

# CBI POLICY INSIGHTS ON BEIS INNOVATION STRATEGY

MAY 2021

## Process

CBI held two roundtable discussions with members on Institutions and Levers, and Missions and Technologies attended by BEIS officials and has received written input from members on questions relating to the wider themes of the innovation strategy. This document draws on that input along with previous member engagement on innovation priorities. CBI is sharing this early insight with BEIS simultaneously with our Innovation Council in order to inform BEIS thinking given the timelines of the Strategy. Any further input or steer from Innovation Council will be shared with BEIS after our Council meet on 18<sup>th</sup> May, when they will be joined by Minister Solloway.

## Overarching priorities

1. **Bold strategy and investment:** The Innovation Strategy and Spending Review must provide the long-term direction and fuel to reach government's science and innovation ambitions.
2. **Support for business innovation:** Business welcomes a strategy that focuses on innovation, sustaining underpinning research ecosystem strengths and growing investment and support for development and adoption phases of innovation.
3. **Build on strengths:** Prioritise making better use of established research and innovation assets and infrastructure ensuring they are optimally supported, introducing new where needed.
4. **Harness levers:** BEIS must work across government to ensure levers are aligned to deliver on the Plan for Growth and Innovation Strategy aims, from procurement and trade deals, to skills and regulation.

Key themes/ challenges	Proposed policy solution/action
<b>Ecosystem</b>	
<b>Enhance support for later stage development and adoption</b>	<ul style="list-style-type: none"> <li>• The innovation strategy must grow support for development, commercialisation and adoption - positioning the UK as the best place to test and develop products and technologies.</li> <li>• Government's commitment to raise public R&amp;D spending to £22bn by 2024/25 represents a historic uplift in funding and an opportunity to radically enhance UK research and innovation capabilities.</li> <li>• New investment, if coupled with a focus on development and commercialisation, offers an opportunity to redress the balance of R&amp;D funding and ensure the UK converts its world-leading research capabilities into commercial success and societal benefit.</li> <li>• This should include increasing funding for business innovation through Innovate UK.</li> </ul>
<b>Prioritise closing gaps in existing levers</b>	<b>Utilising research and innovation assets</b> <ul style="list-style-type: none"> <li>• Making better use of established research and innovation assets should be a priority for the innovation strategy. In the immediate term, business supports utilising and maximising the assets we already hold rather than diverting attention to expanding our facilities.</li> <li>• Development of large-scale facilities should be done in line with strategic opportunities as identified through technologies and missions with buy in from business – this should build on existing infrastructure where possible and creating new where needed.</li> </ul>

<b>Simplify/improve navigation of support</b>	<ul style="list-style-type: none"> <li>• Meeting government's ambitions will require R&amp;D investment and activity from businesses not currently investing in R&amp;D in the UK, either new businesses, businesses investing in R&amp;D for the first time, or new sources of FDI, alongside growing investment from existing firms. The current ecosystem is considered challenging to navigate, especially for SMEs. Better enabling industry to understand and access capabilities across the ecosystem should be a key success outcome for the innovation strategy.</li> <li>• In the CBI Tech Tracker survey, when asked to name just one thing that would have the biggest impact on their ability to innovate, 10% of SMEs and 12% of large businesses responded being able to better understand and navigate existing business innovation support.</li> <li>• BEIS, working with UKRI, Innovate, Catapults, British Business Bank and other government departments such as DCMS and MHCLG, should create a business facing 'shop-window' for UK innovation support to make it easier to understand and navigate for businesses looking to innovate and invest. This is needed to maximise the reach and benefit of innovation initiatives, programmes and investment and to better articulate the UK's innovation offer domestically and internationally.</li> </ul>
<b>Support innovation, creativity and investment through risk-sharing</b>	<ul style="list-style-type: none"> <li>• Public investment in research and innovation is on the understanding that innovation involves risk and due to spillover and wider civic and societal benefits of R&amp;D it is appropriate for public investment to be used to share that risk. However, the UK, compared to its international peers tends to have a lower appetite for risk, limiting potential benefits of investment in innovation.</li> <li>• The creation of ARIA demonstrates there is political recognition for the necessary role risk has in innovation. But the excitement and spark and creativity requires predictable and sustained investment and strategy.</li> <li>• The design of funding mechanisms and institutions are important, but when budgets are squeezed and set annually, 'success' must be demonstrated for every pound meaning creativity and risk appetite is systematically quashed.</li> <li>• A good outcome from ARIA could be support for a greater recognition of what 'success' in innovation funding looks like and building that into other funding and support mechanisms. The programmes and institutions funded and supported under the banner of the innovation strategy should be set on appropriately long-term footing with outcome based measures at a portfolio rather than project level.</li> <li>• Businesses consistently tell us of the value of Innovate UK's open funding stream of Smart grants as demonstrated by their oversubscription, and funding for them should be increased.</li> </ul>
<b>Importance of stability and join-up across government</b>	<ul style="list-style-type: none"> <li>• Recognition of the importance of innovation across government is welcome. To be more than the sum of its parts and generate confidence in the UK as a place to innovate and invest, this strategy and subsequent programmes must inform and complement related plans, reviews and strategies across government and the devolved nations.</li> <li>• It is important that the innovation strategy delivers a long-term vision and commitments rather than one-year programmes which tinker around the edges of the status quo. This clarity of vision, as well as sufficient granularity that signals a clear direction of travel, is vital to mobilising business and investors.</li> <li>• The Innovation Strategy must be joined up with the series of ten-point plans from various government departments as well as co-ordinated with broader government ambitions such as the levelling up agenda.</li> <li>• There is also an opportunity for BEIS to offer direction on the role which Freeports can play in this agenda.</li> </ul>

