

A UNIVERSITY ALLIANCE *report*

Efficiency, leadership & partnership:

an approach that delivers
shared economic priorities

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UNIVERSITY ALLIANCE

About University Alliance

University Alliance is a group of 23 major, business-engaged universities committed to delivering world-class research and a quality student experience around the UK.

Alliance universities have innovation and enterprise running through everything they do and deliver – the courses they offer; their leading graduate prospects; the impact of their research; how they work with business, the professions and the community; the leading role they play in building regional economies; right down to the way they are run.

They are universities without boundaries: delivering economic and social growth through close links with their research, students and staff and the world around them – locally, nationally and internationally. With representation right across the UK they educate over 25% of all UK students, with large proportions of international and post-graduate students.

University Alliance
83 Victoria Street
London
SW1H 0HW

Tel: 0203 178 7491

General enquiries:
info@university-alliance.ac.uk

Press enquiries:
press@university-alliance.ac.uk

www.university-alliance.ac.uk

Follow us on Twitter: @UniAlliance

Report by Libby Aston and Liz Shutt

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Executive Summary

Shared economic priorities

1. In the UK's global, knowledge-based economy, where 80% of new jobs are in high-skill areas and new and growth industries take a high-tech, high-skill and innovative approach, universities are playing a critical role in driving the UK's economic future. As well as being generators of economic growth and wealth creation, universities are helping to shape the new economy through their partnerships with new industries and use of new technologies.
2. Our global competitors, including the emerging economies, are investing heavily in universities in order to secure future economic growth. The UK Government's commitment to achieving economic recovery and future growth is not in question but the fiscal deficit puts a different framework on decisions regarding investment and public spending in this country.
3. The Government shares many of the economic priorities of universities including: equipping a highly-skilled workforce; driving innovation through partnership with business and world-leading research; providing real-time business solutions through shared expertise; providing entrepreneurial leadership in areas such as regeneration and sustainability; and fostering social mobility and inclusion.
4. The question is how to achieve these shared priorities and how to maintain the UK's position as a high-quality, leading university sector in a climate that doesn't allow for a significant increase in investment in higher education.

A strategy based on efficiency, leadership and partnership

5. Whilst taking into account the environment for public funding, this report is not a response to any particular set of decisions or announcements. These universities are fully committed to delivering their economic priorities and have adopted strategies that will achieve this over the longer-term. Whilst stable, core public funding remains essential, part of this approach is to reduce dependency on public funding and focus on delivering the university's priorities.
6. Firstly, this report sets out the drivers of efficiency that exist within the current public and private markets that universities operate in. Secondly, it gives examples of the strategic approach institutions have taken which have enabled them to focus resource on their strengths:
 - Efficient business practices
 - Entrepreneurial leadership
 - A partnership approach
7. Finally, it makes recommendations about how the existing public funding and regulatory environment can be improved in order to support universities more effectively.

A framework to support efficiency, leadership and partnership

8. The primary role of government should be to provide a stable, predictable and sufficiently flexible funding and regulatory environment that ensures minimum

standards, rewards success and allows institutions to excel, innovate and lead. By providing a framework that enables accountable autonomy, government will ensure that the higher education sector is best placed to deliver its many benefits to the economy and wider society.

9. Whilst the existing framework has supported a successful sector to date, it does not support universities to be able to deliver the more radical changes that might be required in a more difficult funding environment.
10. Given the necessary changes to the funding and regulatory framework outlined below, the approaches and case studies outlined in Section 2 demonstrate that Alliance universities have the experience and the management capability to deliver a number of radical changes including:
 - Rapid growth in areas of high demand from employers and students
 - Effective partnerships with private providers
 - Increased merger and acquisition / take over
 - More flexible patterns of delivery
 - More shared solutions
11. If the government attempted to drive through these more radical reforms within the existing funding and regulatory framework, it would be to the detriment of the sector.
12. We recommend that government should consider implementing the following changes in the funding and regulatory framework that will support universities to deliver shared economic priorities in a more difficult public funding environment.

Summary of recommendations

- 1/ Allow universities more freedom to manage growth in the sector
 - Flexible skills growth led by universities
 - More flexible delivery led by universities
 - 2/ Ensure a more flexible regulatory framework that reflects the dual nature of universities as both public and private organisations
 - Employment law that creates a more level playing field with private providers
 - Greater flexibility in pension requirements
 - A more flexible tax framework
 - Achieve better regulation that is focussed on outputs
 - 3/ Scrap tuition fees and introduce a Graduate Contribution Scheme
 - 4/ Ensure stable, predictable core public funding
 - Ensure a minimum unit of resource from public and private contribution
 - Continue a dual funding system to support research
 - Continue stimulus funding for business engagement and innovation
 - Continue the Match Funding Scheme
13. These recommendations are outlined in more detail in Section 3 of this paper.

Section 1: Understanding the market forces that drive quality and efficiencies in universities

Are universities public institutions or businesses responding to competitive pressure?

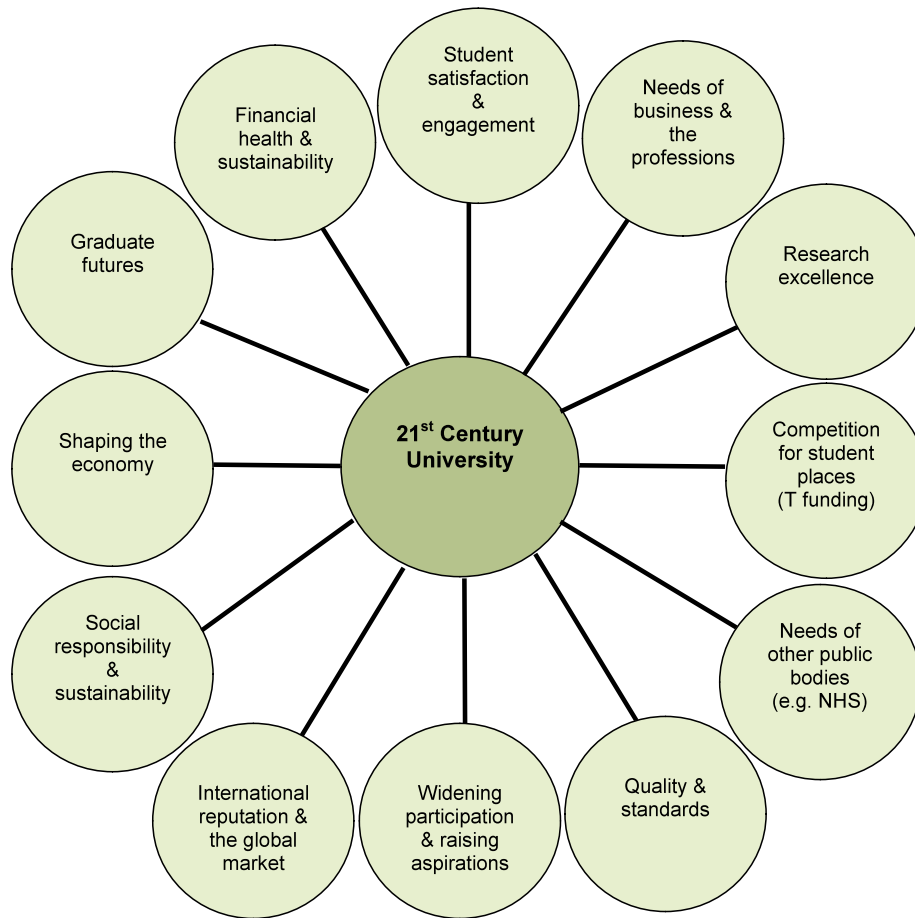
14. It is easy to think of universities as public sector bodies, delivering teaching for students and engaging in research, supported entirely by public funds and under no competitive pressure to keep costs down or achieve efficiencies.
15. However, as largely autonomous institutions in receipt of public funding, universities operate within a complex system of regulation, funding and market incentives from a wide range of sources (public and private). These large organisations with multi-million pound turnovers are balancing responsibilities and regulatory requirements as both public and private institutions. Public funds provide a significant component of their income, but competitive pressures are present in all aspects of their funding – public and private. They compete for undergraduate students, compete on price for international, part-time and postgraduate students, operate within competitive funding environments for research funds and operate within commercial environments for business partnership and Continuing Professional Development (CPD).
16. Universities do not undertake a single function but instead operate a set of interdependent and mutually reinforcing activities. This is not just about the inseparability of teaching and research but also about the close partnership working through public engagement, knowledge exchange, business engagement and private enterprise. If you take the delivery of high-level skills for economic growth as one example, universities are working to balance supply and demand of applications against a number of funding streams and the needs of business. Universities are then working in partnership with the students within a research-informed learning environment that aims to equip them for change in the 21st century. All of this has to take place within a regulatory framework for standards and an accountability framework for the use of public funds.

External and internal drivers

17. Within this environment there are many drivers of efficiency – both external and internal – as universities seek to focus resource on their strengths and achieve significant impact across society and the economy. Universities are at the heart of both an innovative economy and a society that aspires to be socially mobile, ensuring that all citizens have equal access to the opportunities which higher education provides. As these institutions plan their strategies and core focus there are a number of factors they must take into account.
18. Efficiencies and effectiveness are required not only to maximise the benefit of public funding but also to focus resources on key policy priorities shared by both government and universities: equipping a highly-skilled workforce; driving economic recovery; fostering innovation and entrepreneurialism; tackling global problems; achieving a sustainable future and fostering social mobility, inclusion and regeneration.

