

The Contribution of Interface to Sustainable and Inclusive Economic Growth

Executive Summary

A report to Interface
26th January 2021





Executive Summary

Interface is a central hub whose role is to connect businesses and organisations from all industries with research and development expertise in Scotland's universities, research institutes and colleges. It is funded through Scottish Government agencies.

This report describes the impacts of Interface in the context of the Scottish Government's purpose to pursue well-being, sustainable and inclusive economic growth and the need for mechanisms to ensure Scotland recovers from COVID-19 and achieves net zero carbon targets.

Interface

Interface was established in 2005 and provides a free and impartial service, helping businesses (commercial and voluntary sector organisations) consider how academic support can help solve challenges. The overarching purpose of this knowledge exchange process is to stimulate innovation and entrepreneurship in Scotland, both in the business base and in academia, that results in social and economic benefits.

Interface's core activity is enabling businesses to develop innovative projects and ideas by connecting them to academia. It further assists in the knowledge exchange process by identifying funding for collaborative projects and it administers SFC's Innovation Voucher scheme.

Interface works in collaboration with businesses, Scotland's academic institutions (universities, research institutes and colleges) and Scottish Government bodies, who provide funding for the operation (Scottish Funding Council (SFC), Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE)). It is run by a small staff body based across Scotland. In addition to the Director and Executive Administrator, there are four teams: business engagement; sector engagement; marketing & PR; and systems and finance.

Interface staff are co-located with partner organisations across Scotland. They forge local relationships and gather intelligence on the ground. This model of working enables Interface to identify and respond to business demand for academic collaborations wherever the business is situated. This ensures businesses operating in any local area have access to the most appropriate academic support regardless of where they are based. This place-based approach creates a bridge to a national network of knowledge exchange services for all businesses in Scotland. In addition, Interface's brokerage service has seen increasing demand from elsewhere in the UK and globally, with businesses attracted to Scotland to work with Scottish universities.

Interface's core purpose and activities have become ever more important in an economic environment that is placing a significant strain on businesses. Interface has continued to provide support and assistance throughout the COVID-19 pandemic, providing additional services to help businesses survive. This period has seen the highest demand for Interface's services in the organisation's history.

Interface facilitated 2,375 collaborative projects between inception in 2005 and the end of July 2020. Its services are offered at no charge to businesses. The majority of funding comes from the SFC, with funding support also provided by Scottish Enterprise and Highlands and Islands Enterprise. For the period covered by the most recent business plan (2018-2023), the core Interface team comprises twenty members to provide the brokerage service and includes operational, leadership and support staff as well as infrastructure costs. Three of the team are funded by



Scottish Enterprise to cover brokerage activity in defined regions and Highlands and Islands Enterprise contribute an apportionment towards the cost of brokerage activity within the Highlands and Islands regional area. The remainder is funded by SFC.

The total cost of supporting brokerage interactions, from demand stimulation to follow-up, amounted to £8.5 million between 2005 and 2020. Between February 2009 and July 2020, the total value of grant funding provided to universities and colleges through the Innovation Voucher scheme amounted to £8.1 million. In addition to this, the cost to Interface of managing the programme was £0.6 million, bringing the total cost of supporting the Innovation Vouchers scheme to £8.7 million. The total value of resources devoted to supporting academic-business collaboration through Interface and Innovation Vouchers during the study period amounted to £17.2 million.

Table 1: Funding Breakdown, 2005-2020

	Total (£m)
Interface Brokerage	8.5
Innovation Vouchers	8.7
Total	17.2

Source: Interface

Jobs and GVA Impacts

It was estimated that Interface has generated an annual net additional impact of £311.2 million GVA and supported 4,789 jobs. Of this, £88.9 million GVA and 1,595 jobs is realised impact, and £222.3 million GVA and 3,193 jobs is expected impact. This implies that:

- each £1 invested in Interface has generated £5.17 GVA for the Scottish economy;
- the average cost/job supported by Interface has been £10,772.

If businesses' projections for expected benefits are taken into account, then it could be expected that:

- each £1 invested in Interface to date could generate a long-term benefit of £18.11 GVA for the Scottish economy;
- the average cost/job supported by Interface could be £3,589 (this is the amount of funding to Interface that supports each job generated in the economy).

Table 2: Value for Money Multipliers

	Cost/Benefit	Cost/Job
Realised	5.17	£10,772
Expected and Realised	18.11	£3,589

Source: BiGGAR Economics Calculations

This is a significant economic impact with a competitive cost per job that compares strongly with other economic development interventions. The additional GVA and cost per job benefits to be realised by these businesses as their innovations develop, testify to a strong impact and value for money for the public sector investment of £18.11 per £1 invested.

The economic benefits created are evident across all aspects of Interface's activity. Our analysis shows impacts are distributed geographically across Scotland, including



rural and urban settings. There are impacts across the key growth sectors identified by Scottish Government. These include sectors typically associated with technology innovation, such as life sciences and engineering, as well as other important areas for Scotland's economy, such as financial services, tourism and creative industries. There are impacts across every area of Interface's activity.