<p><b>Driving private and public collaboration</b></p>	<p><b>Porosity between academia and business</b></p> <ul style="list-style-type: none"> <li>• The Innovation strategy should provide tangible support that encourages collaboration between academia and business and actively promotes and enables porosity of people between these two spheres.</li> <li>• Those at roundtables expressed support for further development and promotion of internship and training schemes which enable PhD students to gain exposure to industry.</li> <li>• Greater mobility could be further leveraged by UKRI through the enhancement of programmes such as their Impact Accelerator Accounts and CASE studentships which provide academic researchers with early career experience in industry.</li> <li>• The innovation strategy could also be used as a call to action for universities to be more flexible around IP.</li> <li>• Ensure join-up between the Innovation Strategy and the outcomes of the REF review to stimulate a greater focus among academic researchers on collaboration with industry and social and economic impact.</li> </ul> <p><b>Supporting collaboration</b></p> <ul style="list-style-type: none"> <li>• In light of lessons learned from successful collaboration for rapid innovation in response to covid-19, the innovation strategy should revisit the existing mechanisms in place for collaboration between business, universities and Catapults to address points of friction or barriers to productive collaboration.</li> <li>• Another example of successful private/public collaboration members pointed to is the MIT REAP model.</li> <li>• Some members also suggested it could be valuable to develop a digital interface to support collaboration which offers a single-entry point from which different stakeholders including Catapults, businesses, and the investment community can collaborate. This interface could be developed alongside KTN and develop their existing capabilities and offer.</li> </ul>
<p><b>Adapt</b></p>	
<p><b>Accelerating innovation adoption will be key to transformational change</b></p>	<ul style="list-style-type: none"> <li>• We fully support the inclusion of adoption within the scope of the innovation strategy as accelerating innovation will be crucial to seeing change at scale across the UK.</li> <li>• Given that a market for their innovation is a factor in investment decisions and that budgets for innovation often coming from profits, driving innovation adoption is another tool to improve the environment for investment in R&amp;D in the UK.</li> <li>• CBI is working with government as they develop the Help to Grow schemes and integration between Help to Grow Digital and Help to Grow management will be crucial.</li> <li>• For long term successful diffusion to occur, firms must be provided with best practice for good implementation, as well as the tools. As part of these efforts, government could better signpost support to resources provided by stakeholders including Be the Business and the CBI.</li> <li>• Build on the success of the Made Smarter North West pilot and continue to expand it to other regions, scaling up to a national programme.</li> <li>• Current public support for innovation adoption sits between BEIS, DCMS, MHCLG and UKRI. The Help to Grow scheme for example is jointly between HMT, BEIS and DCMS. Longer term A new strategic approach to government support for adoption is needed and CBI is proposing the creation of Accelerate UK as a new home for adoption in Government.</li> </ul>

