish the potential for Lifelong Learning Networks in the region. It may be that a range of LLNs might be developed that have a particular sectoral as well as geographic focus, especially sub-regionally. That would give them a raison d'etre, and more likely to engage key players than the currently proposed general remit.*

The LLNs are likely to be one way of capturing a range of views on the learning provision that is important to regional and local competitiveness. HEFCE does not have a HE planning role and cannot dictate what courses should be provided, what should be preserved or how universities and colleges should work together to offer the range of provision required. The LSC does have such planning powers but tends to be less concerned with supply above level 3 (and is reducing its role in higher education to focus on its remit at level 2).

Recommendation 8: *There would seem to be a planning role for RDAs to ensure that provision meets both need and demand, and in particular that closures of subject departments at certain institutions does not lead to a major gap (eg. in subjects of falling demand, like physics); the RDA has a strategic role to play in encouraging and facilitating greater collaboration between institutions*

The better planning of provision through greater co-operation must however be grounded in a better understanding of underlying need and demand. How many employers know what capabilities, let alone potential, exist in their workforce? Ways of assessing such capabilities need to be better developed with learning providers or with other agencies (including HE, if they can add relevant expertise). Employers may need to be incentivised, as currently many see the assessment process as just adding cost with little benefit. It is the learning as demonstrated through its application that matters to them and the costs of accrediting what has already happened adds little value to the firm. It may, however, add considerable market value to the individual.

Recommendation 9*: The RDAs should help fund a pilot project to assess the skills and capabilities that already exist unrecognised in particular business sectors at around levels 3 and 4. This pilot should also identify what additional development is needed to bring staff up to level 3 and 4 and how the costs of assessing and accrediting existing skills can be lowered for the benefit of businesses and individuals*

Businesses with Corporate Universities or other major training and development capabilities will want to consider how far they can fill the learning gaps in their supply chains. We reiterate our view that sectoral approaches should be identified.
The new IT degree programme developed in the South East, with the sector skills council (e-skills) and SEEDA is an example of an innovative new degree programme whose curriculum addresses employers' needs and skill shortages at a sectoral

There also needs to be a better understanding of the role, capabilities and potential of private sector training and learning providers. There may be opportunities for partnerships between this sector and publicly funded institutions, especially in the area of assessment and accreditation of work-based learning.

The SME dimension is important, as small firms underpin the economy. Most managers of small firms have no experience of higher education (fewer have HE qualifications than

in large businesses) and may not appreciate what graduates can offer. Relatively few have links with HEIs and appreciate their problem solving capabilities. SMEs can have relatively high transaction costs dealing with universities and have different perspectives on timing and delivery.

Recommendation 10: *RDAs should draw local SMEs into sectoral clusters to enable engagement to take place between them and HEIs.*

Recommendation 11*: that the RDA develop with universities a range of quality work experience programmes that will encourage students to undertake projects in SMEs during the vacations, weekends and even some evenings. It would be better for students to help SMEs solve business problems than simply earn money in low skill jobs.*

5. Knowledge Transfer

There has been substantial investment in recent years aimed at developing interactions between HEIs and industry with the explicit objective of ensuring that the fruits of public investment in the UK science base are exploited in UK industry. For example, the HEIF[1]2 funding programme allocated £186m over 2 years to English Universities for the years 2004-2005 and 2005-2006.[2] Different government policies, deemed to encourage the economic exploitation of public investment in science, have been drawn together and published in the Science and Innovation Framework 2004 – 2014.

The nature and effectiveness of the interactions between the HEI and business sectors has also been subject to recent scrutiny. This included the report of the working party headed by Richard Lambert, published in December 2003 ("The Lambert Review"). A substantial body of recent academic research has also been carried out into the key drivers which influence the economic contribution which the application of HEI research can make and the ways in which that contribution is made[3]. A synthesis of the findings of the Lambert Review and this corpus of research suggest some key activities which SEEDA may wish to consider which could make a key contribution to exploiting the HEI knowledge base in the regional economy.