19. Figure 1 summarises the many internal and external drivers that exist – this is the path that a 21st century university must lead its way through. Each one of these factors drives improvement and efficiency through different means, demonstrating the interconnectedness and complexity of the overall market for higher education.

Figure 1: Drivers and aspirations of the 21st century university



Needs of business and the professions

20. Engagement and partnership with business and the professions is a significant driver for Alliance institutions. As Professor Tim Wilson has highlighted “a business facing university has a revolving door with business – not an interface or a portal but true interaction.”¹ Alongside the partnerships that universities have developed in this area, public investment through Knowledge Transfer Partnerships (KTPs) and the Higher Education Innovation Fund (HEIF) has been successful at stimulating further engagement with business and growing capacity in critical areas.

¹ T Wilson, ‘Embrace, don't shun, ethos of business’, Times Higher Education, 12 October 2007 <http://www.timeshighereducation.co.uk/story.asp?storyCode=310799§ioncode=26>

21. Success is based on the quality of well established relationships with national and international businesses. This interaction and partnership forms a core part of the ethos and approach at Alliance universities and drives:
- expertise in near-market research based on knowledge exchange with cutting edge industries
 - expertise in translational research in health and pharmaceuticals
 - high levels of professionally accredited courses
 - high numbers of graduate start-ups and successful spin-outs
 - a student experience that benefits from employer engagement in curriculum design and a clear focus on employability skills
 - these institutions being managed as business-like organisations

Graduate futures

22. Ensuring that students go on to have successful graduate futures is clearly a central driver for universities and they have invested significantly in this area over recent years. In universities with a strong business ethos the internal drivers are, in many cases, stronger than the impact of external drivers such as the published indicators of success in this area.
23. This is not just about careers guidance services, it is about equipping students with the entrepreneurial skills they need for the future path they decide upon, it is about embedding skills development informed by a strong relationship with business across the curriculum and it is about supporting students beyond graduation - enabling them to have access to the services provided by their university after they have left.

International reputation and the global market

24. Universities are international organisations, operating across hundreds of countries and with a strong commitment to develop global citizens. Higher education markets operate globally whether it be through the market for high quality staff, attracting international students, work with international business or delivering internationally significant research all of which drive up quality in order to compete. UK universities are also increasingly exporting their approach by entering the extremely competitive market for trans-national education, to build capacity in developing countries and teach students in-country. Again, this is driving up the quality of provision through competition and international regulation. The global environment for higher education continues to get more competitive and complex as borders become ever more blurred and countries compete to develop knowledge economies.
25. As a subset of the wider global market for higher education, competition for international students is a significant driver. Since the UK market for international students was de-regulated in the late 1980s universities have developed well-established systems for managing international recruitment, with many universities also seeking to embed an 'international/intercultural dimension into the teaching, research and service functions of the institution.'² UK universities can be seen to be operating

² J Knight, "Internationalization Remodeled: Definition, Approaches, and Rationales", 1994

extremely effectively in this market with UK higher education perceived as being high quality and worth paying for.³

Shaping the new economy

26. Through the endeavours of graduates trained in cutting edge science, technology and engineering courses and the direct impact of research and innovation through knowledge exchange and spin outs, Alliance universities have a significant role in shaping and driving the new economy. Not only do these universities have long histories of close involvement with and adaptation to new industries, they are also critical for economic recovery and the continued growth of new industries.
27. A focus on shaping the new economy drives a number of activities:
 - developing innovation hubs – supporting knowledge exchange and genuine partnership between the university and business
 - expertise in near-market research and successful spin out companies
 - collaborative research and development
 - involving business in the design and development of graduate skills training, which is embedded across the university
 - a culture of entrepreneurialism
 - delivering well prepared and skilled graduates fit for a knowledge economy

Social responsibility and sustainability

28. The social role of universities has long been recognised as a key attribute. Research has shown that universities contribute to society in many ways – whether through the positive impact their graduates have, the research and innovation they foster or the many services that business and the community can benefit from. Many Alliance universities are closely involved in, sometimes driving, significant programmes of regeneration.
29. A strong commitment to the environmental sustainability agenda is driving significant contributions that are already having a positive impact. Many Alliance universities have also been leading the way in terms of ensuring a holistic approach to embedding sustainability across the institution – whether it be through the research they produce, the sustainable buildings they create or establishing green credentials amongst students.

Student satisfaction and engagement

30. In a highly competitive environment for student places, both students and universities are committed to fostering a high quality, research-informed student learning experience. This is at the heart of a successful academic community in any university and drives up the quality of the student experience.

³ UK Higher Education Europe Unit and UK Higher Education International Unit, 'UK Universities and Europe: Competition and Internationalisation', Research Series/3, April 2009
<http://www.international.ac.uk/resources/UK%20Universities%20and%20Europe%20Competition%20and%20Internationalisation.pdf>

31. The nature of the university experience means that students are active participants in their learning experience as part of the wider academic community.⁴ As we will go on to outline, student engagement is an important part of the approach at Alliance universities to ensure that the institution is responsive to student needs and that the student voice is at the centre of the university experience.
32. More explicitly, data and feedback from student surveys conducted by institutions are being used to drive improvements to their strategic management with universities working with students' unions to implement change as a result of lessons learnt. Alongside this the National Student Survey (NSS) has become an important source of information for improvement since its establishment in 2005.
33. Other drivers in this area include responding to the expectations of students who have come through a reformed school system, keeping up with technological advances and ensuring that the knowledge gained through cutting edge research and engagement with business is successfully applied in the learning environment.

Quality and standards

34. The international and domestic markets for UK higher education and research are based on quality. Evidence demonstrates that the UK remains the second most popular destination for study behind the US on the basis of quality and, similarly, is the second in the world for research behind the US – also on the basis of quality. As a result, both the 'state sponsored'⁵ and private markets for higher education drive up the quality of activity in all areas. The 'UK HE' brand as a whole is based on quality and, therefore, drivers for high quality provision and self-regulation on standards are very strong. This is further enforced by the academic culture of universities that acts as a strong internal driver.
35. Professional accreditation runs alongside the state sponsored quality assurance system managed by the Quality Assurance Agency. Alliance universities are major providers of professional postgraduate education with significant proportions of qualifications professionally accredited – up to 70% in some institutions⁶. As such, meeting the demands of these bodies is a significant driver of both quality and economic relevance.
36. This largely self-regulatory approach drives responsiveness to the needs of the economy, students and the Government and an approach to quality and standards that is internationally respected.

Widening participation and raising aspirations

37. Universities have long-held commitments to widening participation, fair access and delivering social mobility that pre-date the relatively recent government focus in this area. This commitment has acted as an internal driver for flexible delivery and new programmes that bring learning to many millions of new students and contribute to the well-being of communities.

⁴ W Streeting and G Wise, NUS, 'Rethinking the values of higher education – consumption, partnership, community?' <http://www.qaa.ac.uk/students/studentEngagement/Rethinking.pdf>

⁵ M Shattock, 'Managing Successful Universities', OU Press – 2003

⁶ University of Bradford and Manchester Metropolitan University

38. In a predominantly merit-based system, universities have long understood the need to raise aspirations well before the application stage. With help from public funding streams, universities have been able to increase their activities to widen participation, raise aspirations – starting from primary school age – and further improve many long-established partnerships with schools and colleges.
39. In addition to this, the previous Government's agenda has acted as a strong external driver of particular areas of activity. The Government used ring-fenced pots of money to deliver particular programmes such as Aim Higher and to develop certain types of provision such as Foundation Degrees and accelerated 2 year degrees.

Needs of other public bodies

40. In addition to the public money directly invested in higher education, universities have considerable contracts with other public bodies such as the National Health Service (NHS) and Training and Development Agency for Schools (TDA). The competitive nature of these contracts, with additional regulation and measures of quality attached, drives universities to ensure that they are delivering a very efficient service. Bidding for contracts or places with these bodies is highly competitive with the ability to demonstrate quality and efficiency key to success.

Financial health and sustainability

41. A commitment to improving financial health and sustainability drives efficient practices and enables investment in strengths and high quality management practices. Since the late 1990s, TRAC (transparent approach to costing) data has helped to drive efficiencies through providing better quality information on the costs of institutions. Financial sustainability has been a much needed focus for the higher education sector since 1997 with welcome government investment and income from fees alongside a commitment to the maintenance of the unit of resource for student places and full economic costing for research.
42. That said, the fact that universities have yet to reach a sustainable funding position has been well documented. For example, in a recent report to HEFCE, the Financial Sustainability Strategy Group concluded that without increased investment there was a real danger that the quality of the student experience and the UK's success in HE could not be sustained.⁷ With the funding position of universities likely to become increasingly stretched for the foreseeable future, financial health and sustainability will be core to the ability of universities to continue investing in front line activities such as teaching and research.