	<ul style="list-style-type: none"> <li>• BEIS should establish Accelerate UK - a new UKRI council tasked with national strategy and funding for innovation adoption that enables coherent local delivery. Accelerate UK would encompass strategy and support for adoption of tried and tested innovation as well as emerging tech.</li> <li>• Its creation would signal the importance of innovation adoption, addressing a policy blind spot and the missing component needed for an end-to-end research &amp; innovation system. (Full details of this recommendation are in Annex 2).</li> </ul>
<b>Place</b>	
<b>Broad support for growing innovation-led clusters</b>	<ul style="list-style-type: none"> <li>• There is broad support for growing innovation-led clusters building on existing regional strengths and this should be a core factor in the innovation strategy and government's actions to support levelling up. To be successful government must work closely with business and local and regional leadership as this agenda is developed.</li> <li>• CBI is committed to working with partners on this issue to see real progress and CBI's Catapult Quarters recommendation sets out one approach. <ul style="list-style-type: none"> <li>○ To strengthen the purpose and multiply the benefits of existing innovation institutions, the CBI recommends the introduction of 'Catapult Quarters' which would bring together features that make current clusters effective in a coordinated package. For instance, business liaison services, collaborative R&amp;D funding, skills and training, and access to special regulatory environments. These could be set up around anchor institutions like Catapult centres and RTOs.</li> <li>○ Quarters would create RTO centred industrial clusters and act as 'poles' for regional innovation capabilities and support the development of an internationally competitive brand for UK innovation. They would attract international investment and encourage businesses to root activities in the area, accelerating the development of innovative clusters across the country.</li> </ul> </li> </ul>
<b>Finance</b>	
<b>Importance of government procurement</b>	<ul style="list-style-type: none"> <li>• Many members have pointed to the important role which government can play as first customer. This has the potential to play a pivotal role in helping pull through innovations to market and increase private investment.</li> <li>• Business welcomes the green paper proposals to streamline procurement processes, boost dialogue and engagement can help foster more innovation. Some continuing concerns that must be addressed include ensuring effective application of the new rules and continued progress on improving commercial capability and capacity will be key to driving more innovation in procurement (please see full set of recommendations in Annex 1).</li> </ul>
<b>Systematic support for commercialisation</b>	<ul style="list-style-type: none"> <li>• There is support of the more systematic approach to commercialisation within UKRI to ensure that ideas and businesses don't fall through the cracks of support. As UKRI develops its commercialisation framework it should continue to consult with business.</li> <li>• While IUK Edge and Growth hubs were recognised as having made a positive contribution, there are currently gaps in support for highly innovative businesses and spin-outs.</li> <li>• For example, spin-outs often lack access to the appropriate funding at the development phase and as a result enter market before they have sufficiently developed. This can lead to a higher failure rate and there is an opportunity for the innovation strategy to close this gap.</li> </ul>