The most influential driver of the application of the whole range of HEI sourced intellectual assets (human capital and other intellectual capital including Intellectual Property Rights) is the demand from business. Furthermore, the majority of the increased economic value derived from new technologies is created by technology using companies rather than technology producing companies. We know that 30% of UK business R&D is conducted in the SE region, but also that there is widespread concern that UK industry is under investing in R&D compared with its international competition in most sectors (Pharmaceuticals being a notable exception), This is correlated with a lack of the human capital needed to absorb and apply research outcomes including from HEIs. As well as the lack of demand for HEI research by business, the Lambert Review identified two other issues which inhibited productive HEI business interaction.

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[1] Higher Education Innovation Fund
[2] 10 awards were made to consortia involving universities in the South Eastern Region totalling £23m.
[3] Much of this research was reviewed in *The Business of Knowledge Transfer*, CIHE, October 2004.

- The transaction costs which businesses incur in attempting to negotiate agreement with universities. This is a particular disincentive to small companies and those unfamiliar with the complexities of and multiple missions accorded to HEIs today. A working party formed to follow up some of the Review's findings is preparing guidance notes on the key issues (such as IPRs) to be met with in negotiations and some sample model contracts.

- The lack of the true commercial experience required to recognise a genuine market opportunity and conduct effective negotiations with business amongst university staff.

At the same time there is a growing realisation in the UK that the metrics used to assess HEI knowledge transfer activity may not actually reflect real economic value created. Many current metrics, such as license agreements and spin-out company creation, may be artificial, not reflect demand or create new economic value.

The identification of the true measures of success is a good starting point to consider the potential role of SEEDA in identifying how it can assist productive HEI/business interactions. We have based these suggestions on an assumption that success for SEEDA is measured in:-

- Investments in workforce development
- Job creation and retention
- Increased tax revenues
- Reduced welfare costs
- Successful, growing regionally anchored enterprises.

There are a number of types of activity which SEEDA may wish to review. This is based on the hypothesis that it would wish to identify aspects of the innovation system in which there is arguably a "market failure" and intervene in those where it is best placed to rectify the failure. In this case we use "market failure" to mean a failure in the complex innovation system which means that a market opportunity goes unrealised. All the activities are predicated on SEEDA being best placed of all the constituents to understand demand (and potential demand) from business and link it with supply.

Communities of Innovation: Identification & Brokering of Opportunities.

The majority of universities themselves lack the capacity to identify market opportunities or have sufficient networks to achieve this[4]. (Oxford University is certainly one exception to this). Equally we should not just be concerned with the identification of opportunities to create new technology based products, but with the more general application of HEI sourced knowledge in business. For such an objective, the research staff in an applied discipline in a newer university may potentially be just as relevant as the research staff in a research intensive institution. Similarly, the industries to which such interactions may be relevant are not confined to the boundaries of the conventional "Science and Technology" sector, but will include the media and service industries. Most businesses are unaware of the opportunities created by closer working with HEIs, usually though lack of knowledge of the research and expertise inside the institutions compounded by the number and

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[4] This is the accepted manner in which US universities expect to identify opportunities.

complexities of the institutions themselves and their simple geographic dispersal. If SEEDA can:-

- understand the regional business community, its drivers & opportunities
- better understand the strengths of its HEIs (through using its Science and Industry Council in particular) – and it has been criticised by the HE sector for not better understanding what HE can offer and HE's central place in the development of a more knowledge rich region
- develop a critical inventory of academic and regional assets
- foster network building among such "Communities of Innovation" on a region and sector wide basis

then substantial additional value could be created. Such networks in particular would help both make the connections and stimulate R&D and deal support. An indirect result expected from an increase in the identification of viable commercial opportunities would be increased investment in the region, not only by business itself but also by risk capital investors. In considering this SEEDA may wish also to review the role which is to be played by the existing enterprise hubs and gateways and whether or not such structures truly provide a sufficient critical mass of expertise in an arena in which only "first place" counts and where there has to be a sufficiently wide bandwidth means of communication between HEI assets and the business community. Is there adequate engagement with the demand side across the region, and does the geographic dispersal of opportunity and innovation asset mean that intervention is needed to increase the opportunity that they will meet?

Stimulating R&D.