The value of stable public funding in the 'state sponsored' markets

43. Given the many market forces and drivers of efficiency that already exist within the system, the value of stable funding streams that allow universities to invest against agreed priorities and enable them to manage fluctuations in the market cannot be overstated. From the Government's perspective, it is equally important that the

⁷ JM Consulting, 'The sustainability of learning and teaching in English HE'. A report prepared for the Financial Sustainability Strategy Group, 2008. <http://www.hefce.ac.uk/Finance/fundinghe/trac/fssg/FSSGreport.pdf>

distribution of the core grant allows funding councils to put controls and levers into a dynamic system in an extremely efficient manner.

44. For example, in England, both the levers available within the HEFCE⁸ 'T' Grant (for teaching) and the approach to funding research based on quality and comprehensive peer assessment have proven to be highly effective methods for driving quality and efficiency across the higher education sector.

Driving efficiency and quality through core funding for teaching

45. In effect, the HEFCE 'T' Grant enables government funding to follow the student directly while ensuring that the system is sufficiently well managed to guard against fluctuations in demand with key skills for the economy continuing to be delivered. This approach to funding higher education enables:

- HEFCE to control the total budget on behalf of Government
- HEFCE to put efficient levers and controls within the system
- universities to reconcile innovation with protecting academic and financial standards
- universities to plan, adapt provision in partnership with employers and make progress against strategic priorities (e.g. STEM) rather than having to respond to fluctuation in patterns of demand

46. The HEFCE formula-based funding method means that it allocates billions of pounds of public funding against a very small administrative cost, making it one of the most efficient delivery mechanisms across the public sector. The HEFCE 'T' Grant has the additional advantage that it funds on the basis of completion. This drives the very high completion rates in the English system in comparison to other OECD countries, which is a major contributing factor to the relative efficiency of the system.

Driving research excellence through dual funding

47. The dual funding system is a vital part of the success of the UK's research. Dual funding provides an important balance between:
- stable, unhypothecated Quality Related (QR) funding allowing institutions to make strategic decisions about their research activities⁹
 - the means to manage the breadth and direction of the research base where necessary through the Research Councils (for example through 'key strategic research themes' and the allocation of some of their budget to the Technology Strategy Board)
48. HEFCE operates a highly selective system for distributing research funding based on excellence – with four institutions receiving 32 per cent of QR funding and 25 around 75 per cent in 2009/10.
49. QR funding is highly contestable with universities driven to compete on the quality of their research as judged by an expert peer review process. Since the introduction of the

⁸ The Scottish Funding Council (SFC) and Higher Education Funding Council for Wales (HEFCW) undertake a similar role in Scotland and Wales.

⁹ Research Excellence Grant in Scotland and Quality Research funding in Wales

Research Assessment Exercise (RAE) in 1986 and the establishment of a highly selective funding mechanism based on the principle of funding excellence in research wherever it exists, this approach has ensured that:

- the UK research base has improved its international standing, as demonstrated by the UK's increased share of global citations
- public funding is used efficiently to support research of the highest quality
- centres of excellence can be supported in universities with expertise in areas that are vital to the growth of the new economy
- universities have had a stable funding base enabling them to invest in these areas of expertise and manage the development of a supportive research environment effectively

50. A replacement for the RAE, the Research Excellence Framework (REF) is currently being developed by HEFCE following widespread consultation with the sector. Peer review is to continue as a core feature of the approach with the added emphasis on the impact of research. There has been much debate about this new measure of research excellence and it is still being developed. What is clear, however, is that central to the concerns of both HEFCE and the sector is that the system for measuring research excellence should remain robust to ensure that the benefits of research assessment in the UK are not diminished.

Autonomy enables universities to manage drivers in the system

51. The autonomy of institutions has been shown to have a direct correlation with the quality of a system, with the UK recognised as being distinct in both its level of autonomy and its quality.¹⁰ A separate funding body for universities, at arms length from government, has existed since the early 1900s. Successive governments have sought a balance between directing investment towards particular high-level skills and areas of research, requiring accountability for that public investment whilst allowing universities to be sufficiently autonomous as to collectively achieve the position as one of the best higher education sectors in the world.
52. As we will go on to demonstrate, autonomy remains key to the approach adopted in Alliance universities allowing them to manage their position within the market, or various markets, operate flexibly in response to drivers, be responsive to both threats and opportunities as they arise and to focus resource on their key strengths within an increasingly dynamic higher education environment.

¹⁰ P Aghion et al, 'Higher aspirations: An agenda for reforming European universities', 2008
<http://aei.pitt.edu/8714/01/BPJULY2008University.pdf>

Section 2: Managing a 21st century university – an approach based on efficiency, leadership and partnership

University strategy and managing market drivers

53. Within the complex system outlined in the previous section, universities have sought to develop strategies that focus resource on their strengths. The system is driving significant efficiencies while autonomy allows institutions to identify which areas should be prioritised in terms of investment and development. Essentially the external and internal drivers outlined in Section 1 will be managed differently by different universities depending on their strategy. Within this system universities are increasingly seeking to establish a distinct identity to ensure that they are adding value alongside institutions working in other areas across the higher education sector.
54. The particular strengths and focus of Alliance universities¹¹, as a group of institutions operating at the heart of this sector, are:
- **Scale:** These are predominantly large organisations, educating over 27% of all UK students between them and with 6 out of the 10 largest UK universities represented. With scale comes the capacity for increased autonomy, efficiencies and a strategic approach to business management.
 - **Economic relevance:** These universities are adept at focussing on their particular economic environment through effective engagement with business and new industries. Research strengths are typically in areas of importance to the economy, finding near-market solutions and with a large proportion of highly rated STEM departments. In addition, these universities deliver nearly 22% of all UK STEM graduates and have developed leading expertise in embedding employability skills across the curriculum so that graduates leave market ready and equipped with entrepreneurial skills. A high proportion of courses are professionally accredited (up to 70%) and Alliance universities are often the largest providers of postgraduate education in their region.
 - **Partnership approach to delivery:** Close partnership working is at the core of business engagement with expertise in near-market research, a culture of innovation and entrepreneurialism, a high proportion of professionally accredited courses and a focus on graduate attributes and employability skills. Business engagement is matched with a strong focus on working in partnership with students, with both groups involved in developing new programmes, major projects and strategies.
 - **Added value:** These universities are delivering social mobility and access to the professions - matching a diverse student body with high graduate employment rates.
 - **Confidence:** Clarity of vision and a focus on strengths has given a strong sense of confidence to these universities that is encouraging strong leadership, innovation and entrepreneurialism in many areas.

¹¹ University Alliance has 23 member institutions across the UK

55. Based on these characteristics, the strategy adopted in these institutions will often consist of the following key elements:
- A/ Efficient business practices
 - B/ Entrepreneurial leadership
 - C/ A partnership approach
56. The case studies that follow in this section are demonstrative of this approach – albeit each example implemented in a unique way to suit each university’s particular culture, context and vision.

A/ Efficient business practices

57. A business approach is often embedded within the ethos and approach to management across the university. There are a number of examples of efficient and effective practice across Alliance universities that enable universities to focus resource on their strengths.
58. Examples of efficient business practices are given in the following areas:
- Management excellence
 - Driving down costs and delivering efficiencies
 - Delivering shared solutions
 - Delivering major programmes of reforms and restructuring

Management excellence

Liverpool John Moores University – British Quality Foundation’s UK Excellence Award

59. Liverpool John Moores University is the only university in Europe ever to be assessed as meeting the standard for a full ‘Business Excellence’ award within the requirements of the European Foundation for Quality Management. This business approach reaches across all university activities with the strategic plan and balanced scorecard methodology being used to deliver value for money and deliver planned outcomes effectively. The direct effect can be seen in:
- an operating surplus in 2008/09 of £9.5 million¹²
 - the full engagement of Liverpool Students’ Union operating under an appropriate form of Business Excellence for a students’ union
 - the university has no ‘decision making committees’ except for the Academic Board and Board of Governors - advisory meetings are held to discuss and challenge policy but individuals take decisions and are accountable for them
 - the university has implemented major change management over recent years - as part of the implementation of the university’s World of Work (WoW[®]) programme all undergraduate degree programmes developed specified ‘graduate skills’ and work-related learning within six months

Nottingham Trent University – integrated management systems and commercial approach

60. The university has an integrated approach to managing the university across all activities – ensuring that the systems reinforce efficiency and effectiveness across different service elements:
- *The management dashboard:* This delivers real-time monitoring and is central to the universities ability to manage assets, set targets and forecast. The ‘Dashboard’ draws together student, HR and financial planning information in a user friendly way so that managers across the university have access to a vast amount of data. Based on this ‘daily business position’ everyone from the VC to a manager of an

¹² Before Financial Reporting Standard 17 (FRS17)

individual school can access information on cash balance and financial performance, space utilisation as well as staff and student number data. Use of the dashboard is integrated across university management and planning processes to ensure that there is one version of the truth.

- *Linking and benchmarking with business and industry:* Directors with a commercial focus sit alongside PVCs with academic responsibilities. These Directors are recruited from outside the sector and bring skills enabling the university to be managed in a business-like way. Over time, the university has integrated privately trained professionals so that activities benefit from a wide range of experience of business and industry. Benchmarking is further enhanced through this approach by testing processes against business as well as other universities.

