



## INTRODUCTION

- 1 This Circular sets out for consultation the Council's proposals for the establishment of a permanent stream of third mission funding that will supersede the Council's Higher Education Economic Development (HEED) Fund.
- 2 This document is being sent to all higher education institutions (HEIs) in Wales and a wide range of other interested parties from both within and without the Welsh higher education (HE) sector.
- 3 Responses to this circular will be analysed in conjunction with the outcomes of a consultation event to be held in Cardiff on 2 March 2004. This event is intended to provide a forum to debate issues arising from the Council's proposals and the core principles of the third mission funding framework set out in this document.

## BACKGROUND

- 4 The Council established its HEED Fund in June 2001 as a first step towards the creation of a permanent and sustainable stream of third mission funding in Wales. Institutions were asked to submit a three year HEED plan in May 2002 and an update was requested in May 2003. Whilst the focus of the HEED Fund has hitherto been on economic development activities, the Council made it clear from the outset that it regards such activities as only one component of HEIs' overall third mission activities, which should encompass both the economic and social agendas. Accordingly, HEIs were advised not to treat these two agendas as mutually exclusive areas of activity and were asked to set HEED plans in the context of their overall third mission strategies (**Circular W02/32HE refers**).
- 5 In 2003 the Council consulted the sector on the development of its HEED fund and clearly signalled its intention to move to the funding of full third mission activities from 2004/05 onwards. As a result of this consultation exercise the Council formally adopted the following definition of third mission activities (**Circular W03/19HE refers**):

*"Third Mission activities in universities stimulate and direct the application and exploitation of knowledge to the benefit of the social, cultural and economic development of our society."*

- 6 The Council's commitment to the creation of a permanent and sustainable stream of third mission funding is reflected in its latest Corporate Plan and Strategy (to be published shortly) under the strategic aim *"Benefiting the Economy and Society [through] delivering more productive relationships between HEIs and the public and private sectors, other agencies and local communities"*. This strategic aim derives in turn from the Council's remit from the Welsh Assembly Government and the vision set out in *Reaching Higher*, the Assembly Government's Strategy for the Higher Education Sector in Wales to 2010. The Council's latest remit letter from the Assembly draws attention to the four priority outcomes of *Wales: A Better Country*:
  1. helping more people into jobs
  2. improving health
  3. developing strong and safe communities
  4. creating better jobs and skills.

The Assembly asks the Council to act in accordance with these priorities, and in so doing reminds it to be mindful of the following themes that first appeared in *The Learning Country* and which are central to both *Reaching Higher* and *Wales – A Better Country*.

- ensuring that education and training contributes to personal fulfilment, wealth creation, social cohesion and cultural enrichment; and
- enabling Wales to attract high value employment.

## PRINCIPLES UNDERPINNING THE PROPOSED THIRD MISSION FUNDING FRAMEWORK

### (i) To recognise the diversity of the HE sector in Wales

7 The consultation exercise held last year on the future of the HEED Fund revealed that in the area of third mission activities, a one-size-fits-all funding formula is not popular. It is also not judged to be particularly effective; most significantly, failing to recognise diversity. Wales has a very diverse HE sector in which different HEIs contribute to social and economic well-being in very different ways and on very different scales. In response to the consultation outcomes the Council undertook (circular W03/19HE refers) to:

- undertake work on metrics to enable it to measure and evaluate the contribution made by individual HEIs to the benefit of the social, cultural and economic development of society; and
- develop a flexible funding method that allows it to fund individual (and/or) clusters of HEIs according to their identified third mission strengths.

8 The Council's Third Mission Committee has advised that the small size of the HE sector in Wales gives HEFCW an option not available to larger funding bodies – to predicate funding decisions on the basis of the detailed knowledge it is able to amass about each of its funded institutions. In short, there is no need for a one-size-fits-all funding approach in Wales. The level of interaction that HEFCW is able to have with HEIs about their third mission portfolio facilitates a more flexible approach, which allows funding to be allocated on the basis of individual contributions to the third mission agenda in Wales.

9 *Reaching Higher* also acknowledges the benefits of diversity within the HE sector and advocates **'a diverse sector of varied missions.'** The recently published *Lambert Review* also concluded **"Diversity is good, both in mission and in funding"**. The recommended funding framework put forward in this document is, therefore, designed to enable institutions to attract third mission funding on the basis of the activities set out in their particular (individual or collaborative) third mission strategy.

### (ii) To reflect feedback the Council has already received from the sector about current third mission funding arrangements

10 The proposed funding arrangements reflect as far as possible the feedback that the Council received in response to last year's consultation on the development of the HEED Fund, the findings of the Joint HEW-HEFCW Working Group on Third Mission, which were published in January 2003 and from other, less formal interactions between Council officers and sector representatives. It also takes account of the findings of recent UK-wide studies in this area including Richard Lambert's review of links between HE and business across the UK, conducted on behalf of the Treasury and the Department of Trade and Industry's Innovation Report, *Competing in the Global Economy: the Innovation Challenge*.

