

Business Recovery and Growth Board

01 September 2021

Policy Briefing on the Government's Innovation Strategy

Is the paper exempt from the press and public?	No
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

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Executive Summary

The Government's replaced its Industrial Strategy with an Innovation Strategy. It has clear links to the SEP's focus on innovation. There are laudable aims in the strategy, but there is a lot of previously announced funding, so matching this with cash in the Spending Review is crucial. Strategically, the LEP and Government are aligned on innovation. The document sets the scene for what is to come, e.g. the R&D Place Strategy. It's a long document (116 pages) that covers a lot and would please most stakeholders in innovation; however, there isn't a defined role for MCAs/LEPs.

What does this mean for businesses, people and places in South Yorkshire?

The SEP focuses on innovation to deliver the step change in South Yorkshire's economy that it desperately needs. It is positive that there is policy alignment at the national level. However, it is imperative that funding backs up the objectives in this strategy.

Recommendation

- That the Board considers the summary of the Government's Innovation Strategy.

Consideration by any other Board, Committee, Assurance or Advisory Panel
None

1. Background

- 1.1 In July, at the AMRC, the Government launched its Innovation Strategy. It sets out plans to cement the UK's position as a world-leader in science, research, and innovation. It is a long-term plan to boost private sector investment across the UK and create the right conditions for all businesses to turn world-leading science into new products and services. It is a strategic document with a long-term vision to put innovation at the heart of its plans and make the UK a global hub for innovation by 2035.
- 1.2 It focuses on how to support businesses innovate by making the most of the UK's R&D and innovation system through four pillars:
- Pillar 1: Unleashing business – we will fuel businesses who want to innovate
 - Pillar 2: People - we will make the UK the most exciting place for innovation talent
 - Pillar 3: Institutions and places - we will ensure our research, development and innovation institutions serve the needs of businesses and places across the UK
 - Pillar 4: Missions and technologies – we will stimulate innovation to tackle major challenges faced by the UK and the world and drive capability in key technologies

2. Key Issues

- 2.1 As expected in a strategic Government document, there is a lot of previously announced projects and funding streams. However, they did make some new announcements that are pertinent for the LEP:
- In the North of England, £22.6 million will help the Advanced Machinery & Productivity Initiative to drive innovation for the UK's advanced machinery manufacturers to put them at the cutting edge of emerging technologies such as robotics.
 - £25 million of funding for the Connecting Capability Fund will help drive further economic growth through university-business innovation, and eight new Prosperity Partnerships will establish business-led research projects harnessing the power of science and engineering to develop transformational new technologies that benefit companies, with £59 million of industry, university and government investment.
 - A new role for Innovate UK in innovation adoption and diffusion.
 - Expand Innovate UK EDGE, working alongside Growth Hubs in England.
 - Eight new Prosperity Partnerships to establish business-led research projects to develop transformational new technologies, with £59 million of industry, university and government investment.
- 2.2 **What it means for the LEP**
- The four pillars of the strategy are positive for the LEP. They rightly focus on the role of business in innovation and want to enable innovative businesses to thrive, which is what the LEP is trying to do. There is a lot about improving the role between business and academia. Focusing on places and people is also at the

heart of the SEP and the LEP's inclusive innovation plans. Like in the SEP, they are not picking specific sectors they want to focus on, they want to back innovation and address societal challenges.

- 2.3 The points in the SEP about providing the enabling conditions for innovation to flourish correlate neatly with this document. There is alignment between the SEP and the Innovation Strategy. There is emphasis on supporting innovative start-ups and scale-ups, and there is a welcome focus on the adoption and diffusion of innovation. This links with the MIT work and how the MCA wants to create and support more Innovation-Driven Enterprises (IDEs). The MCA has commissioned a piece of work to look at how we better support entrepreneurs who want to start-up IDEs, and James Muir has plans to ramp up the commercialisation of innovation, both of which link to the Innovation Strategy's focus on start-ups. The elements in the RAP about equity investments in IDEs link well with the strategy's focus on scale-up opportunities of IDEs. There is scope for us to work with Government to deliver this at scale in South Yorkshire, which can trigger the step change the local economy needs.
- 2.4 The R&D Places Strategy is delayed, but they say that they will review how they will deliver levelling up through innovation via stakeholders, which they commit to developing over the "next few months". It is welcome that they reference levelling up through innovation, but there is no mention of MCAs/LEPs in this, although they do say "local government". This could be something to engage officials on, as it is crucial that a city region approach is taken, and the LEP positions itself as a key stakeholder with Government for innovation delivery.
- 2.5 It is positive to see an emphasis on translational research, with South Yorkshire well placed to lead on this, especially with the Government's focus on levelling up across the UK through innovation. The emphasis on business-led development of innovation is also welcome.
- 2.6 The strategy has set the scene for more business-led R&D and place-led innovation investment. They say that funding will follow, but it is imperative that these laudable objectives are matched with significant levels of funding in the upcoming Spending Review, especially outside of the Golden Triangle of the Greater South East. There must be a step-change in place-based funding with MCAs/LEPs as a key delivery partner.

3. Options Considered and Recommended Proposal

- 3.1 Not an options paper.

4. Consultation on Proposal

- 4.1 N/A

5. Timetable and Accountability for Implementing this Decision

- 5.1 N/A

6. Financial and Procurement Implications and Advice

6.1 N/A

7. Legal Implications and Advice

7.1 N/A

8. Human Resources Implications and Advice

8.1 N/A

9. Equality and Diversity Implications and Advice

9.1 N/A

10. Climate Change Implications and Advice

10.1 N/A

11. Information and Communication Technology Implications and Advice

11.1 N/A

12. Communications and Marketing Implications and Advice

12.1 N/A

List of Appendices Include

None

Background Papers

None