Driving down costs and delivering efficiencies

61. Many Alliance universities have also been effective at driving down costs whether through ensuring that resources are used more efficiently, improving processes to reduce bureaucracy, setting cross-university targets for cost reduction and income generation or implementing shared solutions.

Open University – driving down costs by 7%

62. The Open University have been seeking to drive through a series of efficiencies and cost savings – equalling 7% of overall budget.
63. These savings are alongside an overall strategic intent to adapt and strengthen the university in order to sustain its mission. Savings have been identified through a process of strategic review leading to the identification of three phases of development and areas of focus for cost reduction and income generation.
64. The process is being centrally-managed through a systematic, university-wide approach with clear milestones, measures and targets captured in performance indicators. The first phase improves effectiveness, reduces cost and strengthens competitiveness. The second identifies and exploits new opportunities within existing markets. The third phase identifies and enters new markets in order to grow income
65. The University has already done much to ensure efficient use of resources. Over the last few years reviews of academic structures, warehousing requirements, student support, production of courses and related materials, an exercise to ascertain the financial contribution made by courses and streamlining of course presentations have all generated cost reductions.

Bournemouth University – programme of efficiency reviews and reductions

66. Bournemouth University has identified the need to take out £26 million of cost over five years to create the headroom needed to invest further in their academic development. In support of this the university has tightened budget challenge and control and has undertaken a major review of their professional service support structures.

Delivering shared solutions

Manchester Metropolitan University - shared services and partnerships across the City

67. The university has well established links across the city that have allowed it to develop a number of shared services initiatives both with the University of Manchester and the City Council.
68. As part of these collaborations, the university owns, manages and funds Manchester Student Homes - a partnership organisation providing the only official source of private sector student accommodation for the universities in Manchester. As part of this partnership, MMU and the University of Manchester have recently made a joint appointment to a new post of Off Campus Manager. This person will coordinate the approach for all off campus student and community affairs, advising and supporting students on securing responsible and mutually respectful relations with local communities.
69. Partnerships have also been created for sports and community collaboration with Manchester City Council. The agreement is founded on the principle of working collaboratively to deliver shared outcomes, including mutual support for development initiatives.

Open University – Shared Solutions

70. The Open University is well known for its use of technology and as such is also involved in a cross sector project aiming to share their solutions with other universities. The HEFCE-supported programme Higher Education Shared Solutions, has among its aims to increase efficiency and reduce costs. Shared Solutions is working to address sector-wide needs through collaborative projects. These include:
 - *Support Centre for Open Resources in Education (SCORE):* Open Educational Resources – resources that have been licensed for others to use and adapt freely – are becoming increasingly popular worldwide. SCORE is working to support publishing and use of these resources across the sector. Sharing content in this way leads to lower course preparation costs (potentially a 10% saving) as well as improved support for students. Sharing these resources can reduce replication of similar materials across the sector freeing up academic time.

University of Plymouth – shared approach to local procurement

71. Sell2Plymouth is a partnership between the University of Plymouth, Plymouth City Council and Plymouth Hospitals to encourage small local businesses to tender for public sector contracts.
72. Business support partners also offer a range of services to support local businesses win these public sector contracts. Since July 2009, over 800 businesses have registered on the site and tendered for £1.6 million of public sector business. Benefits such as graduate employment opportunities are already being explored as well as internships and work experience.

Delivering major programmes of reforms and restructuring

Manchester Metropolitan University – 7 to 2 campuses

73. Manchester Metropolitan University has spent £350 million moving from seven campuses down to two, reducing the university's physical footprint by 460,000 square metres and providing a platform for change across the university.
74. The investment programme is supported by HEFCE, the North West Regional Development Agency and Manchester City Council. Central to the vision is the establishment of integrated academic support and welfare advice, and the provision of relaxed and informal social learning spaces to complement world class teaching and research environments.
75. One of the key developments is the creation of a Health and Education campus at Birley Fields, a brownfield inner city site 500m away from the existing All Saints campus and adjacent to Moss Side. The area is recognised as an education cold spot with low participation rates, leading to long-term unemployment and few opportunities for regeneration. An independent economic impact assessment commissioned jointly by MMU with the City Council indicated that the Birley Fields development would bring almost £77m additional revenue into Hulme and Moss Side.

B/ Entrepreneurial leadership

76. Managing a large university, with a multi-million pound turnover, through a complex environment of public and private markets and multiple partnerships requires leadership at all levels of the organisation. Entrepreneurial leadership enables bold and innovative approaches to be adopted. Furthermore, it fosters a culture of innovation and entrepreneurialism that shapes both the student experience and engagement with business.
77. Examples of entrepreneurial leadership are given in the following areas:
- Entrepreneurial leadership in business decisions
 - Long histories of merger and acquisition
 - Driving innovation and new industries
 - Developing entrepreneurs and future leaders
 - A culture of entrepreneurialism driving spin-offs
 - Leading by example – a sustainable approach
 - Achieving a focus on strengths

Entrepreneurial leadership in business decisions

University of Hertfordshire – Bio-park

78. BioPark is a thriving scientific community of biopharmaceutical, medical technology, diagnostics and the biomedical businesses together with specialist service providers, forming an important component of the South Hertfordshire BioCluster. BioPark ensures that strong links are developed between regional universities, research institutes and the private sector and, as one of a network of Regional Enterprise Hubs, assists in developing high-level skills to support the knowledge economy.
79. The university led the development of Bio-park, which opened in February 2006. Prior to the development of the park, Roche Products had announced its intention to pull out of the region and all stakeholders were keen to ensure that these valuable facilities were safeguarded for future use.
80. 93% of the space has now been let with plans underway for further expansion and investment by the university along with its partners equalling £2.2 million. Not only is BioPark demonstrative of the leading role the university is playing in terms of the regions economic development, BioPark is run on a commercial basis for the university and therefore effectively brings private revenue in.

Glasgow Caledonian University – Howden Academy

81. Glasgow Caledonian University have taken an entrepreneurial approach to developing and delivering an innovative training programme, Howden Academy, in partnership with Howden, a successful international engineering company with a £580m turnover.
82. To help meet a challenging growth strategy during an economic downturn Howden invested £3.5million over three years to enable hundreds of engineering graduates from

17 countries to develop the necessary specialist high-level skills. The Academy uses the academic planning, teaching expertise and world-class learning facilities at the university to harness Howden best practice and deliver quality training to engineers round the world. Applied practical learning and a deep understanding of industry needs meant a tailored response for the company was delivered.

83. The project has diversified income for the university, resulted in an increase in profits for Howden and won a number of awards for innovation. This bespoke product, based on flexible and responsive design to the specific needs of Howden has been so successful that Clyde Union, another company in construction and engineering, is working with the university using the academy model.

Long histories of merger and acquisition

84. With origins in the 19th century, often first established as Institutes of Engineering or Design Schools, many Alliance universities have long histories of growth through successful merger and acquisition. This has enabled growth and efficiency savings whilst maintaining standards and has been achieved through entrepreneurial leadership and a strong vision for the future of the university.

Oxford Brookes University – from strength to strength

85. Oxford Brookes University, for example, started life as the Oxford School of Art in 1865 until five years later when the School of Science was incorporated offering a wide range of scientific and technical subjects. More recently, in 1976 it incorporated a teacher training college, in 1988 a school of nursing and in 1992 a school of occupational therapy. In 2000 Oxford Brookes merged with Westminster College to create the Westminster Institute of Education as part of the university.

Driving innovation and new industries

University of the West of England – connectivity driving innovation

86. The University is taking centre stage in the development of BLOODHOUND SSC, a car designed to take the land speed record to over 1000mph/Mach 1.4. It will be powered by a Eurojet EJ200 jet engine from a Eurofighter Typhoon delivering 20,000lbs thrust and a Falcon hybrid rocket delivering 27,000lbs thrust. This inspirational engineering project involving multiple private and public partners is a clear example of connectivity; where research, learning and teaching, community, public and employer engagement, infrastructure and professional services across the university, all work together to drive a truly innovative project.
87. UWE is a founder partner supporting the BLOODHOUND SSC project. The project is wholly dependent on innovative application of very advanced research and technology. The BLOODHOUND SSC Design team, led by John Piper (JCB Dieselmax Chief Designer), has been working with UWE engineers and technicians, using the specialist facilities at UWE to help realise the formative stages of the project. Engineers from UWE have taken the CAD designs from the BLOODHOUND Design team and used rapid prototyping and CNC routers to realise the first scale model.

88. As one of the biggest and most exciting engineering projects happening in the world today, UWE will also lead the BLOODHOUND SSC Project Higher Education engagement opportunities nationwide. BLOODHOUND'S development will be seen by millions as it evolves with live coverage on the web. The very openness of BLOODHOUND'S development presents unprecedented opportunities to inspire young people to study STEM subjects and prepare existing students for the real world.

