

Dear Mr Philips,

Thank you for your request under the Freedom of Information (Scotland) Act 2002 [FOISA] regarding spin-out companies.

Please find the answers to your itemised questions below:

‘1. How many spin-out companies has the University formed in the past five years and how much did it cost the University to create each company?’

Seven spin-out companies formed by the University of Strathclyde have commenced trading during this period: Ateeda Ltd, PSI Electronics Ltd, D3 Technologies Ltd, Elimpus Ltd, Appshare Ltd, Smarter Grid Solutions Ltd and AsraNet Ltd

The University of Strathclyde invested a total of £120,000 from its Commercial Development Fund in these spin-outs. The Commercial Development Fund operates through the utilisation of ring-fenced commercial income.

Further information on other costs incurred has been given in response to question 2 below.

‘2. Could you provide me with a breakdown of costs incurred by the University for each spin-out company formed within the past five years? This breakdown should include: - legal costs involved in the formation of each company; - salary costs for any University employees responsible for the formation of each spin-out; and – any other overheads involved, i.e. bonuses for said staff, consultancy costs, accommodation and travel costs.’

In addition to the figures given in question 1 above, the University of Strathclyde has incurred costs of approximately £135,500 for the protection of intellectual property rights (IPR) licensed to the spin-out companies. This is an approximate figure as in some cases some of the IPR has been licensed to a number of companies in addition to the spin-out company on a non-exclusive basis. As part of the agreement which the University of Strathclyde concludes with any licensee, the payment of ongoing IPR management costs is met by the licensee. For the avoidance of doubt, the University would have incurred some, if not all, of these costs irrespective of whether a spin-out was being formed, as it has a duty of care to public funders of research (especially the UK Research Councils) to protect and try to exploit IPR generated in projects funded by these sources.

A total of £10,696 has also been incurred for specific external legal advice.

‘3. Could you also provide amounts of all income earned from University spin-out companies within the same five-year period, excluding equity/shares held by the University in those companies?’

We have assumed that this question relates to the spin-out companies referred to in question 1 above. For the same 5 year period, the University of Strathclyde received royalty income totalling £100,840 from these companies.

'4. If you can neither provide the costs nor the quantifiable amounts of actual income can you provide me with the justification for such expenditure from the public purse?'

See answers given above.

We have also noted above that the expenditure on spin-outs by the University is from a mixture of ring-fenced commercial income and public sources.

The University of Strathclyde's rationale for forming spin-out companies is broader than income generation. Spin-out companies tend to take some years to reach sales and profitability and therefore any income to the University from the activities of the spin-out company may take some time to materialise.

'5. How many spin-out companies have registered actual sales and how many of these companies are trading at a profit? Could you please provide details of profit and loss accounts for these companies? If none of these spin-out companies have made a profit, can you provide me with justification for continuing to spend public funds in this area?'

The University does not require full accounts from spin-out companies, and so we do not hold the information required to answer this question fully. This information is available for a small fee from Companies House - <http://www.companieshouse.gov.uk/>

'6. What is the ratio of costs incurred by the University to income earned by each spin-out company formed? Does this represent good use of public funds?'

The University does not hold this information as yet. We can only properly judge the ratio once we have reached the end of the income earning relationship; i.e. at the point at which the University of Strathclyde no longer earns any income from the spin-out company.

'7. Have the University's Vice Chancellor, Pro Vice Chancellor responsible for financial matters, Secretary of Court, Director of Finance or any of the University's governing bodies ever called for an investigation/review regarding the cost to the University of creating spin-out companies? If so, could you please provide me with the relevant details/reports?'

To the best of our knowledge and belief no such investigation/review has been called.

'8. What level of legal/business qualifications do the people responsible for creating spin-out companies possess? If they do not possess such qualifications, is the University going to take any action against the Director of Human Resources for appointing these people, bearing in mind that it is public funds being used here?'

Those involved in the support of company formation are professionally qualified and experienced, with appropriate academic, business and legal qualifications. However, the companies are not created by the University. The University supports the process. All spin-out companies are advised to take on their own legal and financial representation.

The University of Strathclyde has a formal process and procedure for the formation of spin-out companies involving various members of staff depending on the nature of the proposed

spin-out. The process is to determine whether it is in the University's wider interests for a particular technology or activity to be commercialised via a spin-out company.

Details of the University of Strathclyde's Research and Innovation services are given at: <http://www.strath.ac.uk/ri/>

'9. Are the University's managers with financial control for spin-out companies required to keep a record of all expenditure? If they are, are they required to report this to the Secretary of Court or Director of Finance? If so, could you please provide me with the relevant details/reports?'

It is important to stress that the University of Strathclyde, by virtue of its Spin-out Company Policy, at no stage exercises control over spin-out companies in which it holds shares. Therefore, no University managers exercise financial control for spin-out companies.

The office responsible for the management of the commercialisation of the University of Strathclyde's research output, and which deals with all pre-formation aspects of spin-out companies is Research and Innovation; for information on their activities, see: <http://www.strath.ac.uk/ri/>

Regular reports (which include information on spin-out activity) are provided by the Director of Research and Innovation to Senior Officers of the University and to the University of Strathclyde Court on a periodic basis.

We hope that this information is of help to you,

Yours sincerely

Freedom of Information Office  
University of Strathclyde

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Freedom of Information Review Procedure:

If you are unhappy with our response, please write to or e-mail to:

Freedom of Information Officer  
Secretariat  
University of Strathclyde  
16 Richmond Street  
Glasgow G1 1XQ

E-mail: xxx@xxxxxx.xx.xx

We will then undertake an internal review and inform you of the result of that review.

All such requests for review should be made in writing, setting out in full the nature of the enquiry to which it pertains. A request for review should be submitted within 40 working days of either the date on which you received a response from the

University or the date by which you should have received a response under the terms of the Freedom of Information (Scotland) Act 2002, whichever is the later.

Please note that links provided to information available elsewhere are intended to assist freedom of information access. Requests for information held by other public authorities and any complaints regarding access to such information should be addressed to that authority. These review procedures relate only to information which is directly under the control of the University of Strathclyde.

If we are unable to resolve any complaint, you can contact the Scottish Information Commissioner, the independent body which oversees the Freedom of Information (Scotland) Act 2002 – contact details:

Scottish Information Commissioner  
Kinburn Castle  
Doubledykes Road  
St Andrews  
Fife KY16 9DS

Tel: 01334 464610  
E-mail: [enquiries@itspublicknowledge.info](mailto:enquiries@itspublicknowledge.info)