Sustainable, Inclusive Growth and Well-being

The economic impact of Interface goes beyond GVA and employment measures, contributing to sustainable, inclusive growth and well-being in meaningful ways. The National Performance Framework gives a structure against which benefits can be measured. By nature, most projects supported create an economic benefit to the business through help received to develop a new product, process or service. However, to measure its benefit only in terms of GVA and jobs misses out on the wider value of the Interface service to Scotland's prosperity.

We looked at the impact of Interface's AY2019/20 projects on the wider economic and well-being outcomes. The 329 projects reviewed bring about a wide range of benefits for the businesses and deliver a wider variety of outcomes, including health improvement, environmental sustainability, supporting communities, delivering education, helping young people, supporting international development and alleviating poverty. In many cases, these outcomes take precedence for the business over the aim of growing employment and turnover – the quantitative impacts (jobs and GVA) are secondary impacts for some of these businesses.

The need to do things differently, to innovate, is crucial for Scotland's recovery from COVID-19 and to meet its net zero carbon targets. The evidence presented demonstrates this is a value for money intervention that delivers right across the economy, creating GVA and jobs while also driving sustainable and inclusive growth and well-being.

Business Perspectives

Once engaged with an academic partner through Interface, companies make lasting relationships characterised by mutual trust and a joint approach to problem-solving. Interface is brokering much more than "a project", it is building academic research and development support into businesses for the long term.

This is supported by consultations undertaken during this study, with three quarters of business consultees reporting ongoing relationships with universities because of Interface brokerage.

Customer satisfaction is high. Consultees remarked on the effectiveness and knowledge of Interface staff, with whom strong relationships have been built. Relationships like these are at the heart of any successful innovation system.



Conclusions and Recommendations

The analysis presented in this report demonstrates that Interface delivers across a wide range of priorities that are crucial to Scotland's prosperity. Its activities deliver impact that reflect its mission. There are eight conclusions.

- 1. Interface delivers significant jobs and GVA impacts that support Scotland's economy and provides excellent value for money for public funding invested.**
- 2. There are strong economic impacts across the full portfolio of Interface projects. This means impacts across the full portfolio of Interface projects, irrespective of business sector, geographical location and type of collaboration.**
- 3. Interface's place-based approach means that nowhere is left behind when it comes to accessing innovation support.**
- 4. Interface delivers right across Scottish Government priority outcomes, including health, environment, communities, education, young people and international development.**
- 5. Interface brokers projects that deliver short term impacts, for example responding to COVID-19, as well as contributing to longer term targets, like net zero.**
- 6. Interface creates enduring and effective R&D relationships between businesses and universities.**
- 7. The trust that resides in Interface is an important asset that could not be easily replicated.**
- 8. Interface is crucial to Scotland's economic resilience.**

This study leaves no doubt that Interface works. It delivers its mission effectively, with a small, distributed team of committed individuals forging strong relationships with businesses and academic partners for the benefit of Scotland's economy. It plays a key function within the innovation system, providing a seamless interface between businesses and research expertise and facilities.

The effectiveness of Interface is not surprising, given its activity has been consistently honed over 15 years - its Strategic Board and executive team have responded to regular independent evaluations as well as applying their own detailed reviews of impressively rich data contained within the Interface monitoring system. Because of this, its operational model has evolved with Scotland's needs. It would be impossible to reinvent it in short order from first principles.

However, this successful model could be **strengthened** to ensure Scotland capitalises on the opportunities it presents. Business demand for Interface's service has increased consistently over the years, and particularly recently in response to the pandemic and the need for new ways of doing things to survive and drive economic recovery. A small team of staff running on timebound funding rounds has delivered an impressive set of outcomes. Interface is currently working at full tilt and does not have additional capacity to extend the service to fulfil business demand in these times of crisis.



There is a strong case to:

- move away from a geographical split across funders to a **core funding settlement**;
- **scale up** the operation of Interface to increase impacts; and
- **extend funding rounds beyond short term funding allocations** to allow strategic planning for growth that supports Scottish Government priorities for economic recovery and a just transition to net zero.