	<ul style="list-style-type: none"> <li>Greater engagement between Innovate UK and British Business Bank would be beneficial to ensure continuity and proactive signposting of support. This could also help to grow BBB sector expertise.</li> </ul>
<b>R&amp;D tax credits</b>	<ul style="list-style-type: none"> <li>R&amp;D tax credits are a hugely valued innovation support mechanism among businesses and a source of international competitiveness for the UK.</li> <li>If other countries are offering incentives, we can't afford not to. Having an internationally competitive tax credit attracts globally mobile investment.</li> <li>Tax credits play an important role within the wider policy mix. As a non-targeted policy instrument, it is non-discriminatory in terms of research, technology field or sector. In an era where technology is creating new opportunities for innovation it is crucial that we have agile policy instruments that encourage R&amp;D investment across the whole spectrum of firms.</li> <li>The current R&amp;D tax credit consultation provides an opportunity to bring capital expenditure into R&amp;D tax credits, and update scope to better reflect modern R&amp;D, for example costs for data or cloud services.</li> </ul>
<b>Talent</b>	
<b>Need to ensure join up on skills funding and training</b>	<ul style="list-style-type: none"> <li>A constant business priority for innovation is skills, and ensuring the UK has the skills to meet the ambition of the innovation strategy is essential.</li> <li>Access to talent and the right skills to innovate are vital when making business decisions about where to invest. Firms are committed to apprenticeships, but levy design is holding back investment. A flexible skills and training levy can unblock investment in a range of accredited options and allow more people to build their skills, productivity, and careers.</li> <li>Ensuring join-up on the skills agenda with DfE is also critical to ensure a focus on creating lifelong learning and addressing 'in-work' skills gaps.</li> <li>Local Skills Improvement Plans should leverage the insights and capabilities of different regional actors, including LEPs and Combined Authorities. This should avoid an exclusive focus on membership bodies, which risks a patchwork with large holes when scaled up.</li> </ul>
<b>Missions and technologies</b>	
<b>Need buy-in from and alignment with business on missions</b>	<ul style="list-style-type: none"> <li>There is broad support for a missions based approach. The broad themes combined with the missions and technologies must together resonate with business priorities and be outcomes focused so they are simple for business to understand and articulate and offer a clear overall direction. This is also important to ensure there is a coherent and consistent understanding among different stakeholders.</li> <li>One way in which this could be achieved is by empowering mission governance with a high-level structure including leaders from business, research and citizen groups</li> <li>It is vital there is alignment between these missions and existing frameworks such as the UN SDG's, which in many respects are already driving areas of focus for business. This should help to ensure market pull is embedded into this approach.</li> </ul>
<b>Learn lessons on challenge led funding</b>	<ul style="list-style-type: none"> <li><b>Businesses strongly support the aspirations of challenge funding but more can be done to improve implementation</b></li> <li>One of the strongest levers government has at its disposal when it comes to spurring private sector innovation is the signals it creates with where it chooses to invest and how long it chooses to invest for.</li> <li>Government backed challenges provide helpful focal points for businesses to rally behind, providing the certainty businesses need to look ahead and allocate resources.</li> </ul>

	<ul style="list-style-type: none"> <li>• But businesses have shared frustrations with the implementation of existing challenge funding. As the strategy looks to evolve challenge funding to support missions, two areas where implementation can be improved are: <ul style="list-style-type: none"> <li>○ Supporting industrial-led R&amp;D – there is a feeling among some businesses that existing challenge funding has tended to favour research with an academic focus as opposed to industrial-led development activities.</li> <li>○ Call timeframes - Multiple businesses reported frustrations with the timing of calls with funding calls coming out on short timeframes with limited lead time. Businesses need more notice to prepare bids. Short lead times makes it difficult for organisations to sufficiently engage and build and build trust with partners to build robust proposals. One business suggested a minimum two-month application window.</li> </ul> </li> <li>• <b>Better communication and more attractive funding arrangements could help improve participation of actors across the landscape</b></li> <li>• Match funding requirements of challenge calls can be a prohibitive barrier for business participation - particularly for small and mid-size businesses. For instance, one company said it would take up all the company's yearly R&amp;D budget to participate in a ISCF call.</li> <li>• There is some anecdotal evidence that due to the impact of the COVID crisis on margins and cash, match funding requirements are now harder to meet.</li> <li>• Reducing match funding requirements, even for an initial time period or phased over the duration of programmes with longer timeframes, could make challenge calls more attractive to industry and would serve as a valuable way to support businesses to invest at a time when many are facing financial pressures and cash constraints.</li> <li>• One idea would be to help businesses meet match funding with other grants, growth vouchers or access to private sector finance.</li> <li>• Better engagement and communication is also needed with smaller companies with stakeholders reporting lack of awareness. Better use of communications, signposting and existing touchpoints (Catapults, KTN, BBB) and 'shop-window' approach mentioned elsewhere could be used to improve awareness.</li> </ul>
<b>Harness levers to deliver on missions and technologies</b>	<ul style="list-style-type: none"> <li>• A wider set of levers must be aligned to deliver genuine progress on missions. Challenge based collaborative R&amp;D programmes must be complemented by action on, for example, procurement, skills, planning, trade deals, infrastructure or regulation, as expanded on below.</li> </ul> <p><b>Future-proof regulation</b></p> <ul style="list-style-type: none"> <li>• Regulatory regimes are too entrenched in traditional approaches of accreditation, with a lack of join-up between tech adoption and the accreditors.</li> <li>• BEIS should use their strategy to encourage innovative accreditation and promote the principles of 'anticipatory regulation' which clearly sets out a set of tools and behaviours which will better enable regulators to respond to emerging technologies and regulatory challenges.</li> <li>• Developing an approach to smarter regulation will promote the UK's global leadership role in these industries and help drive further increases to levels of FDI into Britain. For example: a fresh approach to Solvency II, the UK Listings Regime, and encouraging innovation in sustainable finance and FinTech are areas that can unlock growth and investment.</li> </ul>