University of Bradford – Research and Knowledge Transfer Centres

89. The university has made a strategic decision to invest more than £4 million in developing its key areas of research and knowledge transfer strength. Following an extensive review of its research base, external business markets and funding opportunities the university has developed its strategy to focus on 10 Research and Knowledge Transfer Centres including:
- Micro and Nano Technologies
 - Advanced Materials Engineering
 - Pharmaceutical Engineering
 - Sustainable Living
 - Skin Sciences
 - Visual Computing
 - Automotive Engineering
 - Medical Infection
90. All centres are delivering high quality research, an academic drive and a commitment to business markets. The centres are all driving innovation and working towards business solutions - strengthening partnerships with business and industry such as Jaguar cars, Reckitt Benckiser, Smith and Nephew and public sector organisations such as NHS trusts and the Department of Health.

University of Plymouth - knowledge transfer and exchange

91. The University of Plymouth is a leader in knowledge transfer and the largest provider of Knowledge Transfer Partnership (KTP) in the South-West region. The University currently has 28 projects with a value of £2.6M, supporting partnerships with companies such as GOSS Interactive and Zoefitg. The University recently won the contract to manage the Pool Innovation Centre, the first of its kind in the county of Cornwall. This landmark £12million, purpose-built centre opened in June 2010. The University is also a partner in Tamar Science Park and hosts two incubation centres – Formation Zone (arts) and Formation 2.0 (STEM).

University of Hertfordshire - revolving door with business

92. The university is managed as a business-facing university across all of its activities – engaging and collaborating with business, the professions and the public sector. Business engagement is explicitly at the core of the university's mission and purpose.
93. Professor Tim Wilson, the university's Vice Chancellor, describes the relationship with business in terms of a revolving door – not an interface or portal but a true interaction.

¹³ The university does not operate a command and control structure based on the belief that true innovation comes from the grassroots. This means that the university does not have a single portal for business engagement, rather there are multiple points of contact across the institution. The university does not have a careers advisory service but an Employability Centre, matching employer's needs with student skills and also supporting careers and continuing professional development for graduates. In addition, all of the university's courses are designed with business input.

94. This approach ensures that the university achieves relevance, agility and innovation enabling it to respond effectively to opportunities as they arise. 'Exemplas', a local business operator which the university acquired, is a key example of how this approach works in practice. 'Exemplas' is linked to a huge network of businesses across the UK and its brokerage contracts enable business to connect to new ideas and thinking, research and consultancy, and the advanced facilities of universities. These connections have enabled the university to be at the forefront of efforts to respond to the current economic climate by creating intern opportunities for its graduates – it is on target to have 400 internships by the end of the academic year.

Liverpool John Moores University – Institute of Health Research

95. The university has responded decisively to the recognition that the bio-medical field is fundamentally a multi-disciplinary activity. It has also noted that the key to commercial success is the ability to draw upon the critical elements required to solve problems and to generate new treatments and products.
96. To provide focus and co-ordination, the university established an Institute of Health Research in which all six faculties are engaged. This institute plans and delivers its collaborative programmes across the university, rising effortlessly above any essential structural elements in the university and also responds effectively to commercial clients in the field needing a multidisciplinary solution.
97. The impact of this approach has been to recognise that world class research in the bio-medical area was on-going in sections of the university that would have been surprising to external audiences (e.g. the structure of individual human cancer cells being undertaken in the General Engineering Research Institute) and that facilitating and rewarding cross-collaboration produces huge benefits for all concerned, but especially the external clients.

Portsmouth University – creative and cultural industries

98. The university refocused its teaching and research activities to recognise the rapidly growing importance of the creative and cultural sector locally, nationally and internationally. By bringing together elements across the university under a Faculty of Creative and Cultural Industries it enabled pooled resources and shared aspects of the curriculum. The university is currently investing £20 million in new facilities to enhance the integration of the faculty.
99. Recent course developments include computer games technology in collaboration with

¹³ T Wilson, 'Embrace don't shun, ethos of business', Times Higher Education, 12 October 2007
<http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=310799>

local games companies, music technology, and digitally based programmes across a range of areas. The faculty generates links with local companies, including successful KTPs, innovative Business+ relationships and opportunities for students to work with local creative practitioners.

100. The faculty also houses the university's highly successful Centre for Enterprise, which promotes enterprise education within the curriculum and supports students who want to try to develop an idea into a commercial proposition. The Centre works alongside the externally funded Creative Industries Business Advisory Service, which has advised and trained over 1,000 entrepreneurs who want to build up their own creative businesses. These enterprise activities make a significant contribution to the growth of new businesses in the Portsmouth area, and are regarded as leaders in their field.

Developing entrepreneurs and future leaders

University of Huddersfield – Business Mine

101. The Business Mine supports students and recent graduates to start-up their own business or explore self-employment. 'Business Miners' are supported for 12 months and have access to hot-desk space, office equipment, and one-to-one advice from the university's Business Mine advisors. Since 2007, the Business Mine has helped around 35 students and graduates formally start-up in business and begin trading. The Business Mine has also supported up to 17 students a year on an alternative placement scheme, where they start-up their own business rather than work in employment.
102. The Business Mine also administers micro-finance schemes such as a Proof of Concept award – up to £1000, and Start-Up Grants – £2400 spread over six months. 59 awards have been granted over three years totalling £65,000. The grants and some workshops are supported by Yorkshire Forward through Graduate Entrepreneurship with advisors and other activity being funded by HEIF.
103. The university's Business Miners are regularly short listed for awards and competitions. A current Miner, Stuart Greenwood of Pixel Monster, has been short listed for the current round of the national Shell Live Wire competition and three Business Mine-supported companies won or were short listed for the Huddersfield Examiner New Business of the Year Award in 2008 and 2009.

Nottingham Trent University – The Hive

104. The Hive is university's purpose-built enterprise development centre. Since its establishment in 2001, the centre has helped more than 100 businesses into fruition. It primarily supports students and graduates of the university to evaluate early business ideas and equip them with the essential knowledge they need to develop that idea into a successful business venture.
105. Statistics show that up to 60% of start-ups are likely to fail within their first three years. However, with structured support some 80% are likely to remain in operation after the same period. 90% of the businesses that The Hive has helped are still operational at the present time. The centre puts its success down to the fact that they provide entrepreneurs with a safe environment for evaluating and testing concepts,

backed up by the invaluable expertise and specialist knowledge both within The Hive and across the University.

University of Wales Institute, Cardiff – 20 Twenty Leadership Programme

106. The university has recently launched a new £3.9m project to establish world class business leaders within enterprises across South East Wales. The programme is aimed at driving forward growth and productivity in over 200 companies in Cardiff, Vale of Glamorgan, Newport and Monmouthshire. Through the programme, business high flyers will be able to undertake a bespoke journey leading to a professionally recognised Postgraduate Certificate in Leadership, which can be upgraded to an Executive MBA, together with membership of the Chartered Management Institute.
107. The 10 month course includes workshops, action learning, master-classes and one-to-one coaching sessions with established business leaders. The focus of these will be on leading change, managing innovation, harnessing low carbon opportunities, raising finance, improving marketing and delivering improved sales performance.
108. As part of the four year project, which is to receive £1.5m from the European Social Fund through the Welsh Assembly Government, a survey is being carried out of over 3,000 small to medium enterprises to identify current needs, difficulties and the state of optimism in a range of sectors. The new programme will address those issues that are highlighted through the survey, helping business leaders to respond directly to the challenges and opportunities they are currently facing.

University of Plymouth – developing enterprise leadership

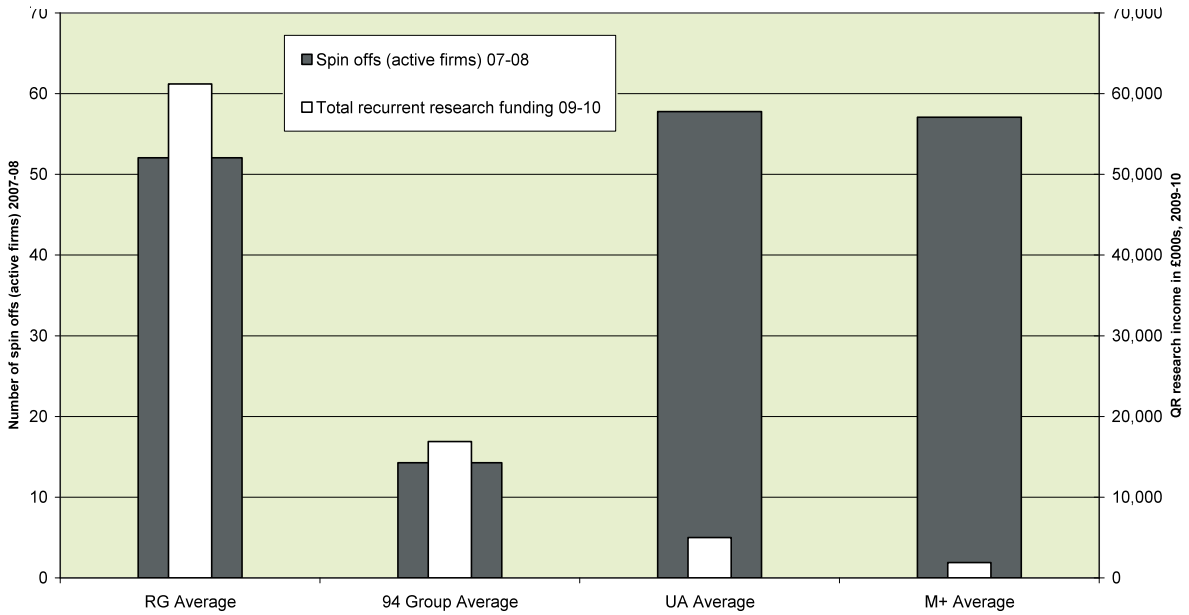
109. The University of Plymouth is leading a ground-breaking project to better understand the new market space that the enterprise agenda is creating for the higher education sector. Part of the project is to develop the business models needed to engage with the enterprise agenda for social and economic benefit. Working with Teesside University, this 18-month project examines the different approaches taken by universities and the leadership, governance and management models underpinning them with the ultimate aim of generating best practice and new models for the HE sector.