11 The Council is also well aware of concerns within the sector that the funding of third mission activities in Wales (and economic development activities in particular) is insufficient, but at the present time it is not in a position to make further monies available. The level of funding to be made available in 2004/05, therefore, remains the same as that made available through HEED in 2003/04, namely £3.1m. However, the Welsh Assembly Government has yet to respond to the Lambert Review, which recommends that levels of third mission funding need to be increased right across the UK. For England the recommended level is £150 million per annum, which in Wales would equate to about £9 million per annum. A full comparison exercise would, of course, also need to take account of Wales' Knowledge Exploitation Fund (KEF).

(iii) To respond to requests for continuity in third mission funding from the sector, the Assembly and other parties (including Richard Lambert) :

12 The problems associated with the current piecemeal nature and lack of continuity in third mission funding across the UK are well documented. For example, the HEW/HEFCW Report on Third Mission advocated “a more coherent approach to funding third mission activities in Wales” and recommended “the introduction of a single funding stream,” which would, inter alia, give HEIs “time to plan and undertake third mission activities” and enable “the sector to develop appropriate mechanisms to ensure that staff engaged in third mission activities are recognised and rewarded, through promotion and incentives”. Most recently, the problems associated with present funding arrangements have been highlighted in the Lambert Review, which refers, for example, to how uncertainties mean “that staff are often employed on short-term contracts, which makes forward planning difficult”, and to how the plethora of different initiatives and sources of funding for third mission activities causes confusion for HEIs and their clients alike. It is the recommendation of Richard Lambert that:

“Third Stream funding should be substantial, permanent and allocated in a way that enables universities to make long-term plans for these activities”.

13 Albeit with a fund that remains static at £3.1 million, the funding arrangements now being put forward attempt to address the above issues by instituting a rolling three year planning cycle, in which funding levels remain constant throughout each year of each three year cycle. (See also paragraph 23 below).

(iv) To enable the Council to predicate funding decisions on the projected outcomes and impacts of institutions’ third mission strategies

14 Attached as **ANNEX A** is a document that attempts to provide an overview of existing third mission activities within the HE sector in Wales. To provide this Welsh context, activities have been brigaded into two groupings, in order to reflect one of the six core aims in the Council’s corporate plan and strategy, *Benefiting the Economy and Society* (see paragraph 6 above). The activity groupings are:

**(a) Activities that benefit society:**

- Services to the community
- Civic role of the HEI
- Enhancing social capital

**(b) Activities that benefit the economy**

- Services to business
- Developing a skilled workforce
- Knowledge exploitation

15 Annex A also attempts to identify both the *outcomes* that might be expected to result as a consequence of the activities carried out under each activity heading and the longer term changes that might accrue from them. A further column illustrates the milestones or indicators that might be used to monitor progress towards the anticipated outcomes and longer term changes. It is important to stress, however, that the examples used are intended only to be illustrative. They should not be regarded as either exhaustive or prescriptive, and Annex A is not intended to be a definitive list of all the activities undertaken by HEIs that contribute to the third mission agenda in Wales as defined by the Council (see paragraph 5 above). The annex also recognises that the kinds of activities that can be listed under these headings will be funded from a wide range of sources.

16 The recommended funding framework put forward in this document is intended to enable the Council to base third mission funding decisions not on what *activities* institutions are planning to undertake, but on the anticipated *outcomes* of those planned activities. Put another way, the Council would prefer to use its third mission funding to support the outcomes of HEIs’ third

mission strategies, rather than the activities which will lead to these results. Progress will be monitored not by the fact that planned activities have taken place, but through the use of performance indicators that demonstrate movement towards anticipated outcomes.