	<ul style="list-style-type: none"> <li>Setting a futureproof and pro-innovation regulatory environment will also help shape global norms on AI, internet regulation and a robust independent data transfers regime. This would demonstrate to the business community that the UK is providing global digital leadership and setting the narrative for these emerging technologies</li> </ul>
<b>Digital infrastructure and connectivity</b>	<ul style="list-style-type: none"> <li>Digital connectivity is of high importance and needs to be addressed if the missions and tech strand of the strategy is to deliver.</li> <li>Delivering gigabit-capable digital infrastructure must be considered a crucial part of renewing UK infrastructure to unlock the potential of every region. Gigabit-capable connectivity offers a major productivity and job dividend across all regions, supporting greater technology adoption amongst the long tail of low productivity businesses. For example, nationwide full fibre is estimated to boost productivity by £59bn and create 1.2 million extra jobs by 2025.</li> <li>With businesses assessing a country's digital connectivity when deciding where to locate and invest, the prize is significant. World-leading networks offer flexible working opportunities and create a hot-bed of digitally connected consumers and businesses with the expertise to adopt the latest technologies. This is an enticing offer for companies and investors, who will be more sensitive to these factors after the Covid-19 outbreak.</li> <li>The innovation strategy should ensure a strong focus on vast and quick uptake of these increasingly available gigabit technologies would ensure that every home and business across the UK could maximise the benefits, from regional prosperity to social inclusion.</li> <li>Building on the UK's international success in 5G research, BEIS should consider how the innovation strategy could support the UK to become a global leader on 5G industrial applications, exporting expertise in applications from advanced manufacturing to tourism, whilst leading in 5G mobile coverage.</li> </ul>

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#### **Annex 1: CBI procurement recommendations**

##### **1. The status quo - public procurement practices too often reduce—rather than increase—the incentive for suppliers to innovate**

- As a powerful buyer in the UK economy, the Government has a critical role to play in driving innovation. Not only can it work with its suppliers to bring new technologies to the public sector, but it can also stimulate growth in the wider market.
- However, businesses frequently state that public procurement stifles—rather than encourages—innovation. Previous CBI research (2018), for example, found that only 5% of businesses felt that public procurement processes currently incentivise innovation.
- Further discussion with suppliers suggests that this is driven by some key factors:
  - A disproportionate focus on short-term costs** means that businesses are not measured on their ability to deliver additional value or their performance in the long term. This can stop businesses investing in new technology, or committing funds to adapting existing technology that they use with their private sector clients.
  - The current approach to liability** means that, too often, suppliers are asked to take significant financial risk on untried and untested technologies. This can be too onerous for smaller tech providers, and unattractive to businesses of all sizes. Combined with low levels of financial reward for success and government's approach to intellectual property, this often means that high-performing businesses withdraw from the procurement process.

- Too often **public procurement processes are overly bureaucratic** and are unable to keep pace with the fast moving world of new technologies. The length and complexity of procurement is also a continuing challenge for SMEs, which can struggle to build up the funds and resources to compete for public sector opportunities, further reducing opportunities for
2. **Opportunities from the Green Paper – Proposals to streamline procurement processes, boost dialogue and engagement can help foster more innovation**
- Business welcomes the launch of the Green Paper which outlines a bold vision to ensure public procurement delivers better value for taxpayers and helps UK achieve its ambitions to level-up and hit net-zero carbon.
  - Initial feedback from members suggests:
    - Great to see the focus on the role that the private sector can play in delivering social value and innovation. In particular businesses pleased to see innovation included in propose National Procurement Policy Statement and the suggestion that commissioners should not always go to market with a prescribed solution and that often presenting a challenge to suppliers can help encourage the private sector to innovate.
    - **The move away from MEAT (most economically advantageous tender) to MAT (most advantageous tender)** can help address long-held business concerns about the focus on lowest cost.
    - **Proposals to streamline procurement regulations and procedures** (going down to just 3 in total) to make contracting less complex could help attract more suppliers to the market and increase the ease of doing business with government.
    - **The focus on using a new ‘flexible procurement procedure’** which encourages more dialogue with suppliers could help foster more innovation in public-partnerships. This will also help address the underuse of mechanisms like innovation partnerships.
3. **Continuing concerns – Ensuring effective application of the new rules and continued progress on improving commercial capability and capacity will be key to driving more innovation in procurement**
- Good that the Green Paper acknowledges that further action will be needed to foster more innovation in public private partnerships.
  - The paper doesn't, for example, tackle how intellectual property is managed within public contracts which has been cited as a key barrier to more innovation.
  - CBI members also recognise that the success of these proposals will rely heavily on public sector bodies having the capacity and capability to seize the opportunity that is presented by these new proposals
    - CBI research previously suggested that vast majority of supplier issues driven not by the rules but how we apply them (gold plating of current legislation)
    - Widely recognised not just by the CBI but LGA, IfG, NAO and others that commercial capability still not where it needs to be.
    - Green paper acknowledges this and establishment of a new unit is an innovative way of bringing these skill gap to light but this must go hand in hand with greater investment in commercial training and upskilling.
  - It is also vital that business is brought along on the journey. Has been a raft of commercial policies coming out of Government in the last few months – Outsourcing Playbook 2, Construction Playbook, Social Value Model, updates to payment policies and now the Green Paper. This is a huge amount for businesses (already struggling with Covid and Brexit challenges) to digest. Supplier readiness will be critical to ensuring the market is prepared to make the most of increased flexibility.