CIHE has argued that one way to improve HEI business interaction would be to address specifically the lack of demand for R&D by business. Such investment has been shown (in the US) not only to increase the rate at which innovative products are produced, but also to make a critical contribution to stimulating the employment by business of SET graduates and thereby increasing its capacity to undertake and apply further R&D. Demand led programmes exist in the US, such as SBIR and STTR. An RDA such as SEEDA, if well connected with both business and HEIs across the region, would be in a good position to act as the platform (subject to the availability of the skills and resources) for the management of a stream of such funding. Models such as the Knowledge House (in the North East – see the case study in Appendix 2) which support consultancy work for SMEs by regional HEIs provide a potential complement to such programmes by stimulating the application of existing knowledge in the regional economy. It may also be worth considering, in the event that this is not already in hand, to what extent the Knowledge Transfer Networks programme within the DTI business support product portfolio may be used to develop the "Communities of Innovation" to which reference is made above.

Agreement Support. It would be a natural extension of the type of brokering operation described above for SEEDA to provide brokering facilities and learning packages. Such packages are increasingly available to HEIs as a result of DTI funding of the associations AURIL and UNICO but provision for the generality of the SME community is less available.

Metrics. The use of performance measures is a key part of the assessment of the use of public investment. However it is well known also that "what gets measured gets done". This is an issue on which SEEDA may wish to reflect. To what extent, for example, do spin out companies formed from universities in the region reflect market opportunities? SEEDA may also want to value projects which deliver either social benefits of where the economic benefits are indirect and do not result in a return to the HEI from a tangible commercial transaction. SEEDA is in a good position to identify its own outcome measures and localise them for use in relation to the regional agenda of individual institutions. These might be used in relation to regionally directed funding programmes and cut across the different government structures under which HEIs are assessed (Teaching, Research and "Third Leg"), measuring outcomes irrespective of the means used to achieve them, whether in the form of training at one end of the spectrum, to a technology licence at the other.

Research In HEIs. We have noted that there is a large disparity in the resources available to individual HEIs in the region. Partnering between institutions is already common. Under HEIF2 for example, Brunel leads a £10m collaboration with a number of other institutions, 4 of which are from the region. Sussex and Brighton collaborate on a smaller programme of £370k**.** Given that it understands the demands and opportunities of regional business, to what extent may SEEDA stimulate research collaborations which might form the basis of new Communities of Innovation? Similarly, and based on the same assumption, would it be able to identify sources of research expertise from outside the region which may satisfy the demands of regional businesses and assist? SEEDA will want to consider the role of knowledge transfer into the region from other regions, institutions and from overseas.

Based on an inspection of figures in the fourth report on "Patterns of Higher Education Institutions in the UK", p 58 (UUK, 2004) universities in SEEDA are probably underperforming in their share of research income from business compared with the proportion of national business R&D which takes place in the region (30%). This is almost certainly due to the lack of research intensive universities in the region, the proximity of large institutions in London and the mobility of such funding. However, SEEDA may wish to consider whether improving links between the regional universities and businesses could increase the proportion of the funding which stays in the region. Does the Synergy model (see case study in the appendix) provide an opportunity to do this?

Recommendation 12: *The RDA should develop a critical inventory of regional academic assets, place them alongside its analysis of regional strengths, opportunities and gaps and work with HESE to determine:*
- *how HE policies and practices can better be aligned with regional priorities*
- *how the RDA working with HEIs (both individually and in clusters) and with support from HEFCE, LSC and other agencies can best effect that alignment*
- *how it might build upon the existing hubs and gateways to foster networks amongst "Communities of Innovation"*
- *appropriate regional metrics of success in knowledge transfer and community development that supplement an emerging national focus on formulae driven funding for R&D and knowledge transfer*
- *how it might use DTI and other business support products to stimulate a demand for R&D in regional business*