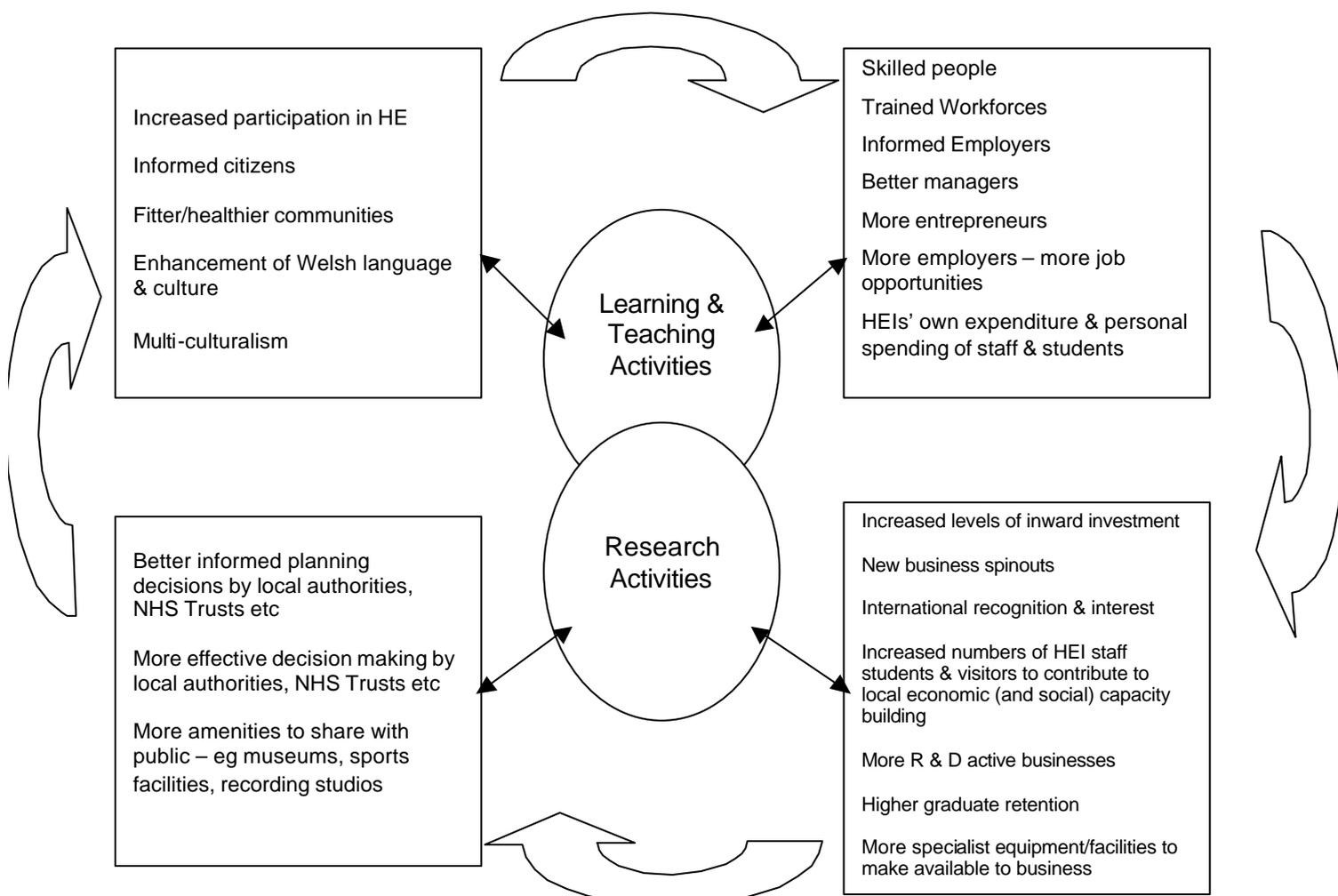
- 17 Funding by outcome is a recent development that derives from new management approaches in the USA, but its use in the UK is already being pioneered by the Community Fund, which distributes money raised by the Lottery to support charities and voluntary groups. The Council acknowledges that this is a radical departure from the traditional formulaic approach which it has previously adopted – particularly towards the funding of economic development activities where formula funding has been in use since the early 1990s. However, by judging third mission strategies on the basis of their anticipated outcomes the Council would no longer be supporting activities, processes, facilities or services for their own sake, but for the impact that they can make on the society and economy of Wales. In effect, the Council is asking institutions to take a more people-orientated view of what they are doing. This will require HEIs to adopt a more holistic view of their overall activities and the way in which these activities impact on their immediate environment. As paragraphs 26 and 27 make clear, the need to produce a third mission strategy does not require HEIs to undertake any new activity, but rather to articulate in a different way what it is they are already doing. In asking HEIs to focus on the impact that they can have on the society and economy within which they operate, the Council also expects institutions to continue to look further afield in their portfolio of activities. Establishing a reputation on an international stage in research, services to business, teaching and learning, the quality of graduates produced, etc, can all be shown to impact on the social and economic well-being. **Figure 1** following illustrates the kind of interactions referred to in this paragraph. It attempts to show how a two-way flow of information, ideas, expertise and people between an HEI and the community within which it is located serves not only that particular locality, but Wales as well.