## **Annex 2: Accelerate UK: A new home for innovation adoption**

### **The opportunity:**

**There is now enormous opportunity to drive growth and recovery by accelerating adoption of innovation.**

Many firms have rapidly got to grips with new technologies like cloud computing and virtual conferencing. Technology plans that would have taken years have been achieved in weeks. Be The Business research found that 66% of companies have either adopted new technology or are considering it.

With renewed appetite and appreciation for the value of innovation there are real opportunities to accelerate technology adoption to help the UK build back better from COVID-19. Previous CBI research has shown that greater business take-up of tried-and-tested technologies could add over £100bn to UK GVA.

### **Accelerating adoption would help maximise returns on raised public R&D investment.**

The UK is a research leader and but an innovation adoption laggard. Accelerating adoption of tried-and-tested innovation as well as emerging tech will be key to achieving wider Government aims of increasing productivity and returns through raising R&D investment by:

- Growing the market for innovation in the UK making it a more attractive place for other businesses to invest, develop and bring to market products and services
- Widening of the R&D base as more businesses move from adopters to innovators

### **The challenge:**

**Businesses have pressing priorities and cash constraints and need support.**

With firms facing unprecedented cash constraints continued progress is not inevitable. Be the Business research shows that one in four businesses fear their turnover will still be lower in 2 years' time, with many facing reductions in headcount and operational challenges as they adapt to external factors. Businesses are hard pressed and need support.

**But existing support is less than the sum of its parts, lacking coherent strategy, scale or visibility with business.**

Current public support for innovation adoption sits between BEIS, DCMS, MHCLG and UKRI. An additional challenge is that a large proportion of funding and support for adoption is delivered through EU funding mechanism currently in flux. This further disruption adds weight to now being the time to act.

### **The proposal:**

**To grasp the opportunity and address the challenges, CBI is proposing the creation of Accelerate UK as a new home for adoption in Government.**

For embedded change to accelerate productivity, drive recovery forward and lock in the positive changes we've seen through the crisis a new strategic approach to government support for adoption is needed.

BEIS should establish Accelerate UK - a new UKRI council tasked with national strategy and funding for innovation adoption that enables coherent local delivery. Accelerate UK would encompass strategy and support for adoption of tried and tested innovation as well as emerging tech.

Its creation would signal the importance of innovation adoption, addressing a policy blind spot and the missing component needed for an end-to-end research & innovation system.

**There is a critical role for Government in accelerating adoption, so piecemeal support must become strategic.**

Rather than adding another body to a fractured landscape, Accelerate UK would be tasked with strategic join up with existing initiatives, such as Be the Business, Made Smarter and Growth Hubs. This would bring support for innovation adoption under one clear banner – improving business navigation of a fragmented system and enabling strategic delivery.