6 Co-operation and Collaboration

We have already stressed the potential for improving collaboration between institutions at a regional, and especially sub-regional, level to enhance the quality of what is available and the research undertaken and even to preserve threatened areas of importance to the local community. There are many existing examples where provision has been preserved through institutions cooperating together. For example, in London this has happened or is happening with engineering, built environment, architecture and languages departments (disciplines where student demand has weakened and where individual institutions are at risk of losing expertise), and also in Scotland in physics it is being planned at postgraduate level and research bidding. Not every university can afford to maintain departments that have high infrastructure costs. Not all such departments would be internationally excellent even if the infrastructure can be maintained and modernised. In Manchester it will cost £30m to create a new world-class chemistry facility following the merger of Manchester University and UMIST. HEFCE and NWRDA funding made such an investment possible. Other institutional partnerships have led to expansion of HE provision locally, such as in Medway, mentioned above, and also for example in Cornwall, the new Combined Universities (CUC, eight partners of universities and colleges). Here, the county's 'undergraduate drain' was identified by the RDA as a major limiting factor on economic development (the CUC has already created 2,000 additional HE places in the first phase of development, plus various other new initiatives addressing 'intellectual capital').

Although often getting more media attention (such as in the case of Manchester currently), institutional mergers are actually relatively rare: only two mergers took place last year (both absorption of specialist colleges into the pre-92 sector, which has been the main merger trend in last few years). Mergers are unlikely to be the normal way for cooperation and collaboration between institutions. Most activity will involve mutual agreement at working level between departments where both sides see benefits. The role of the RDA (and where appropriate HEFCE via its Strategic Development Fund) is to oil the wheels and encourage such cooperation. The RDA can also encourage the establishment of Framework Agreements between institutions. These provide a high-level seal of approval for discussions at working level. RDA encouragement would signal that some funding might be possible if justified by the likely regional returns.

The experience of Foundation Degrees (with their much greater employer/skills focus) could pave the way for new forms of learning partnerships between employer groups and HEIs/ FECs. But:

- HEIs need incentives to evolve from traditional 3-4 year products and develop greater flexibility in delivery (at times and places that suit learners including via e-learning and off campus)
- the costs for businesses need to be lowered (as they have been for the development but not delivery or assessment of FDs);
- a national and coherent learning and credit framework is needed, so learners (from a young age) can understand the various routes potentially open to them to progress into higher learning and explore what it has to offer (some regional credit arrangements, eg SEEC, may help here)

The Appendix contains some examples of current partnerships and benefits.

CIHE commends to SEEDA a vision of partnerships where:

- universities and colleges pool a range of administrative functions (personnel, payroll, marketing, library, IT, estates, procurement, careers services) into a jointly owned organisation that would serve the "multiversity", achieve economies of scale, raise the quality of what is provided and the staff providing them and free up resources so individual institutions can focus on their teaching, research and business/community development; (there is no reason why all institutions need their own payroll, for example, or why individual careers services should not specialise and make this available to the network – Manchester has for long had single library and careers services);
- students and businesses are able to enter any institution within the "multiversity" and have access to the wide range of provision available; (this happens at the Five Colleges Network in Massachusetts involving the State University and a range of arts colleges); such flexibility supports the diversity agenda and enables students to access excellence wherever it may be thus raising the overall quality of the student provision;
- a network is developed which embraces the FE colleges, to encourage and facilitate progression while still enabling each institution to focus on what it does best; institutions cannot all be excellent at international research, widening participation, networking with international and local businesses and communities and covering the full range of teaching and research; a "multiversity" approach enables each to both specialise and share excellence. (For a fuller exposition see *Diversity and Co-operation in HE* CIHE September 2003.)

There are other benefits to the partners:

- the partnership between Middlesex University and local colleges resulted in the market being grown; courses that could not tap a large enough market when just delivered from one institution became viable when delivered from many; that course could then be offered to new customers (especially SMEs who are reluctant to pay full market prices) and the market grown still further; (see *Partnerships for Excellence; a confederacy model* CIHE et al July 1999)
- market intelligence on opportunities could be shared and the network could decide how its scattered expertise might be brought together to create new courses to meet that opportunity; this is the approach being taken by the CADISE network of specialist arts colleges in the SE;
- in San Diego in the USA, their network of community colleges enables each college to specialise (as is happening through COVES in the UK) but with those specialisms then made available to the whole community; each college can also represent the network on employer groups to find out in advance their likely needs and work in partnership with them to develop appropriate courses (see *Community Colleges: the US experience* CIHE Sept 2003).