Figure 1

**DELIVERING AN HEI'S THIRD MISSION**

BENEFITING SOCIETY

BENEFITING ECONOMY



- 18 Whilst funding by outcome might be a new approach within the HE sector, evaluating the impact that HEIs can have on society and economy is not a new concept. Within Wales, for example, work undertaken by Professor Stephen Hill has shown that our HE sector annually contributes more than £1 billion in gross expenditure into the Welsh economy. On a UK scale, in April 2002 HEFCE published ***Evaluating the regional contribution of an HEI – A benchmarking approach***. This work, undertaken by Professor David Charles, offers HEIs a tool to assess the contribution they are making to the social and economic development of their region and how such contributions might be developed further. In May 2002, Universities UK published ***The Impact of Higher Education Institutions on the UK Economy***, which shows that the HE sector has an annual income of £12.8 billion, gross export earnings of £2.7 billion and employs 1.4% of the entire UK workforce. In 1999/2000 the sector generated nearly £35 billion of output and created over 550,000 jobs across the UK economy.
- (v) *To enable each HEI in Wales to develop a third mission portfolio in line with the vision for the HE sector in Wales set out in Reaching Higher. HEFCW's Corporate Plan and other relevant strategies of the Welsh Assembly Government*
- 19 It is anticipated that asking HEIs in Wales to look more closely at the outcomes and impacts of their (existing) activities will enable them to articulate more clearly their contribution to the third mission agenda in Wales as defined by the Council (paragraph 5 above refers). Furthermore, it is envisaged that the funding arrangements recommended in this document will enable HEIs more readily to identify similarities and complementarities in mission, and hence to work collaboratively to deliver the kind of third mission outcomes and impacts illustrated at Annex A. *Reaching Higher*, for example, envisages “clusters” of HEIs with a shared “commercialisation portfolio”; it also notes that *‘provided the sector plays its part to achieve success through reconfiguration and collaboration, we should be prepared to assist through increasing funding streams in support of knowledge exploitation’*.
- (vi) *To provide a catalyst that will help ensure that third mission activities are effectively embedded in institutions’ overall strategic planning and managed at an appropriately senior level*
- 20 The latest HEED plan updates indicate that there is still a tendency within Wales to equate third mission solely with economic development activities. This tendency is manifested in the fact that preparation of HEED plans in many HEIs is delegated to technology transfer or industrial liaison offices. Whilst this may have been appropriate for HEED plans that focused only on economic development activities, it may not be so appropriate once the Council moves to full third mission funding. As Annex A illustrates, economic development activities constitute only one element of overall third mission activity. The Council believes that the formulation of adequate third mission plans will require a broader and higher level perspective on the various ways in which an institution impacts on economy and society than can be expected to be available from those with responsibility for the implementation of only one facet of that agenda.
- 21 In May 2002 (circular W02/32HE refers) the Council signalled to the sector its intention to seek clearer links between the plans and strategies it requests from HEIs, and ask how they are integrated to create a coherent overall institutional strategy that delivers on all three HE mission fronts. At a strategic planning meeting held on 24 March 2003 it was agreed with the sector that the Council should seek to engage more fully with individual institutions. Following the HEFCW/HEW Conference in September 2003, the Council has also been seeking to improve its strategic engagement with the sector. It is intended that the third mission funding framework recommended below will help institutions to embed their third mission into their overall strategic thinking, and provide another means of facilitating increased interaction between the Council and the sector. In addition, the intention to use the Annual Monitoring Statements **Circular W03/34HE** refers) as the means of reporting progress on agreed third mission *milestones* (see paragraph 23 below) will help reduce the reporting burden on HEIs and contribute to the development of a *lighter touch* planning regime.

(vii) To maximise opportunities for the Council and institutions to work with key partners to ensure that the third mission strengths of Welsh HE are effectively exploited for the social and economic well-being of Wales

22 Through *Reaching Higher* and its latest remit letters the Council is committed to joint working with the Welsh Development Agency and the National Council-ELWa in appropriate policy areas. All three of the partners listed above are stakeholders in the delivery of a number of key Assembly strategies that impact on the overall third mission agenda. These include: *Wales: A Better Country, A Winning Wales, the Skills and Employability Action Plan (SEAP), Wales for Innovation, the Entrepreneurship Action Plan, the Wales Spatial Plan and Creative Wales*. The detailed knowledge that HEFCW will be able to amass about the particular third mission strengths of the sector as a consequence of introducing a full third mission funding framework, will be deployed to enhance future joint working in all of the above policy areas. This will also enable HEFCW to progress with the WDA and the Assembly Government the recommendations of the Lambert Review about an enhanced role for regional development agencies in third mission funding decisions.

***You are invited to comment on the appropriateness and clarity of the seven principles outlined above as underpinning the Council's proposed third mission funding framework (issue 1).***

## **PROPOSED THIRD MISSION FUNDING FRAMEWORK**

23 The key features of the funding framework being proposed are:

- (i) A three year planning cycle in which HEIs will be asked to provide a three year strategy covering all aspects of their particular third mission agenda.
- (ii) Planned activities that must play to the strengths of each individual HEI's or cluster group's mission, knowledge base and areas of expertise. (Annex A provides a guide to the sorts of activities HEIs are currently delivering and their possible location within the schema put forward at paragraph 14 above. Institutions should select from and add to these activities as appropriate to their own vision and mission).
- (iii) Strategies put forward must identify the outcomes/impacts that will accrue from planned activities by the end of the three year period and identify a small number of key milestones in each activity area for each year of the strategy. These milestones will be agreed with Council as part of the planning process and progress towards their achievement will be monitored via the Annual Monitoring Statements to be introduced from 2004/05 (Circular W03/34HE refers).
- (iv) Strategies will also be expected to demonstrate that appropriate systems and procedures are in place to manage and monitor institutional performance against the key performance indicators (milestones) agreed with Council. After consultation with the Council, HEIs will be able to revise indicators in the light of operational experience.
- (v) To assist the planning process, help build capacity and provide more continuity of employment than is currently possible, funding will be allocated at a level that will remain constant in each year of the three year planning cycle.
- (vi) Funding will comprise two components – foundation funding and supplementary funding. It is envisaged that foundation funding will primarily be used to support infrastructure – staff appointments, premises, relevant incentive schemes etc, and that supplementary funding will be used to enhance or add value to existing activities or to initiate/try out new activities.
- (vii) **All** HEIs will receive the same amount of foundation funding, although collaborative strategies will attract additional amounts of foundation funding.