A culture of entrepreneurialism driving spin-offs

110. Figure 2 demonstrates that this culture of entrepreneurialism is driving spin-offs. In comparison to other university groupings, these universities have generated the highest number of spin outs on comparatively less research funding.¹⁴ Not only is this approach having a positive effect on regeneration and business innovation but additional private money is being brought back into these universities for reinvestment in strategic priorities.

¹⁴ Figures exclude Cambridge University and Birmingham City University as outliers

Figure 2: Entrepreneurialism is driving spin-offs, not public research income



Leading by example – a sustainable approach

University of Bradford – Ecoversity

- 111. Ecoversity is a strategic programme at the University of Bradford to embed sustainable development into the daily operational performance of the university and into the living and learning experience of its staff and students.
- 112. The programme was launched in 2005 to include a campus regeneration programme worth £100m over 10 years, a commitment to Education for Sustainable Development, offering opportunities for students to become involved in projects and activities to upgrade facilities.
 - Carbon emissions was reduced by 15% from 2006-9 and a further 30% reduction will be achieved by 2012 meeting sector targets for 2020 eight years early. This is being achieved through a combination of fuel switching (gas to biomass), efficiency (investment in building management systems enabling the targeting of major sources of waste) and rationalisation of the estate.
 - A new £4 million combined heat and power plant is operational with a payback of only 8 years.
 - Gas consumption has been reduced by 13% and electricity by 5% between 2006 to current day. This has generated considerable savings on the university’s £1.6 million energy bill.
 - Most of these initiatives have come from core budget to demonstrate the principle of embedding sustainability.

University of the West of England – leading by example

113. As the sixth largest university in the UK, with over 30,000 students and 20,000 interactions with over 4,000 business and community organisations in any one year, UWE is leading by example in its approach to environmental sustainability.
114. In June 2010, UWE won the prestigious ‘Continuous Improvement – institutional Change’ award for having made a real, long-term contribution to sustainability. Together with their partners, UWE have reduced carbon emissions by 26% since 2001/2002 and have achieved carbon trust standard. UWE has demonstrated the embedding of sustainability into the institutional strategy with an integrated management approach to continuous improvement. The judges particularly highlighted the strong collaboration with other institutions and the engagement from all staff and felt that the initiative showed a significant breadth and depth of sustainable activity.

Focussing resource on strengths

115. Alliance universities have significant research strengths, often in areas that are closely linked to emerging industries in the new economy. This has been achieved through an intentional focus of resource in areas of strength. Alliance universities have concentrated their research into key thematic areas – often arranged as Research Institutes or Research Centres. This has supported dialogue with business and other stakeholders and underpins research-informed teaching. These peaks of research excellence were clearly recognised in the 2008 RAE as well as in the subsequent tighter focus on high quality research by HEFCE.¹⁵

University of Plymouth – focus on USP

116. The university is a top 50 UK research university and has a world-leading reputation in a number of areas, including the following clusters of research excellence:
- Marine and Coastal
 - Computing and Robotics
 - Health and Biomedicine
117. To drive excellence further in these clusters, the university encourages entrepreneurial researchers with a strong emphasis on innovation and partnership, research that impacts on international and national agendas and regional economic development, scholarship and knowledge exchange.
118. The university is working with leading national and international organisations to develop cutting-edge technology, attracting expertise and opportunities for commercial value. Work on marine renewable energy, robotics with NASA and the European Space Agency and biomedical research of the impact of the environment are all examples of focus within these key areas of work.

Northumbria University – investing in research strengths

¹⁵ The recent decision by HEFCE to change the ratio of research funding to 1:3:9, and the subsequent safeguarding of funding in Alliance universities, confirmed the high quality of research in these institutions.

119. Through the reprioritisation of internal funds, the university has been able to launch a three-year £17.8 million Strategic Investment Fund to grow its research strengths and attract high quality research-active staff. The aim was to generate and support greater excellence throughout all aspects of the university's business. Phases one and two included a recruitment drive to attract over 80 high quality academic staff to the University and provide 160 PhD places. The investment is also intended to support work that cuts across school boundaries and promote inter-disciplinary approaches.
120. The priority is to encourage research that makes a difference in society and the economy, enhances the learning experience of students, and has a positive cultural impact. Through investment in staff, innovation and employer engagement, the university can better support businesses at this difficult economic time to find new solutions.
121. All Alliance universities actively use data and analysis to identify new areas in the economy and ensure that courses have economic relevance. Students and business are often involved at the planning stage for new courses and a focus on strengths is ensured by actively managing and reviewing the existing provision portfolio.

Nottingham Trent University - reviewing course provision to focus on strength

122. Changes are made to 95% of courses through an annual process and businesses are part of the decision on which courses to run. Strategic decisions are made based on partnership working with business and students – the results of which can be seen in the huge increase in applications that the university has seen (with the biggest increase in 2008/09).
123. Schools produce academic plans 3-5 years ahead of time looking at market and financial data. This links in with the 5 year financial plans each department must produce with a vision and details of how it will be achieved. Over 50% of courses are professionally accredited, which is demonstrative of the role of business and the professions in provision planning and the relevance of these courses. Business leaders sit on the strategic planning advisory boards for the Law and Business Schools ensuring that provision in these areas is meeting their needs.

C/ A partnership approach

124. A partnership approach to working is at the core of the approach taken by Alliance universities. Their approach to business engagement, civic regeneration and local communities means that they work with partners across their region, and indeed the UK, to ensure that the benefits of higher education and more specifically their entrepreneurial approach are far reaching.

125. Examples of partnership working are given in the following areas:

- Driving economic regeneration through partnership
- Attracting private investment including collaborative R&D
- Building global reach through networks
- Employers and student engaged in developing programmes
- Employer-led approach to equipping graduates for 21st century

Driving economic regeneration through partnership

Sheffield Hallam University - driving regeneration

126. The university uses the academic strength of its teaching and research in the areas of business, manufacturing, sport, leisure and public service - working with these sectors in the region. This informs, influences and then fully implements the regeneration, growth and development strategy for the Sheffield City region.

127. As an independent voice, the university acts as a hub to bring together representatives from the many areas of activity. Through this cross region and cross discipline network information is shared, partnerships are created, imaginative joint projects are developed and delivered and there is a concerted effort to market and position the City by combining budget spending.

128. The results so far have seen unanimous support for the new Sheffield City Council positioning and branding strategy. The campaigns and outcomes of the strategy have also been designed and developed by the university. A number of other groups have been formed within the area for further university involvement working with engineering industries as well as arts and cultural organisations such as the V&A. A co-ordinated campaign run by the University linking the city's sports facilities and the university's internationally renowned Sport Research Centres has already produced secondments and volunteering opportunities for both the London 2012 Olympics and this year's Commonwealth Games in Delhi.

University of Salford - MediaCityUK

129. MediaCityUK is one of the most significant media developments in the UK. To date it is a £500 million project, within which the university will have 103,000 square feet of space. The site will be an extension of the university's main campus, acting both as a showcase for cutting-edge projects and exhibitions, and a hub for research and teaching activities. More than 700 students and staff are expected to use the building, which will open in September 2011.

130. Facilities will include a broadcast zone, a digital media zone, a virtual laboratory, a digital performance space, and creative spaces. These will be used for academic teaching, project-based learning, and user-centred design and innovation. There will be a focus on employer-led, postgraduate learning and research collaboration as well as the undergraduate provision.
131. The university is the first to sign a partnership agreement with the BBC, which will also include new joint courses in digital broadcast technology, enterprise training for undergraduates and placement opportunities for both students and staff. Much focus will be on research and innovation supported by inter-disciplinary work alongside the strong collaboration with business and industry. The university also has ties with other creative and media organisations and more are in development.

University of Glamorgan – regeneration through raising aspirations

132. Working in partnership with local and national government, businesses, charities, further education colleges and the University of Wales, the University of Glamorgan has led on the formation of this bold and innovative project to develop higher education in a region with a long history of high levels of economic inactivity and low educational achievement. The initiative is an integral element of the regeneration of this region with higher education as a driver through the direct impact of the project and providing a highly skilled workforce to develop and sustain employment in the region.
133. The additional student numbers funding for the project (the first such growth in Wales) provide for up to 4,000 additional learners – the £50 million recurrent project funding over 5 years supported by educational capital projects of £80 million. The Universities Heads of the Valleys Institute (UHOVI) has exceeded targets for its first year of operation and has established itself as the single voice for higher education in the region.