The RDAs local and regional focus permit them to take on a coordinating and facilitating role which could embrace the following:

Recommendation 13: *The RDA could work with a group of universities and colleges (perhaps where progress is already being made) and with HEFCE to develop shared administrative functions for universities and colleges in the same region.*

Recommendation 14: *The RDAs could bring together regional networks of all organisations and agencies working in the HE, skills development and local business sector to facilitate synergies between them and optimise provision of services and support.*

Recommendation 15: *The RDAs could bring together the overall regional DA funding plans for HE, skills development and enterprise so that the total picture is clear and initiatives can be better co-ordinated.*

Recommendation 16: *The RDAs could bring together all regional education bodies and help them present a united picture to local business and the wider community of what they offer, where there are gaps and how opportunities can best be developed on a partnership basis.*

Recommendation 17: *The RDAs could better coordinate their thinking on regional provision and offer a more considered and strategic view on HE provision. A fragmented approach does not take account of often artificial regional boundaries.*

The enhanced role of the RDAs, as envisaged in these recommendations, calls for an increased focus on project management within the RDA and highlights the need for clarity and transparency in accountabilities and communication channels.

Recommendation 18: *The RDAs could designate dedicated project managers to manage the initiatives in these recommendations and put in place a support structure which makes clear accountabilities and communication channels.*

We hesitate to suggest that SEEDA should establish another forum. However, we note the absence of any suitable body that can harness both senior business and academic opinion other than the Science and Industry Advisory Council which does not adequately cover all sectors of the economy. We also note how the North West formed a discussion group from its NW Business Leadership Team and involved the heads of all the NW HEIs. This meets just twice a year over dinner on specific themes. From these discussions specific task groups might develop (eg on extracting some £100 million as 'compensation' for the decision to locate a major research facility in Oxfordshire rather than the NW). SEEDA may prefer to facilitate such occasional discussions on a sub-regional basis to discuss such issues as the relationship between local learning needs and provision, the potential for co-operations and for better stimulating partnerships for knowledge transfer.

Recommendation 19: *The RDA should look at current practices in certain other regions and consider establishing appropriate partnership fora that bring together the leaders of businesses and higher education; these would facilitate occasional but high-level debate and a greater sense of shared purpose as well as discussion on particular issues where action lies in the hands of those around the table.*

Appendix – Some examples of current partnerships

1. Case study - The Kent Multiversity

The Multiversity develops the concept of educational collaboration. It comprises an alliance between HE, FE and schools, covers a specific geographical area and ensures generally complementary provision. Each institution concentrates on what it does best and work together on specific tasks of common interest.

The 'Universities at Medway' is a collaborative project between

- University of Greenwich (UoG)
- University of Kent (UKM)
- Mid-Kent College (MKC)
- Canterbury Christchurch University College

to deliver education from a shared campus in Medway, based on some shared facilities, refurbishment of old buildings and construction of new ones. New programmes of study have been introduced and the programmes of MKC, UKM and UoG have been grown.

Project Objectives

The project will create an integrated University at Medway Campus which will;

- Provide a standard of teaching and support accommodation expected by 21st century higher education
- Comprise the physical facilities needed to retain and expand student places at Medway
- Deliver a balanced curriculum which promotes progression routes from Further to Higher Education.
- Establish the University of Kent at Medway as a component of the integrated campus.
- Make a significant contribution to the physical regeneration of Medway

Collaboration

In 2001, Kent and Mid Kent College formed a collaborative relationship with Greenwich to develop higher education in Medway. The vision and programme for delivering this objective was set out by the partnership in November 2001 in a bid to HEFCE titled '*Developing Higher Education in Medway*' This was approved and an initial tranche of funding (£3.95m) was allocated to the project. Additional project funding was sought through the development of a '*Full Economic Appraisal*' undertaken by 'DTZ Pieda Consulting', December 2003.