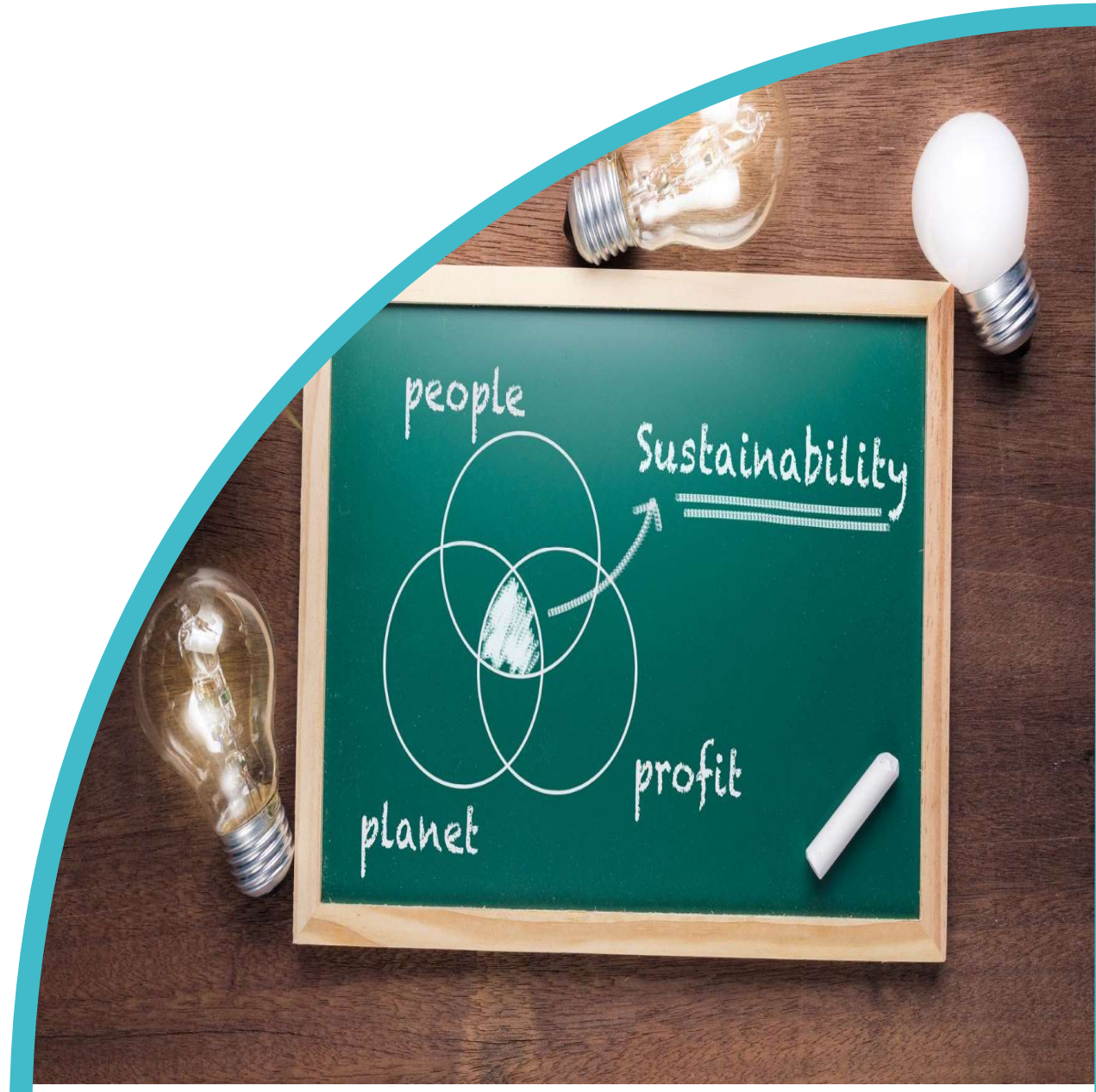
It is recommended that Interface works with its funders, partners and other stakeholders to develop a strategy to scale up the service and move from timebound settlements to a strategic sustainable funding position.

BiGGAR Economics, Pentlands Science Park,
Bush Loan Penicuik, Midlothian, Scotland EH26 0PZ

info@biggareconomics.co.uk

biggareconomics.co.uk

© Copyright 2021. BiGGAR Economics Ltd. All rights reserved.



Interface mission:

To enable business-academic collaborations for economic and societal benefit



Interface

The knowledge connection for business

Interface has initiated over

2500

Academic Collaborations

with local, national and global businesses



Interface generates annual

impact of **£88.9M**

GVA and supports **1,595 jobs**

which rises to **£222.3M**

GVA and **3,193 jobs** if expected

impacts are realised



Interface is crucial to Scotland's Economic Resilience



Interface's place-based approach

means that all **rural** and **urban** businesses and communities can access innovation support

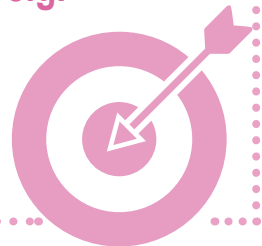


Interface delivers right across Scottish Government priorities including:

- health
- environment
- communities
- education
- young people
- international development



Interface brokers projects that deliver **short term impacts**, e.g. responding to COVID-19, as well as contributing to **longer term targets**, like net zero



75% of businesses have ongoing relationships with universities through **Interface's Service**



The **Interface Team** creates enduring and effective **R&D** relationships between businesses and universities



The Interface team are **Effective, Knowledgeable** and build **Trust** with businesses



85%

of businesses felt their projects had the potential to transform lives either locally, nationally or internationally



100% satisfaction with Interface service



With everything I do now, Interface sits at the back of my mind, thinking is there a link with an academic that could help me with this issue?