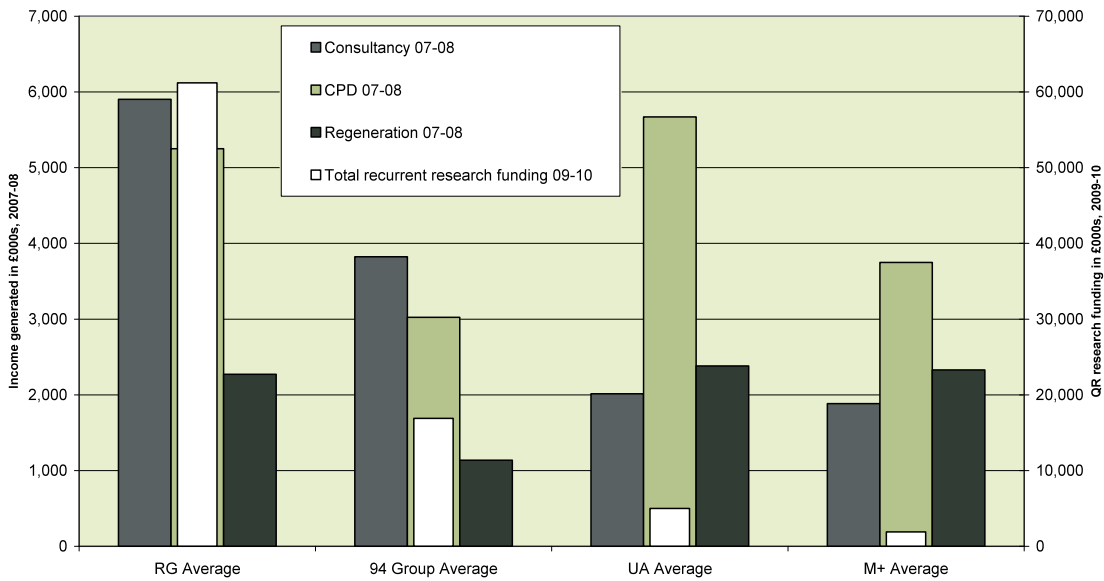
Glasgow Caledonian University – international and local social impact

134. A groundbreaking partnership between Glasgow Caledonian University and Nobel Peace prize winner Professor Yunus will deliver benefits for disadvantaged communities in Glasgow as well as Bangladesh.
135. Professor Yunus pioneered the Grameen Bank – a microcredit system for the poor in Bangladesh – and is working with the university to set up a similar system for disadvantaged people in one of the poorest estates in Glasgow. Primarily for women to work together in groups to start up their own business, the Grameen Bank provides small loans to those who the normal banking system would ignore. The small group provides a network and helps to ensure a more reliable repayment rate – almost 100%. As well as contributing to the community, the project will provide an excellent research opportunity for the university into social business creation and its impact of health, wellbeing and lifestyle.
136. In Bangladesh, the partnership between the university and Professor Yunus led to the setting up of a Grameen Caledonian College of Nursing to help tackle the issue of high maternal and infant mortality rates. The facility, funded by private business, will help provide more greatly needed nurses to assist the doctors working there.

Attracting private investment including collaborative R&D

137. Alliance universities have a diverse income portfolio and obtain less than 50% of their income from core public funding. These universities are committed to increasing income from private sources to achieve significant impact, working in partnership with business to achieve significant investment and input towards the development of activities across the university.

Figure 3: Income generated from CPD and regeneration greatest at Alliance universities



University of Lincoln and Siemens – ‘Greenfield’ Engineering School

138. In June 2009 the university was awarded £4.3m Strategic Development Fund support from HEFCE on the basis of a joint submission with Siemens Industrial Turbo-Machinery. The partnership with the Engineering School focuses on industrial power and energy. The fund allowed for the co-location of university and Siemens staff in a dedicated engineering hub as well as full Siemens support for sponsored students and an agreed framework for commissioned research.

139. The drivers for Siemens’ investment in the School were:

- a need to develop undergraduate engineering students who had work experience and specialist training relevant to employment in Siemens
- a strategic long-term relationship between the university and Siemens focused on research and development

140. The business plan was developed in partnership with Siemens and represents a major, multi-million pound investment from the company. The School has already attracted other employers, both from the advanced engineering cluster that has grown up around Siemens and further a field.

University of Plymouth – investment in leading Marine Institute

141. Plymouth is home to one of the largest Marine Institutes in Europe and working in partnership is investing £25M in the Plymouth Science and Innovation Programme (PSIP) to build a new world-class marine facility which will house state-of-the-art research facilities including new wave tank testing equipment that will be unique to the

UK. PSIP builds on expertise in the City and provides a solid innovation infrastructure which expects to create 500 jobs and 30 new businesses in the next five years. PSIP is expected to drive up the city's Gross Value Added, an indicator of economic performance, by £130million over the next 10 years.

University of the West of England – European investment in Robotics

142. As part of a leading department in Robotics, researchers at UWE are taking part in a European project aimed at creating an intelligent system comprising a robot and smart sensors that can support independent living for elderly people.
143. MOBISERV (An Integrated Intelligent Home Environment for the Provision of Health, Nutrition and Mobility Services to the Elderly) has been funded with an EU Framework 7 grant of 2.7 million Euros. The project will bring together a multi-disciplinary team in UWE with companies such as Robosoft (France) Smartex (Italy), CSEM (Switzerland) and Smart Homes (Netherlands). This research could have long-term benefits in supporting a growing elderly population across Europe.

University of Salford – 30 years of Knowledge Transfer Partnerships

144. The university has been ranked top in the North West for its Knowledge Transfer Partnerships scheme. Based on a mutually-beneficial relationship between business and academia, these partnerships are one of the university's most successful ways of working with industry.
145. The university was part of the initial pilot scheme and now has 30 years experience of them. They provide academics with a rewarding way of developing and exploiting their expertise by sharing it with industry and, in doing so, help industry to adopt modern technology and methods. Companies involved in these partnerships range from multinationals to very small firms and operate in a many sectors. The diverse opportunities offered cover academics in numerous disciplines. Many are also interdisciplinary, stimulating links between academic departments.

Bournemouth University – business investment in joint research

146. By pursuing strategic partnerships with large, multi-national organisations, the university gains an invaluable insight into technological advances enabling it to shape the curriculum and add value the student experience. One key area of engagement is in joint research projects.
147. Bournemouth University was the first in the UK to sign an Educational Alliance Agreement with Microsoft - worth in excess of £100k. They will work together for three years on student experience, enterprise education, curriculum development, joint research and enterprise projects.
148. A recent partnership with Cisco over three years will see a corporate partnership working towards a number of goals. These will include a "Green Knowledge Innovation Centre" at the university and a collaborative web network for local businesses and public sector organisations.

149. There are also research intensive projects from these relationships, one of which will provide leading academics with the opportunity to carry out research to extend theory and application in both visual way finding and icon usability.

Nottingham Trent University – private investment into cancer research

150. The Van Geest Research Centre at Nottingham Trent University was established in 2010 with an investment of £7.65 million from The John and Lucille van Geest Foundation. At the centre more than 25 scientists conduct research into cancer markers that may be used for diagnosis of the disease and the development of cancer vaccines for treating cancer sufferers.
151. The centre houses state-of-the-art equipment and facilities to conduct an extensive research programme on several types of cancer, especially prostate and breast cancer. The centre has links with clinical departments across the UK and collaborates with institutes based in Europe and the USA. Many of the research findings offer the potential to benefit patients and have entered clinical trials in recent years.

University of Hertfordshire – externally funded scholarships

152. The university has been successful in attracting private investment to support one of the largest and most successful scholarship schemes in the UK with more than 145 externally funded scholarships.
153. The scheme has proved attractive to both individual donors and large scale businesses such as Tesco, Willmott Dixon and Jarvis Group Ltd. The mutual relationships the university has developed with business for other activities have in turn lead to investment in individual students beyond their initial donation. Students undertake work placements and continue a relationship throughout their studies and beyond, often into recruitment. This relationship is summed up by Rick Lee, Head of Human Resources at Willmott Dixon “we feel these scholarships are of mutual benefit. The students get a real experience of working for a top quality company and we tap into enthusiasm, intelligence and a fresh pair of eyes.”

Building global reach through networks

Glasgow Caledonian University – Santander Network

154. Glasgow Caledonian University is working in the Santander Universities Network to develop a unique partnership with Santander that builds on the university’s international success in the Middle East, China, Bangladesh and the USA as well as its links with South America through its leading research on commercialisation.
155. The funding from Santander has enabled Glasgow Caledonian to develop partnerships with universities in South America, building long-term relationships. These will be mutually beneficial through exchange programmes, shared cultural experiences and academic collaboration.
156. The university’s partnership with Santander has also enabled it to leverage funding to effectively deliver to its strategic goals of building the university’s profile, establishing international partnerships, enhancing student mobility and exchange, developing staff

and engaging in research collaborations for the benefit of communities in the UK and internationally.