Funding

The total funding is now as follows;

	£m
HEFCE	3.95
University of Kent	15.00
Mid Kent College	2.50
Christchurch University College	2.50
Total education	**23.95**
SEEDA	8.61
Thames Gateway Regeneration	25.00
Medway Unitary Authority	2.50
Total regeneration	**26.11**
Total Funding	**50.06**

Demand For Higher Education in Medway

The need for additional higher education provision in Medway is set down in two documents;

- *'An Assessment of Demand for Higher Education in the Medway sub-region'*
  (KPMG, 2001)
- *'Regional Skills Strategy'*
  (SEEDA, 2000)

The KPMG *'Demand Study'* showed that the HE participation rate among Medway residents is below average compared both to the wider region and England generally. The fact that Medway has areas of social and economic disadvantage as well as relatively affluent ones partly explain this, but limitations on the local supply of provision also have an effect, especially upon part time participation. It was considered that this situation would inhibit the economic development of the area if not addressed.

Skills needed for the knowledge economy
The KPMG study showed that skills were needed at all levels, from PhDs, to graduates to non-graduate employees in SMEs. There was a significant shortage of technicians and it was felt that SMES needed support for management and entrepreneurship and that graduates should be supported to set up businesses.

SEEDA's '*Full Economic Appraisal'* of the Universities at Medway project recognised that current job trends are sending skills requirements higher whilst educational attainment across the region and particularly Medway remains low by international standards. It also recognised the need to give employers more of a 'voice' in the provision of learning and skills opportunities and achieve closer engagement of employers and universities.

Addressing skills shortages in the region

SEEDA's *'Regional Skills Strategy'* identified skills shortages by both industry and occupation for the region as a whole (not just Medway). These included;

- Management, ICT and employability skills (all sectors)
- Language skills

It concluded that several issues needed to be addressed to meet these skill shortages, including;

- Ensure that all businesses and people have access to learning opportunities when, where and how they are needed.
- Anticipate and provide for future learning requirements by learning from and informing businesses and people
- Work together seamlessly and collaboratively, informing and acting on regional priorities

The SEEDA Medway *'Full economic Appraisal'* also highlighted the following priorities;

- Providing for sector specific skills, including technician-level and IT skills, supported by new technology institutes and centres of vocational excellence
- Promoting management and entrepreneurial development through support for informal management development programmes and entrepreneurial training
- Reaching out to communities by integrating learning alongside social and leisure facilities eg shops, health centres, libraries

Economic regeneration

The Universities at Medway is the flagship project for the Government's economic regeneration of Thames Gateway and Chatham and fits with current Government policy for the sector. HEFCE's strategic plan for 2001/06 considers the project an exemplar of collaboration between HE Institutions, enhancing collaboration between HE and SMEs, supporting higher quality, cost effective teaching and addressing the widening participation agenda through raising the participation rate in Medway.

The economic policy of the Medway Unitary Authority sets out a plan of action to ensure that an additional 11,000 jobs will be created by 2010 and that annual GDP growth of between 2.5% and 3% is achieved from 2000 to 2008.

Summary of benefits to the Medway region

- A comprehensive university campus
- £50m capital injection into the region
- Guaranteed progression routes from schools to FE and HE
- More than £50m pa local spend
- More than 500 direct jobs and a similar number of indirect jobs
- More graduates staying in Medway to live and work
- A vibrant social economy
- Good access to cultural, sporting, library and IT facilities

Conclusion

The benefits summarised above are being delivered in partnership between SEEDA, the educational institutions concerned and local business. A project of this size and scope would not be possible without this partnership structure and close cooperation between all parties. It will result in a much greater knowledge of the skills and education needs of the region and its businesses and of how these can be satisfied now and in the future.

The size of the project means that it is a significant commitment for all concerned and project management, communication and negotiating skills have been put to the test. Inevitably lessons have been learned and these can serve as an example and a learning experience for future partnership between the RDAs and HE, as well as industry.