- (viii) All monies remaining after the allocation of foundation funding will constitute supplementary funding.
- (ix) Subject to the outcome of the consultation exercise, supplementary funding will be allocated either:
  - (a) on the basis of the strategies received (a *scoring system* would be developed to facilitate the release of these monies, which will be overseen by an assessment panel that will include external as well as Council representation) - the preferred option; or
  - (b) by formula, which would need to take account of institutions' performance across the whole third mission agenda.
- (x) No third mission funding will be hypothecated. Institutions/Cluster Groups will be free to utilise monies as they see fit in pursuit of the outcomes and long term changes being targeted within their strategy document. However, whilst funding may be used to further enhance or add value to activities already being funded by the Council, eg via Widening Access Funds, double-funding of the same activity will not be permitted.
- (xi) HEIs/Cluster Groups will be free to utilise both foundation and supplementary monies as match-funding to draw down further funding from Europe and elsewhere, subject to relevant funding rules.
- (xii) HEIs/Cluster Groups that meet or exceed all their milestones in the first three year planning cycle will receive an increase in core funding in the next cycle at the expense of any HEIs that under perform in the previous cycle.

24 The Funding and Metrics Task and Finish Group set up by the Third Mission Committee (see **Annex B** for membership), recommends that supplementary funding (ie the monies remaining after the allocation of foundation funding) should be released on the basis of the business plans submitted rather than by formula. This is because:

- it would enable a more flexible approach to be adopted;
- it would facilitate the allocation of monies on the basis of the impacts on society and economy likely to accrue from the strategy submitted;
- maintaining a formulaic approach would mean sharing the money available between all HEIs irrespective of the intended outcomes of their planned activities;
- the Council does not wish to impose any new data collection burden on the sector. The data collection associated with HEED will cease with the demise of the HEED Fund in 2004/05 and there is limited scope for creating a new formula that utilises data already being collected to measure individual institutions' impact on society, culture and the economy.

***You are invited to comment on the key features of the Council's proposed third mission funding framework (issue 2). In particular, we would welcome views on whether the supplementary funding should be made available on the basis of the plans received or by formula (issue 3). Respondents who favour a formulaic approach are invited to suggest suitable metrics that derive from data already being submitted by HEIs, eg through HESA or the strategic planning process.***

- 25 Unless the sector counsels otherwise, the Council is minded not to suggest possible Cluster Groups. It will, therefore, be left to HEIs to decide appropriate collaborations amongst themselves. Decisions do not necessarily have to be based on physical proximity.

***You are invited to comment on whether or not the Council should suggest possible Cluster Groups (issue 4).***

### **THIRD MISSION STRATEGIES**

- 26 In asking institutions to produce a three year third mission strategy the Council is not seeking to place a new burden on the sector. HEED plans have already demonstrated that to a greater or lesser extent all institutions have already begun to articulate an overall third mission and vision statement within which economic development is just one facet of activity. The other activities that will contribute to the achievement of that overall third mission are also already in train. The requirement to produce a third mission strategy should not be seen as a request to initiate new activity, but rather as a re-presentation of the purpose of existing activities. In this light, Annex A is intended to provide a guide to help institutions to do just this. It is up to each HEI to decide what activity headings and types of activity are appropriate to their particular third mission.
- 27 The Council also recognises that the breadth of activities to be covered by institutions' third mission strategies will be funded from a wide variety of sources, and Annex A again provides a template to enable HEIs to demonstrate how they are utilising different sources to fund their overall third mission activities. In presenting their strategies, whilst it will be important for HEIs to demonstrate key sources of funding, **a detailed breakdown of proposed expenditure will be required only in relation to their proposed use of the Council's new third mission funding stream.** HEIs will therefore be asked to provide a summary of how they will use their foundation funding (in conjunction with other sources of funding such as KEF where appropriate) and what they would be able to deliver in addition, if further monies were made available in the form of supplementary funding. It is important for the Council to be aware of the added value that increased investment in third mission activities would bring in order to reinforce its arguments for increased third mission funding in future expenditure rounds.

### **NAMING THE NEW FUND**

- 28 In the light of the tendency still to equate third mission only with economic development activities, the Council is concerned about the impression given by the continued use of the term HEED Fund, standing as it does for Higher Education Economic Development. This should not be taken to mean that the Council is diluting its commitment to supporting institutions' economic development activities. However, given the limited monies currently available, it is imperative that institutions continue to develop their use of KEF as a strategic tool for the achievement of their economic development strategies. Just as the successful implementation of HEED plans relied on support from both Council and KEF, it is envisaged that the delivery of the economic development objectives to be embedded in HEIs' future third mission strategies will only be possible via a 'dual-support approach' that utilises KEF and Council funding strategically.