### **Accelerating adoption is central to achieving UKRI's mission but it is not yet equipped to deliver on potential**

UKRI exists to “create the best possible environment for research and innovation to flourish” and is a key body working to deliver on Government’s aim of growing R&D intensity in UK. Accelerating adoption is therefore central to achieving UKRI’s mission as it would grow the market for innovation in the UK making it a more attractive place for other businesses to invest, develop and bring to market products and services. It would also support widening of the R&D base as more businesses move from adopters to innovators. Given the widest benefits of new advances are only seen when they are widely adopted, accelerating adoption is therefore also essential to good stewardship of public funds invested in R&D.

### **We propose a new Council is needed, rather than a cross cutting function or expanding the remit of Innovate UK, for two reasons.**

- This new function needs to be externally focused rather than simply internal join-up, both the signal from the creation of a new Council focusing on adoption as well as the visibility of the Council to its primary audience in business will be critical.
- It’s not all about emerging tech, this will require new expertise, new strategy and operating models, and new partners, working alongside other councils and Innovate UK, but with a distinct primary audience and mechanisms for delivery.

### **Annex 3 - International Innovation feedback for BEIS**

Many thanks for sharing the International Innovation paper with us. We have engaged with three CBI members groups (including the International Innovation working group, the Research & Development working group and the Innovation Council) to gauge their thoughts and priorities on the issues captured in the document.

In the time available we have received feedback from 13 CBI members from across the business community and academia and so specific answers offer only a snapshot of member opinion, we hope the key themes we have summarised below will prove useful as you develop your thinking further. We would be very happy to gather further feedback from members on these issues as you take these ideas forward and if you would welcome a discussion on any of the issues captured below then do let me know.

#### Opportunities to better support international innovation

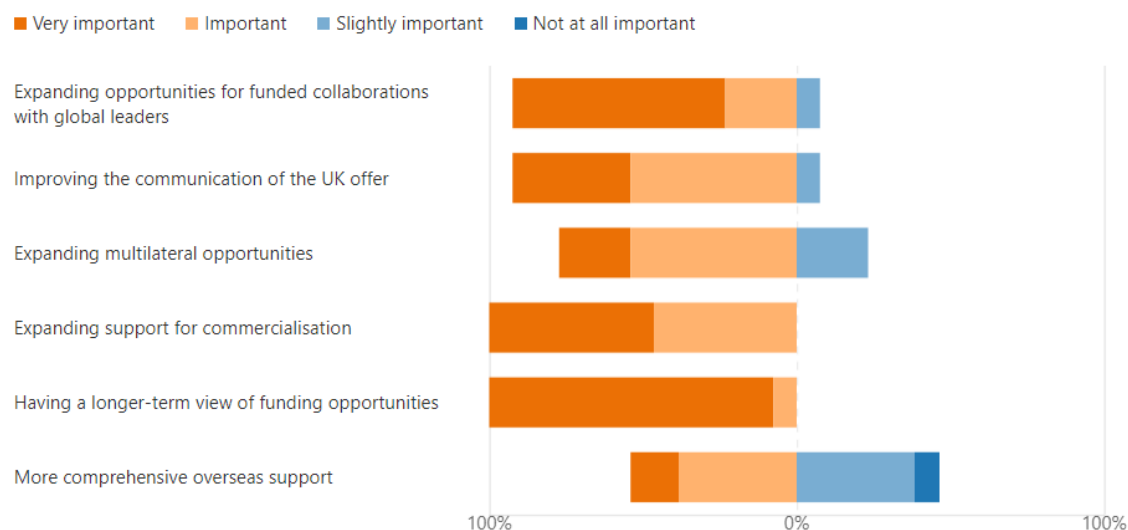
When thinking about the opportunities to improve international innovation, members consider having a longer-term view of funding opportunities as the most important area to focus on, with 12 out of 13 respondents regarding this as very important. This highlights the value the business community place on both clarity and stability surrounding future funding arrangements and stresses the importance of ensuring the Innovation strategy delivers a longer-term vision of the resources that will be made available to support international innovation (and innovation more broadly).

Most members were also keen to see funded collaborations with global leaders and support for commercialisation expanded.

Members were least likely to regard expansion of multilateral opportunities and more comprehensive overseas support as important.

## 2. Thinking about the opportunities to improve international innovation, how important, if at all, do you consider each of the following opportunities to be?

[More Details](#)



### Other barriers to international innovation

We also asked members to consider if there were any other barriers to internationalising innovation.

