

Local Enterprise Partnership

09 September 2021

Government Innovation Strategy

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

Director Approving Submission of the Report:

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Executive Summary:

The Government has replaced its Industrial Strategy with an Innovation Strategy. It has a clear and strong link to the SEP and thus cements the LEP's strategic alignment with the Government on innovation. There are laudable aims in the strategy, but also a lot of previously announced funding. Whether (and the extent to which) the upcoming Spending Review will include new investment remains to be seen. The 116-page document sets the scene for what is to come, e.g. the R&D Place Strategy, and covers a lot of ground. This will please most stakeholders; however, so far, there is no 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. It is positive that there is policy alignment at the national level. However, it is imperative that funding is made available to back up the objectives in this strategy.

Recommendations:

1. That the Board reviews the summary of the Government's Innovation Strategy and
 - a. Considers the emerging approach on innovation, provides a steer, and sets out what role it will play within this.
 - b. considers how it can galvanise activity to deliver more innovative start-ups, scale-ups and clusters.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Business Recovery and Growth Board

01 September 2021

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 The strategy focuses on how to make 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, there are 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 South Yorkshire

The four pillars of the strategy provide opportunity for LEP with regards to how the SEP is implemented. The document rightly focuses on the role of business, people, places and technology in innovation. The strategy does not pick specific sectors to focus on but instead seeks to back innovation and address societal challenges. This is fully aligned with the SEP which also focuses on how to accelerate the pace of innovation throughout the economy irrespective of sector.

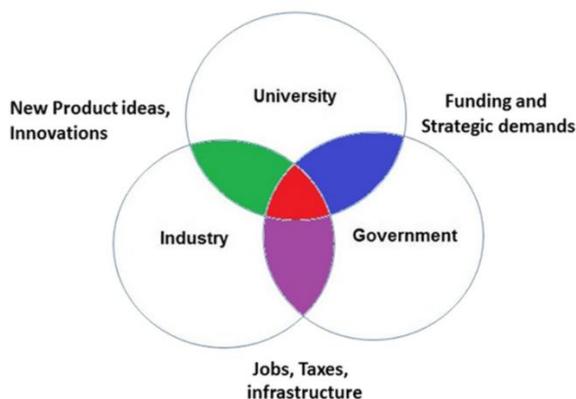
There is also lot of emphasis in the strategy on improving the role between business and academia particularly in translational research, testing and prototyping and in leadership and management support.

- 2.3 The commitments in the SEP on the enabling conditions needed for innovation to flourish correlate neatly with this document. There is emphasis on supporting innovative start-ups and scale-ups, and a welcome focus on the adoption and diffusion of innovation. This links with the MIT REAP project and how the LEP is working to create and support more Innovation-Driven Enterprises (IDEs). The MCA has commissioned work to explore how entrepreneurs seeking to start-up IDEs can be better supported. The Renewal Action Plan's commitment to equity investments in IDEs also link well with this strategy's focus on scale-up opportunities of IDEs. There is scope to work with Government to deliver this at scale in South Yorkshire, and trigger the step change the local economy needs.
- 2.4 There are seven identified technology areas of UK strength and opportunity: Advanced Materials and Manufacturing, AI, Digital and Advanced Computing, Bioinformatics and Genomics, Engineering Biology, Electronics, Photonics and Quantum, Energy and Environment Technologies and Robotics and Smart Machines. One clear area of opportunity to engage Government on is Advanced Materials and Manufacturing – South Yorkshire has unique strengths here, and engagement with Government on how to capitalise on this opportunity should be worthwhile.
- 2.5 It is positive to see an emphasis on translational research, with South Yorkshire again 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 R&D Places Strategy has been delayed, but indications are that this will review how to deliver levelling up through innovation via stakeholders. There is a commitment to do this over the "next few months". It is welcome that levelling up is referenced through innovation and there is an opportunity here to craft and sell the South Yorkshire story in a way that leads to greater resources and powers to act. This could be to the focus of engagement with Government officials, as it is crucial that the efficiencies of scale provided by regions like South Yorkshire is acknowledged and LEPs and MCAs work with Government to deliver the ambitions of the innovation strategy.

- 2.7 The strategy has set the scene for more business-led R&D and place-led innovation investment and 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.
- 2.8 Inclusive innovation is briefly mentioned in the document and it is proposed that the LEP considers its importance and relevance in South Yorkshire. Inclusive innovation in South Yorkshire could be about broadening participation in innovation and spreading the benefits more equitably, with a particular focus on more deprived places and people. The Innovation Strategy refers to this but does not go into any detail. A policy paper on inclusive innovation is being developed as part of the Inclusion Plan.

Emerging SY Innovation approach

- 2.9 Based on research, evidence, engagement and previous experience, the emerging approach recognises that there are 3 elements to innovation, in response to the government's strategy. This is based on the triple helix model of innovation and focuses on interactions between the public sector, academia and business. These interactions (public sector – academia, public sector – business, academia – business, public sector – academia – business) have been proven over time to foster accelerated economic and social development.



Source: Kimatu, J.N. - Kimatu, J.N. Evolution of strategic interactions from the triple to quad helix innovation models for sustainable development in the era of globalization. *J Innov Entrep* 5, 16 (2016). <https://doi.org/10.1186/s13731-016-0044-x>

This emerging approach is crystallising in three main areas

- the approach to creating the enabling conditions for innovation driven growth - R&D, clustering, ecosystems, technology deployment within business, business to business activity, catapults etc
- the approach to conversion / realising the economic benefit locally and inclusively
- the clarity, persuasiveness and credibility of the South Yorkshire story and experience.

3. Options Considered and Recommended Proposal

This paper aims to inform and facilitate a discussion and lead to agreed actions.

3.1 Option 1

Do Nothing – adopt a passive approach. Wait and see if there is a role for LEPs.

Option 1 Risks and Mitigations

The risk is fuelling a perception that the LEP has no conviction in its own SEP. Additionally, it could be a missed opportunity as the Government looks to progress with Innovation Deals across the country.

3.2 Option 2

Do Something – within the context of developing delivery plans for the SEP, exploratory work will look at how to deliver more start-ups, scale-ups, clustering, supply chain, and ecosystem development, based on the emerging approach above, and aligned to the Government’s strategy on innovation.

Option 2 Risks and Mitigations

There is a risk that South Yorkshire is left behind other areas in the North. Some other LEPs are already more advanced with their internal infrastructure for innovation (e.g. innovation boards), so exploratory work by itself may still not be enough to close the gap. To mitigate this, actions must be identified, agreed and quickly implemented to capitalise on the opportunity presented by this strategy.

3.3 Option 3

Do More – same as option 2, but also mount a lobbying campaign to seek to be a commissioning / investment partner with government, especially to areas with clear links such as Advanced Materials and Manufacturing.

Option 3 Risks and Mitigations

There is a risk that a lobbying campaign may consume valuable resources and time still not yield much, especially with the risk of Government still focusing on Covid-19, its infrastructure-led recovery plans and other competing priorities in Autumn, such as the Comprehensive Spending Review.

4. Consultation on Proposal

4.1 No formal consultation at this point but significant engagement taking place to shape ideas and possible actions.

5. Timetable and Accountability for Implementing this Decision:

5.1 It is imperative that the exploratory work and the innovation delivery plans referred to above are completed and approved by the end of March 2022 so that implementation can begin in earnest. Subsequent Board meeting will receive progress updates.

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 None at this time, but subject to discussions regarding partnerships and lobbying this strand of activity could be developed

List of Appendices Included

None

Background Papers:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1009577/uk-innovation-strategy.pdf