2. Case Study - The Knowledge House

The Knowledge House connects business, industry and individuals with the skills, expertise and resources available within the Universities of the North East of the UK. It forms an access network for product, process and people development solutions. Established in 1995, Knowledge House is a collaborative venture between the Universities of Durham, Newcastle, Northumbria, Sunderland, Teesside and the Open University in the North. Knowledge House offers expert solutions for developing ideas and solving problems through collaboration, consultancy, training and research. Knowledge House is staffed by a team of business professionals who will discuss specific requirements and quickly identify appropriate assistance from within the Universities. Once engaged, Knowledge House supports the agreed work programme through:

- Rapid and confidential response service
- Free initial search and diagnosis
- Sources of Assistance within the Universities
- Project management

Examples of specific areas of service include:

- *Uni***Manufacture** - provides access to expertise covering a wide range of Manufacturing and related issues. Assistance can be provided for the implementation of existing, new or advanced technology for engineering and manufacturing.
- *Uni***Train** - helps to access the diverse range of short courses available through the region's universities. This resource will enables the definition of the specific training or development needs for the company and its staff.
- *Uni***Grad** - provides easy access to a number of initiatives which aim to encourage smaller businesses to employ graduates and which offer help and advice to graduates and undergraduates about career options.
- *Uni***Life** - provides access to a wide range of services and facilities for the life sciences and environmental industries.
- *Uni***Design** - provides access to the universities of the North East's comprehensive and impressive design and development expertise.
- *Uni***ICT** - offers access to expertise for the effective and efficient development and utilisation of the latest Information and Communications Technologies (ICT).
- *Uni***Lytical** / *Uni***Test** - offers a comprehensive range of services tailored to the needs of process, manufacturing and industrial companies.
- *Uni***Tronics** - provides access to comprehensive electronics and electrical expertise, together with associated equipment and facilities available within the region's universities.

In addition, Knowledge House can provide financial assistance to small and medium sized enterprises (SMEs) located in the North East of England, to fund projects carried out within any of the region's universities up to about 35% of the project's cost.

The limiting factor of the growth in Knowledge House is the availability of the key academic staff member's time. The best ones are the most in demand. Although, therefore, it may not scale to match the potential opportunity, it does provide an example of how a combined and business oriented resource at regional level can actively assist in forming productive links. The model would also serve as a basis for supporting the "Lambert outcomes". Subsidising the costs may well be able to leverage additional university resources.

3. Case Study – The Glasgow / Strathclyde Synergy Partnership

In 1998 the Universities of Glasgow and Strathclyde formed a collaboration in Research, Teaching and Research, Teaching, Joint Departments and Support Functions called the "Synergy Partnership".

The partnership functions so that:-

- The universities are preferred partners in research and establish higher levels of joint research activity;

- They offer an improved range of teaching and learning opportunities; and

Research The partnership ensures that, although universities continue to face constraints from reductions in government core funding, they can market their research, expertise and teaching programmes in a global marketplace. Optimum success world-wide requires collaboration at local, national and international levels. Synergy creates a large knowledge bases with 4,600 researchers involved in areas ranging from the Arts & Humanities, Social, Biological & Physical Sciences to Computing, Statistics & Engineering, and the professions of Law, Business and Medicine (both human and veterinary). The examples of research success are well into double figures and include the major sponsorship agreement with the Japanese Pharmaceutical company, Yoshitomi, which draws on critical skills from each university. The universities are also collaborating in several areas which offer considerable economic development potential, such as Avionics. This is supported by key industrial companies from the aerospace sector (British Aerospace: military & civil sectors, Westland Helicopters, Smith Industries, BICC-Brand-Rex, DERA).

Teaching. The Universities combine to offer joint courses in 4 different specialised subject areas, Graduate Law, Social History, Medicine and Science in Sport and Exercise and Advanced Structural Engineering. Medicine and Science in Sport and Exercise, for example, is not available anywhere else in the UK. Three learning pathways, in Medicine, Science and Therapy allow students to choose modules which appeal to their interests and career aspirations.

Joint Departments and Support Functions There are 2 joint academic departments, Naval Architecture and Marine Engineering, and the Glasgow School of Social Work. The former has resulted in two demonstrable benefits for students. They now have 50% more contact time with lecturers than before the merger and greatly expanded facilities. There are advantages in access a wider range of research facilities as well. The formation was assisted by a strategic change grant from SHEFC.

Joint support departments include combined access to electronic library and the provision of joint WWW-based training materials for postgraduate students.

Pump Priming Funds are available to support the preparation of joint proposals. They may be awarded for administrative/teaching help to free up time (usually several weeks) to explore the viability of a proposed collaboration - including away-days - or for drafting collaborative grant applications. Supporting joint working on a region wide basis towards specific business interactions is something which SEEDA may wish to consider, given that, geographically, institutions are distributed, without reference to regional boundaries but more influence by major conurbations and transport routes. "Natural" groupings may be divided by regional boundaries.