***You are invited to put forward an alternative title for the proposed third mission fund (issue 5).***

### **LEVELS OF FUNDING IN 2004/05**

- 29 As already indicated the total annual third mission funding to be made available for the first three year planning cycle currently stands at £3.1 million. The Council intends to apportion this between foundation and supplementary third mission funding as follows:
- **All** HEIs will be allocated foundation funding of £50,000 for each year of the first planning cycle.

- Collaborative plans will attract a further £50,000 above the contribution due to each partner. For example, a stand-alone plan would receive £50,000 in foundation funding; a joint plan from two HEIs would receive £150, 000 and a joint plan from three HEIs would receive £200,000. This is to encourage greater concentration of resources and achieve critical mass – as Richard Lambert concluded, “*some activities may be best organised at a national level*” and “*third stream funding should provide financial incentives to create shared services*”.
- All remaining monies will be allocated as supplementary funding.
- Supplementary funding will either be allocated by an assessment panel on the basis of the strategies put forward or by formula. In the case of the former method, central to the allocation process would be the outcomes and longer term changes expected to derive from the strategies submitted. In developing strategies, institutions will be encouraged to investigate fully the potential for geographic and academic based collaborative networks. There will be winners and losers in this process. If a formulaic approach is adopted, all HEIs will receive supplementary funding on top of their core allocation. Should a formulaic approach be favoured by the sector, the amount of money to be calculated using the formula will not be known until institutions signal their intent to Council to submit either individual or collaborative strategies.
- The Council’s preferred option is to follow the advice of the Third Mission Committee’s Metrics and Funding Task and Finish Group and allocate supplementary funding on the basis of the strategies received. However, as paragraph 24 indicates, respondents who favour a formulaic approach are invited to suggest data that might be incorporated into a third mission funding formula. It is important that such data provide a measure of each institution’s contribution to the full third mission agenda. The formulae used to calculate past HEED Fund allocations will not be appropriate to the proposed third mission funding regime as, firstly, they relate only to economic development activity and secondly, they support activities per se and not the outcomes and impacts deriving from those activities. Furthermore, any third mission funding formula must be able to show a clear linkage to the targets and goals set out in *Reaching Higher*.
- In the event of further money being made available during the first three year planning cycle, this will be used to increase the amount of supplementary funding available.

***You are invited to comment on the proposed allocation of funding for 2004/05 (issue 6 ) indicating which funding method you prefer for the allocation of supplementary funding.***

## RESPONSES

30 Please submit your written response to this consultation exercise by the 31 March 2004 to:

Teresa Cooper  
 Senior Economic Development Manager  
 HEFCW  
 Linden court  
 Ilex Close  
 Llanishen  
 Cardiff  
 CF14 5DZ

31 **Annex D** provides a summary of the key issues on which the Council is seeking comments. The consultation event being held on 2 March, paragraph 3 above refers, will also provide a forum in which to debate the issues raised in this consultation document. Details of this event will be issued separately to all heads of institution. Representatives of other interested organisations are also very welcome to attend and anyone wishing to do so is asked to contact Teresa Cooper at the above address.