Employers and student engaged in developing programmes

University of Huddersfield – partnership approach to review of programmes

157. Stakeholder engagement in the review of programmes is essential given that the university works in partnership with over 40 professional bodies and over 400 other organisations. By building these relationships the university develops and delivers programmes and projects that are fit for purpose.
158. The university reviews its portfolio annually against a range of Key Performance Indicators such as demand, market position, standards of entry, contribution to widening participation, student satisfaction, professional reach, employment of graduates and economic sustainability. Programmes that do not achieve the required standards are discontinued.

Employer-led approach to equipping graduates for 21st century

159. An employer led approach to equipping graduates follows on from the approach of working in partnership with business and students. Many Alliance universities have used these relationships to great effect ensuring that students graduate with the skills needed to achieve success in an increasingly competitive jobs market.

Liverpool John Moores University – World of Work ©

160. Hundreds of students at Liverpool John Moores University are benefiting from the 'World of Work' initiative. Key transferable skills, known as Graduate Skills, have been developed for every subject and all students are able to develop a deeper understanding of themselves and how they want to make the transition into the world of work through this unique process, which can result in employer-validated certification.
161. The programme, developed and delivered collaboratively with employers, identified the need for higher level skills most valued by employers covering self awareness, organisational awareness and making things happen. It also identified eight graduate transferable skills as being essential for employment: analysing and problem solving, team working and interpersonal skills, verbal communication, written communication, personal planning and organising, initiative, numerical reasoning, information literacy and IT skills. All students are encouraged to develop these key skills within their subject and also at the purpose-built Graduate Development Centre.

Section 3: Creating the right framework for accountable autonomy – the role of government

162. In section 1 we described the higher education market and existing drivers of efficiency across the higher education sector. In section 2 we took a closer look at the approach and strategy adopted within Alliance universities to manage this environment and focus on their strengths. In this section we focus on the role of government and how they might provide a regulatory and funding environment that best supports these largely autonomous institutions so that they operate effectively to achieve shared economic outcomes.
163. The primary role of government should be to provide a stable, predictable and sufficiently flexible funding and regulatory environment that ensures minimum standards, rewards success and allows institutions to excel, innovate and lead. By providing a framework that enables accountable autonomy, government will ensure that the higher education sector is best placed to deliver its many benefits to the economy and wider society.

Key principles to maintain

164. There are certain principles that should be used to assess any proposed changes to the funding and regulatory framework. These include the need to ensure:
- **Recognition that universities are vital to the future of the UK economy:** It is critical that there remains cross-government support for the role of universities as generators of economic growth. Having a Minister of State for Universities and Science with the right to attend cabinet and placing universities within the Department for Business, Innovation and Skills (BIS) both demonstrate important recognition of the central role of universities, driving innovation and wealth creation within the UK's knowledge economy.
 - **An independent funding body:** Having a separate, independent funding body ensures an appropriate balance between accountability for public money and an autonomous university system - this creates the best environment for an innovative, flexible and competitive higher education sector.¹⁶
 - **Stable, predictable core funding:** The value of stable funding streams for teaching and research is that they enable universities to invest against agreed priorities and to manage fluctuations in the market, whilst simultaneously allowing funding councils to put efficient controls and levers to the system.
 - **Effective quality assurance system that ensures minimum standards and value for money:** The quality assurance system needs to have a continual focus on review, improvement and safeguarding standards within universities whilst incorporating externality through rigorous cyclical reviews by the Quality Assurance Agency and the external examiners system.

¹⁶ Higher Education Funding Council for England (HEFCE), Scottish Funding Council (SFC), Higher Education Funding Council for Wales (HEFCW)

A framework to support efficiency, leadership and partnership

165. Whilst the existing framework has supported a successful sector to date, it does not support universities to be able to deliver the more radical changes that might be required in a more difficult funding environment.
166. Given the necessary changes to the funding and regulatory framework outlined below, the approaches and case studies outlined in Section 2 demonstrate that Alliance universities have the experience and the management capability to deliver a number of radical changes including:
- Rapid growth in areas of high demand from employers and students
 - Effective partnerships with private providers
 - Increased merger and acquisition / take over
 - More flexible patterns of delivery
 - More shared solutions
167. If the government attempted to drive through these more radical reforms within the existing funding and regulatory framework, it would be to the detriment of the sector.
168. We recommend that government, with universities, should consider how the following changes in the funding and regulatory framework might be implemented to support universities to deliver shared economic priorities in a more difficult public funding environment:

1/ Allow universities more freedom to manage growth in the sector

- **Flexible skills growth led by universities:** Because of their close partnership with industry, including new industries, universities are helping to create demand for high level skills as well as being best placed to identify and deliver the high-level skills needs articulated by business. A university-led (and business-led) approach to meeting graduate skills needs is essential given the diversity of sector specialisation across the UK - for example the automotive industry in Manchester, the Aeronautical industry in Bristol, the High-tech industries around Hertfordshire and the Maritime industry in Plymouth and Portsmouth. If universities are given the freedom to operate flexibly then they will continue meet the demands of prospective students and business. This requires less centrally-hypothecated growth and more support for change processes within universities (see below).
- **More flexible delivery led by universities:** The Government must set the total budget of public spending on higher education but universities have established many types of new and innovative partnership delivery arrangements that could be further exploited under the right conditions, including a more flexible regulatory environment (see below).

2/ Provide a more flexible regulatory framework that reflects the dual nature of universities as both public and private organisations

- **Employment law that creates a more level playing field with private providers:** In terms of employment, universities operate public-sector contracts, terms and

conditions. This is largely for historic reasons, including the transfer of former local authority contracts in post-92 universities. Given that they are both public and private organisations, universities should have greater flexibility of employment and contract arrangements that best meet the needs of their staff and of the organisation across different areas. This would put them on a more level playing field with private providers and other businesses where they operate in highly competitive, commercial markets.

- **Greater flexibility in pension requirements:** The current regulations in this area can be too restrictive and should be looked at to ensure that universities are able to implement pension schemes that best meet the needs of their staff and their organisation. In particular the compulsory nature of universities having to offer access to particular pension funds should be reviewed. In addition, the Government should implement a consistent approach regarding Financial Reporting Standard 17 (FRS17) because of the significant implications for the transparent reporting of liabilities and financial health.
- **A more flexible tax framework:** Under VAT rules reflected in EU agreements, buying services rather than providing them in-house may incur a VAT cost that can act as a barrier to implementing Shared Services. This issue has been well documented in the past¹⁷ and measures have been introduced for some public bodies to remove these disincentives so that VAT can be reclaimed for appropriate services. We strongly support the work of BUFDG in this area and recommend that this issue should be given greater priority for action by the Government.¹⁸
- **Achieve better regulation that is focussed on outputs:** We welcome the Coalition Government's commitment to reduce regulatory burden as part of their wider policy to stimulate growth. For universities specifically, this would best be progressed through greater support for the work of the Higher Education Better Regulation Group¹⁹ to continue to improve regulation in the higher education sector. Better regulation should drive improvements in outputs rather than focus on inputs.

3/ Scrap tuition fees and introduce a Graduate Contribution Scheme

- **Introduce a Graduate Contribution Scheme:** Following our proposals to the Browne Review, we recommend that the Government introduces a new Graduate Contribution Scheme. This scheme would be fair for students and graduates, affordable for Government and allow increased private contribution in relation to the private economic benefit. This should not be a substitute for public funding but, in a new era of austerity, it is essential that we have the best system in place for students, graduates and universities.

¹⁷ For example see the NAO report "Improving corporate functions using shared services", November 2007

http://www.nao.org.uk/publications/0708/improving_corporate_functions.aspx

¹⁸ The implications for student finance would also need to be considered.

¹⁹ Successor to the Higher Education Regulation Review Group (HERRG), see

<http://www.universitiesuk.ac.uk/ABOUTUS/ASSOCIATEDORGANISATIONS/Pages/HEBRG.aspx>

4/ Ensure stable, predictable core public funding

- **Ensure a minimum unit of resource from public and private contribution:** Continued commitment to the unit of resource for teaching is an important component of a system that is able to deliver a quality experience. This remains an important principle if the UK is to realise the full potential of a financially sustainable university system.
- **A dual funding system to support research:** It is essential to continue a dual funding system that it incorporates stable, unhypothecated research funding (awarded on the basis of excellence²⁰) that allows institutions to make strategic decisions about their research activities whilst also providing the means to manage the breadth and direction of the UK research base through the Research Councils.
- **Continue stimulus funding for business engagement and innovation:** Initiatives such as the Higher Education Innovation Fund and Knowledge Transfer Partnerships provide important stimulus funding for innovation, knowledge exchange and partnership working between universities and industry.²¹ This type of stimulus funding is enabling universities to build their capacity for driving economic growth as well as leveraging private income from public investment.
- **Match Funding Scheme:** Similarly the Match Funding Scheme has been successful towards facilitating and stimulating the capability of universities to leverage private income through philanthropic giving. Through this scheme Alliance universities have secured new funds worth nearly £13 million in 2007-8, an increase from £6.7 million in 2006-7 and £5.8 million in 2005-6. This is equivalent to growth of 123% between 2005/06 and 2007/08.

²⁰ This takes the form of the Quality Related (QR) Grant in England, the Research Excellence Grant in Scotland and Quality Research (QR) funding in Wales

²¹ Policy Exchange 'Innovation and Industry: The Role of Universities', November 2009









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