

Business and Universities common cause statement

Universities Scotland and SCDI share a mission to promote Scotland's inclusive economic growth.

Together, we represent a wide range of interests across business, academia, the third sector and the public sector – all of whom are committed to the promotion of prosperity and the common good.

This short statement focuses on our shared ambitions for business and higher education to make our full collective contribution to inclusive growth, and how Scottish Government and its agencies can support that.

It sets out shared priorities as they appear in late 2019: we will review at the end of the current Scottish Parliament what progress has been made in achievement of these priorities.

Business and university: a collective endeavour for prosperity

We are on a journey of increasingly close collaboration between business and universities.

The Scottish HEI sector is making full use of partnership models such as: leveraging 7% of Industrial Strategy funding and engaging in over 1,200 Innovation Vouchers to date.¹ In 2017/18 Scottish HEIs worked with over 20,000 companies and participated in over 100 Knowledge Transfer Partnerships.²

This is a relationship based on true knowledge exchange with each party learning from the other. Universities learn from employers' close engagement in building the curriculum, and from learning about industry's needs to better address these through research, consultancy and professional development. Each party learns from the close co-development of new ideas, products and processes, and the steady flow of graduate and postgraduate talent refreshes businesses' perspectives.

¹ <http://www.sfc.ac.uk/news/2019/news-75525.aspx>

² Scottish Funding Council 2017/18 Sector Knowledge Transfer Metrics

This relationship has deepened in recent years.

Universities have streamlined our interaction with business. Through Interface, we have a one-stop shop for business to access the expertise it seeks from higher education institutions. Universities have developed standardised contacts to make them easier to do business with, and have made a wide range of intellectual property freely available on www.university-technology.com. A [Specialised Facilities Platform](#) gives industry access to over 1,200 pieces of high-technology university equipment.

The development of Innovation Centres has brought together business and higher education to create innovative products and processes in cutting-edge areas from industrial biotechnology to new ways of building houses.

The National Manufacturing Institute will make Scotland a leader in bringing the know-how of business and universities together to create most advanced manufacturing technology.

The UK Industrial Strategy has brought business and universities together to collaborate on the grand challenges facing the economy and society, from artificial intelligence to zero-emissions vehicles. For instance, the Edinburgh Centre for Robotics won £14.3 million of Industrial Strategy funding for development of the ORCA Hub: using robotics and Artificial Intelligence technologies for the repair, maintenance and certification of offshore energy platforms. The Centre is a partnership between Heriot-Watt University and the University of Edinburgh, leading a consortium of five universities and working with 31 industrial partners who have provided a further £18 million to the project.³

We look forward to developing even closer relationships between business and universities, and to the recommendations of the Muscatelli Review about how this can deepen further.

We also look forward to a close collaboration with wider actors for shared prosperity including colleges, local authorities and wider civic society.

What we're looking for from Scottish Government and its agencies

Universities and business will continue to work together even more closely. We want to accelerate the development of a 'virtuous cycle' of innovation-hungry businesses and highly-responsive universities, working together to promote productivity and inclusive growth.

We are also looking to government and its agencies to provide the policy environment within which this work can thrive.

Here are some ways in which we believe government – devolved and UK – can help enable further development of the synergy between business and universities.

³ <https://epsrc.ukri.org/newsevents/news/break-through-robotics-ai-funded-iscf/>

Skills for the future economy

Scotland's productivity and prosperity will depend on our ability to develop the full talents of our people and utilise those talents in full in the workplace.

We will need to achieve this in a fast-changing economy. In the words of the World Economic Forum:

*'In many industries and countries, the most in-demand occupations or specialties did not exist 10 or even five years ago, and the pace of change is set to accelerate. By one popular estimate, 65% of children entering primary school today will ultimately end up working in completely new job types that don't yet exist.'*⁴

Government and its agencies can help universities to develop people with the skills and attributes for success in the future economy through:

- Supporting higher education's work to develop people with a wide range of skills and attributes to succeed in multiple careers throughout their lifetime. At the centre of this is developing graduates who combine good subject knowledge with a wide range of flexible attributes including critical thinking, team working skills and the digital skills needed for diverse roles – 'meta-skills' in current policy terminology;
- Policies that support true lifelong learning, including meeting the re-skilling needs and aspirations of mature learners throughout their careers;
- Supporting the development of work-based learning models that are increasingly flexible in meeting the needs of business, building on the success of the current Graduate Apprenticeship model;
- Giving business access to Apprenticeship Levy funds to invest in staff development;
- Supporting businesses and individuals to invest in their up-skilling/ re-skilling at various stages of their career through an entitlement to lifelong learning.
- Evaluating the impact on productivity and inclusive growth of investments in peoples' skills

Stimulating the SME economy

One challenge facing the Scottish economy is that not all businesses are yet able to fully utilise the talents of their employees. This partly reflects our identity as a primarily an SME-based economy, with not all SMEs able to provide stretching roles and a wide range of development opportunities for all their staff. Conversely, this is a huge opportunity to increase the proportion of SMEs that are innovative, growing and stimulating environments for talent: working in an SME should be the 'academy of entrepreneurship' for many graduates.

Government and its agencies can help business and universities to work together to stimulate the SME sector and its demand for universities' support through:

⁴ WEF, 'The Future of Jobs', 2016

- Incentivising SMEs to invest in the up-skilling/ re-skilling of their staff;
- Incentivising SMEs to invest in leadership development;
- Ensuring that the enterprise agencies are tasked with offering advice to a wide range of SMEs about how to grow as innovative businesses;
- Referring more SMEs to universities for support for their innovation and growth.

The research pipeline: from fundamental discovery to business application

There is an unbreakable link between universities' work on fundamental research discoveries and the translation of discovery into products, processes and innovations that support productivity and economic growth. The ultimate outcomes of fundamental research are unpredictable, but we can predict that without it Scotland cannot succeed as an ideas-driven innovative economy.

Government and its agencies can support the research pipeline from discovery to business application through:

- Supporting Scottish higher education as a world-class research powerhouse;
- Maintaining participation in European structures to promote research and innovation;
- Ensuring that policy and funding for research and innovation supports the whole pipeline from fundamental discovery to application;
 - Within that, examining whether policy and funding instruments support the translation of universities' discoveries into products, processes and shared intellectual property that can enable business success and inclusive growth. This should include: Using the Scottish National Investment Bank to invest in the translation of new ideas into viable business propositions;
 - Investing in universities' knowledge transfer offices and in Interface to smooth the interaction between businesses and universities;
 - Scaling up support for business, particularly SMEs, to purchase research and innovation support;
 - Evaluating the Innovation Centres and investing further in the successful centres/ creating new ones;

UK Industrial Strategy

The UK Industrial Strategy is a huge opportunity for Scotland.

To realise this ambition in full we are looking for:

- Explicit joint commitment by the UK and Scottish Governments that they want Scotland to win at least 14% of Industrial Strategy challenge resources;
- Scottish Government advocacy and investment to support major 'game-changing' Industrial Strategy proposals from business and universities, e.g. on Scotland's 'blue economy'.

Talent from the EU and beyond

The attraction of new talent to Scotland is essential to our growth and productivity. Universities and business are a key magnet for that talent but we need an immigration regime that supports this.

We seek:

- A UK-wide immigration regime that is open to the attraction of talent from the EU and beyond;
- Within that, the devolved capacity for Scotland to attract talent where we have particular skills and demographic needs;
- Continued participation in the Erasmus+ scheme to enable the mobility of student talent.

Exports

Higher education is an export industry worth £1.94bn per year (according to 'Scotland: A Trading Nation'). It has a significant role both in its own right and in partnership with industry. Scottish higher education institutions have academic or business partnerships in almost every nation, and Scottish university alumni are a worldwide nexus of 'soft power'.

We support ambitions for growth in Scotland's exports and look forward to:

- Explicit recognition and support of higher education as a key Scottish export industry;
- UK and Scottish Government and their agencies working closely with business and higher education to promote export opportunities, including building deeper links between Scotland and target regions in key markets.
- Deeper collaboration between business, higher education and government in bringing together partnerships to develop innovative approaches to partner nations' challenges.

A joined-up approach to attracting Foreign Direct Investment

Scotland continues to perform well in attracting Foreign Direct Investment, but competition is intense. Scotland would be well-served by a closer partnership between government, industry and universities in responding to opportunities together from the earliest possible point.