## THIRD MISSION ACTIVITIES IN WALES – CONTEXT &amp; GUIDE TO ACTIVITIES

HEFCW STRATEGIC AIM	ACTIVITIES (INPUTS)	OUTCOMES (IMPACTS)	MILESTONES & PIs (OUTPUTS)	POTENTIAL SOURCES OF FUNDING	LONG TERM CHANGES
<p><b>BENEFITING SOCIETY</b></p>	<p>1. Services To The Community</p> <p>2. Civic Role of the HEI</p> <p>3. Enhancing Social Capital - covering activities that impact on:</p> <p>(a) a local level (as per the geographic zones identified in the <i>Wales Spatial Plan</i>); and</p> <p>(b) a national and international level</p>	<p><u>SERVICES TO THE COMMUNITY</u></p> <ul style="list-style-type: none"> <li>improved links between HEIs and their local communities</li> <li>increased awareness of HE by local communities</li> <li>improved awareness by HEIs of their local catchment area and the different needs of different community groups</li> </ul> <p><u>CIVIC ROLE OF THE HEI</u></p> <ul style="list-style-type: none"> <li>greater interaction between HEIs and local decision-makers</li> <li>better informed decision-making at local (zonal) &amp; national (pan-Wales) level</li> </ul> <p><u>ENHANCING SOCIAL CAPITAL</u></p> <ul style="list-style-type: none"> <li>More informed citizens</li> <li>Healthier citizens</li> <li>Enhancement of Welsh language &amp; culture</li> <li>Cleaner, greener environments</li> <li>Multi-culturalism</li> </ul>	<p><u>SERVICES TO THE COMMUNITY</u></p> <ul style="list-style-type: none"> <li>Widening Access strategy – number of participants on specific initiatives, eg summer schools, taster days etc.</li> <li>Equal Opportunities Policy – number of targeted groups etc</li> <li>Number &amp; range of links with local schools</li> <li>Enrolments on Welsh language courses</li> <li>Use of premises &amp; equipment by local drama, musical, debating, charitable, voluntary and other local groups and societies</li> <li>Volunteering activities</li> </ul> <p><u>CIVIC ROLE OF THE HEI</u></p> <ul style="list-style-type: none"> <li>Range of HE engagement with Local Authority eg input into each other's corporate plan, membership of each other's committees and working groups, staff secondments</li> <li>Links with NHS in Wales</li> <li>Membership of CCET &amp; other relevant local bodies</li> <li>Links with appropriate public sector organisations</li> <li>Income from regeneration &amp; regional development programmes.</li> </ul> <p><u>ENHANCING SOCIAL CAPITAL</u></p> <ul style="list-style-type: none"> <li>Numbers enrolled on continuing education courses</li> <li>Range of and numbers attending free public lectures/exhibitions etc</li> <li>Cultural amenities &amp; associated usage rates eg museums, theatres, botanical gardens, art collections, libraries, concert halls, sports facilities</li> <li>Health promotion</li> <li>Environmental strategy</li> <li>Relevant publications &amp; website information</li> <li>Promotion of the Welsh language &amp; bi-linguism</li> <li>Engagements with local ethnic groups and other communities</li> <li>No. of academics seconded to work with local partners</li> <li>No of academics engaged in community-related projects</li> <li>No of other staff active with local community groups in the course of their work</li> </ul>	<p><u>SERVICES TO THE COMMUNITY</u></p> <ul style="list-style-type: none"> <li>HEFCW</li> <li>NC-ELWa</li> <li>Welsh Assembly Government</li> <li>Local Authorities</li> <li>European Funding</li> </ul> <p><u>CIVIC ROLE OF THE HEI</u></p> <ul style="list-style-type: none"> <li>European Funding</li> </ul> <p><u>ENHANCING SOCIAL CAPITAL</u></p> <ul style="list-style-type: none"> <li>HEFCW</li> <li>NHS</li> <li>Welsh Assembly Government</li> <li>Sports Council for Wales</li> <li>National Lottery</li> <li>Charities</li> <li>NC-ELWa</li> <li>Local Authorities</li> <li>European Funding</li> </ul>	<p><i>The following apply across all three activity areas</i></p> <ul style="list-style-type: none"> <li>Effective working partnerships between the Welsh HE sector and key-decision makers at local and national level in Wales</li> <li>Enhancement of Welsh language and culture within an inclusive multi-cultural society</li> <li>Contributing to the achievement of the Wales Spatial Plan and the creation of sustainable communities throughout Wales</li> <li>Contributing to the achievement of other relevant Assembly Strategies, e.g. <i>Reaching Higher, Cymru Creadigol: Creative Wales</i></li> </ul>