The feedback we received pointed to the need for greater co-ordination of innovation support and the importance of sustaining existing research collaborations which are considered vital to safeguard our global reputation for entering and maintaining impactful partnerships.

Members also identified standardisation issues as a potential barrier for companies trying to bring innovative products to the UK and synchronisation of UK fund availability with budgets in partner countries.

### Policy solutions

#### International programmes

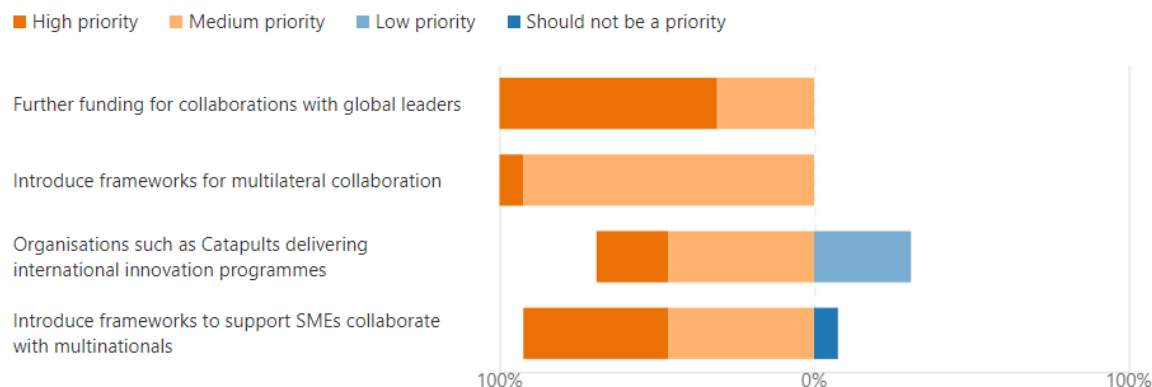
When asked about policy priorities, members were most likely to identify further funding for collaborations with global leaders as a high priority.

Other factors had more of a split but the majority of members also would prioritise introduction of frameworks to support SMEs to collaborate with multinationals. Related to this, a priority set out by our members this year is to look at how to support greater collaboration for innovation between larger and smaller companies (whether domestic or international).

Opinion was split on how far we should prioritise opportunities for organisations such as Catapults to deliver international innovation programmes – instead the important role of these and other similar assets as enablers is highlighted below.

#### 4. International innovation programmes: Thinking about potential policy solutions, to what extent, if at all, do you think the following options should be prioritised?

[More Details](#)



#### Enablers

All members agreed that making better use of established research assets should be a priority, with most members considering this to be a high priority. This is in line with prior member engagement on innovation priorities that led to our Catapult Quarters recommendation in our 2019 report, *Don't Wait, Innovate*. This strongly signals that this should be a key area of focus for BEIS as the innovation strategy is taken forward. In contrast, members are more split on additional large-scale demonstration facilities. Rather this should be done in line with strategic opportunities as identified through technologies and missions – building on existing infrastructure where possible and creating new where needed. This suggests that in the immediate term, it would be more beneficial to utilise and maximise the assets we already hold than divert attention to expanding our facilities.

There was also support for helping innovators to identify partners and understand the international innovation landscape.

#### 5. Enablers: Thinking about potential policy solutions, to what extent, if at all, do you think the following options should be prioritised?

[More Details](#)



#### Other factors

As well as seeking feedback on the issues captured in the IEG paper on international, we also explored with members any other factors which may impact their R&D investment decisions and how other factors might compare when set alongside the measures set out in the paper. We hope this will provide some useful additional context as you consider where to focus policy efforts.

A number of members cited the importance of market analysis and understanding the latest data and trends. These are considered vital to helping businesses to understand and navigate the opportunities available and

support them to identify where best to focus their investments. Member feedback also pointed to the need for greater clarity on the areas where the UK is leading and where we can best compete, again lending weight to the importance of clear, long-term strategy and support from government.

This was another area where the importance of trust was raised, and members strongly stressed the need for the UK to be regarded as reliable partners if we are to build on our existing successes. Both the importance and fragility of our international reputation were highlighted, and it is clear from the feedback we received that members would value further focus on how the innovation strategy as well as broader policy and funding decisions can safeguard this.

One of the main areas of consensus was the need to prioritise a strong skills base and the development of a future talent pipeline if we are to make progress on international innovation.