4. Case study – Local learning network: Greater Manchester Strategic Alliance

The Greater Manchester Strategic Alliance of HEIs, and FE and 6th form colleges was formed in 2003, in order to develop a longer-term view on sustainable measures needed to extend opportunities for higher education in the sub-region, and to raise aspirations of potential learners (both young and mature adults), whilst seeking to take better account of regional and sub-regional agendas for economic regeneration in educational collaboration activity. This is an example of a confederacy model of partnership [1], where institutions mutually agree to co-ordinate and combine some of their functions and services (rather than in a 'multiversity federation' whereby institutions are brought together in a common structure, to respond to a specific local need, such as in Medway example above). It is collectively owned by the institutional members.

The higher education (HE) community of Manchester and Salford is very large (equivalent in size to the whole of Denmark) but also very diverse, and the area includes some of the lowest HE participation rates in the UK, and averages out at only 26%. Recent economic regeneration in central Manchester, etc has not been matched by developments in other sub-regions. There have been criticisms that too much of the existing collaboration activity is ad-hoc and supply-led and does not take enough account of likely future patterns of demand. Opportunities for progression need to be conveyed better to local communities in order to improve HE participation rates, and new and sustainable progression routes developed between FE and HE institutions.

The Strategic Alliance was created with a main focus on these issues, particularly widening participation (WP) in higher education, but WP is not intended to be divorced from other areas of collaboration. It aims to coordinate and enhance existing activities, and also identify and fill gaps which could better be addressed at a sub-regional level rather than replace them or create additional bureaucracy or duplicate services/activities. How far it achieves this is yet to be seen, as it is only in its second year.

An initial .feasibility study, funded by the NWRDA, LSC and HEFCE (equally), showed that support for the concept of the Strategic Alliance was strong but uneven among institutions (across the 23 colleges and HE institutions in the area). Though the Alliance concept was generally desirable, it became clear that the Alliance would have to plan its activities so as to be sensitive to local views and the variety of existing collaboration practices, some of which have been working very well. Five priority areas were agreed by Alliance members :
- mapping and monitoring progression (identifying actual and potential routes)
- direct services to students (such as information, marketing, access agreements)
-direct services to institutions (academic brokerage, validation, staff development etc)
- coordination of activities
- and economic intelligence/environmental scanning
 and groups of people, from partner institutions with interests and expertise in these areas, have been charged with developing their implementation over the next few years

One of the early successes of the Alliance was the joint bid for the additional HEFCE funding for Foundation Degree places, which was 100% successful. The process was felt to be groundbreaking in the way institutions acted together for the first time, negotiating numbers in a more open way at a subject level, and also sharing information about their partnership and employer involvement (which previously had been kept within individual institutions).

Employers' views and needs have been brought into the Alliance's planning s via a range of intermediary organisations (eg LSC, NWDA, regional alliance for skills and productivity),. This has included discussions on the accrediting of in-house training, and piggy-backing activities on to existing planned events. However, employers are not members of the Alliance.

The Alliance has now become a prototype Local Learning Network (LLN), with initial funding from HEFCE for one year to develop a business plan to become a full LLN. While there have clearly been some initial benefits arising from the Alliance, it is acknowledged that a great deal more work is needed in the years ahead to establish itself as a LLN.. This is a long-term development project, with a softly softly, open and democratic approach having to be taken between partners, which has been agreed upon as the most likely to bring the benefits envisaged from this kind of alliance in the longer term. Some institutions' involvement still only takes place at certain levels of operation in the Alliance, and some prefer to continue with other partnership arrangements, some outside of the Alliance (eg the north Manchester arc) There are areas of congruence with other regional initiatives (eg AimHigher, Alliance of Skills and Productivity) that need to be worked on, as well as relationships with local planning bodies in the region (such as the LSC) and with employers.

1. See Woodrow and Thomas (2002) *Pyramids or spiders? Cross sector collaboration to widen participation….,* which identifies a number of models of widening participation to HE.