HEFCW STRATEGIC AIM	ACTIVITIES (INPUTS)	OUTCOMES (IMPACTS)	MILESTONES & PIs (OUTPUTS)	POTENTIAL SOURCES OF FUNDING	LONG TERM CHANGES
<b>BENEFITING THE ECONOMY</b>	1. Services To Business 2. Developing A Skilled Workforce 3. Knowledge Exploitation	<p><u>SERVICES TO BUSINESS</u></p> <ul style="list-style-type: none"> <li>Improved business access to new ideas &amp; new technology</li> <li>Improved business access to specialist training &amp; consultancy services</li> <li>Enhanced reputation of Welsh HE in business world</li> <li>Increased HE-business interaction at local (zonal) level</li> <li>Increased HE-business interaction at national &amp; international levels</li> <li>more effective business networks</li> <li>Increased employment in HEIs' commercialisation companies or departments</li> <li>Development of an entrepreneurial culture in Welsh business</li> </ul> <p><u>DEVELOPING A SKILLED WORKFORCE</u></p> <ul style="list-style-type: none"> <li>Increased links between HEIs and employers in Wales</li> <li>Improved employer access to training and CPD for their workforce</li> <li>Improved access to management &amp; leadership development</li> <li>Appropriately qualified and experienced graduates</li> <li>HE curriculum geared to identified skills/gaps (eg as identified in SEAP, FSW and HEIs' own market research)</li> <li>Increased levels of graduates working in SMEs in Wales</li> <li>Increased numbers of new business start-ups in Wales</li> </ul> <p><u>KNOWLEDGE EXPLOITATION</u></p> <ul style="list-style-type: none"> <li>Increased commercial income for Welsh HEIs</li> <li>Enhanced reputation of Welsh HEIs</li> <li>Increased investment in Welsh R &amp; D from industry and venture capitalists</li> <li>Increased levels of R &amp; D in Wales involving business investment</li> <li>Increased efficiency/competitiveness of HE business clients</li> </ul>	<p><u>SERVICES TO BUSINESS</u></p> <ul style="list-style-type: none"> <li>Central point of contact for all business callers</li> <li>No of consultancy contracts signed</li> <li>No of training contracts signed</li> <li>No of new companies contacted</li> <li>SME percentage of preceding 3</li> <li>Membership of business/industry fora</li> <li>Links with particular industry sectors/clusters</li> <li>Institutional strategy for entrepreneurship</li> <li>No of graduate business start-ups</li> <li>No and range of networking events organised</li> </ul> <p><u>DEVELOPING A SKILLED WORKFORCE</u></p> <ul style="list-style-type: none"> <li>No of employers contributing to curriculum development</li> <li>No of student work placements</li> <li>No of staff undertaking industrial placements</li> <li>No of SMEs taking staff and student work placements</li> <li>No of graduates obtaining first job in Wales</li> <li>Work experience &amp; employability strategy</li> <li>Links with SSCs</li> <li>Contributions to the development of local and national skills strategies</li> <li>Number of graduate business start-ups</li> <li>No of entrepreneurship networks/events organised</li> </ul> <p><u>KNOWLEDGE EXPLOITATION</u></p> <ul style="list-style-type: none"> <li>Institutional policy/procedures for the management of IP in place</li> <li>No of invention disclosures</li> <li>Patents filed in-house</li> <li>Patents filed on behalf of other organisations</li> <li>Licences granted to UK companies</li> <li>Licences granted to overseas companies</li> <li>IP revenue</li> <li>No of spinout companies</li> <li>No of KTPs</li> <li>No of CASE awards</li> <li>Levels of VC investment</li> <li>Income from public-funded collaborative research grants involving business co-funding</li> <li>No of staff employed in commercialisation company or department</li> </ul>	<p><u>SERVICES TO BUSINESS</u></p> <ul style="list-style-type: none"> <li>HEFCW</li> <li>WDA (including KEF)</li> <li>NC-ELWa</li> <li>European Funding</li> <li>Alumni support</li> </ul> <p><u>DEVELOPING A SKILLED WORKFORCE</u></p> <ul style="list-style-type: none"> <li>HEFCW</li> <li>NC-ELWa</li> <li>WDA including KEF)</li> <li>European Funding</li> <li>Welsh Assembly Government</li> <li>LTSN</li> <li>NHS</li> <li>Alumni support</li> </ul> <p><u>KNOWLEDGE EXPLOITATION</u></p> <ul style="list-style-type: none"> <li>HEFCW</li> <li>NC-ELWa</li> <li>WDA including KEF)</li> <li>European Funding</li> <li>Welsh Assembly Government</li> <li>Research Councils</li> <li>NHS</li> <li>DTI/OST</li> <li>Finance Wales</li> <li>Venture Capital</li> <li>Business investment</li> <li>Alumni support</li> </ul>	<p><b>The following apply across all three activity areas</b></p> <ul style="list-style-type: none"> <li>Development of a knowledge economy in Wales</li> <li>Creation of an innovation culture in Wales</li> <li>Development of an entrepreneurship culture in Wales</li> <li>Increased levels of inward investment in Wales</li> <li>Increased competitiveness of Welsh business</li> <li>Increased levels of inward investment in Wales</li> <li>Higher levels of graduate retention</li> <li>More jobs</li> <li>Improvements in GDP</li> <li>Contributing to the achievement of HEFCW's Corporate Plan and Strategy</li> <li>Contributing to the achievement of Assembly Government Strategies, e.g. <i>Reaching Higher, A Winning Wales, Skills and Employability Action Plan</i> and <i>Wales for Innovation</i></li> </ul>



**HEFCW THIRD MISSION COMMITTEE  
METRICS & FUNDING TASK AND FINSH GROUP**

**MEMBERSHIP**

Len Arthur (Chair)	HEFCW Member & Chair of the Third Mission Committee
David Craddock	University of Wales, Aberystwyth
Gareth Davies	Welsh Assembly Government
Martin Price	Martin Price Associates
Michael McPartlin	Scottish Higher Education Funding Council
Mike Wright	Nottingham University
Frances Good	HEFCW - Head of Information Management & Technology

**SUMMARY OF KEY CONSULTATION ISSUES**

1. You are invited to comment on the appropriateness and clarity of the seven principles outlined as underpinning the Council's proposed third mission funding framework.
2. You are invited to comment on the key features of the Council's proposed third mission funding framework
3. In particular, we would welcome views on whether the supplementary funding should be made available on the basis of the plans received or by formula. Respondents who favour a formulaic approach are invited to suggest suitable metrics that derive from data already being submitted by HEIs, eg through HESA or the strategic planning process.
4. You are invited to comment on whether or not the Council should suggest possible Cluster Groups.
5. You are invited to put forward an alternative title for the proposed third mission fund.
6. You are invited to comment on the proposed allocation of funding for 2004/05, indicating which funding method you prefer for the allocation of supplementary funding.