



**AIRTO Annual Dinner 19 May 2016:**

**President's Speech**

Ladies and Gentlemen, Guests and AIRTO members.

Welcome to the AIRTO Annual Dinner 2016.

Welcome particularly to our distinguished guests and our guest speaker, Ruth McKernan, Chief Executive of Innovate UK. AIRTO has been a strong and vocal supporter of Innovate UK, which it counts as a highly valued partner in our shared endeavour to advance innovation in the UK economy.

Together with Ruth, our Top Table reflects the importance we attach to joined up innovation, so we have senior guests from Industry, Academia, Research, Business and Finance.

Before handing over to Ruth - a few quick words from me on three fronts.

First, the EU Referendum! Like everyone else, we have been assessing with our members the pros and cons of Leaving or Remaining in the EU. Tonight I can announce the result from our own survey of members.

The headlines:

- 82% of our members expressed a preference for Remaining, 9% are still to decide and the remainder are split equally between neutrality and preferring to Leave.
- The main concerns from a decision to Leave would be:
  - Reduced opportunities for collaboration (cited by >60%)
  - Damage to business, operations and prosperity of clients (cited by >50%)
  - Reduced access to finance for research and innovation (cited by >40%), although in the event of a Leave decision >60% stressed the vital importance of buying back into H2020 at our current level of engagement.

Whilst our community in the Innovation, Research and Technology Sector embraces disruptive innovation, and leaving the EU could be classed as disruptive innovation, it is evident that most of our members feel that the threats posed by disruption on this scale outweigh the opportunities. This outcome is very much in line with the findings of the CBI across business and industry more generally.

Innovation is of course necessary to our competitiveness and survival as a leading global economy. At a pace and on a scale that can be digested and managed, disruptive innovation is highly beneficial. But precipitated on too large a scale with too little time to adjust, it poses significant risk, not only to individuals and companies but also to societies and economies. Managing such larger

scale and far reaching risks requires partnership between private enterprise and government and getting the balance right is a very complex socioeconomic issue to say the least.

This brings me to my second point, on the Government's direction of travel over its first year out of coalition. It has seemingly and very rapidly withdrawn from strategy based industrial policy. To quote the CBI, the Government approach to policies for business and in a number of other areas has been characterised by short termism and precipitate decision making. Coupled with a considerably reduced engagement with industry, this has caused considerable consternation and requests for a return to longer term vision and strategy.

But there are also some welcome innovations, which gets to my third point. The Government has recently produced a Productivity Plan for the UK economy, itself an innovation, but perhaps with too little focus on innovation; and it was criticised for failing to link together the various disparate policy measures to form a recognisable roadmap for delivering the desired end result. AIRTO voiced this constructive criticism to the House of Commons Select Committee Inquiry into the Plan. Our critique was well received and made the headlines of their report.

BIS is right now consulting on the creation of an Innovation Plan for the UK, which is also a very welcome innovation as it will raise the profile of innovation and the Government's role in driving it and re-emphasise its vital importance to the UK economy. It is open to all to submit ideas to this consultation and AIRTO will certainly be doing so. Please engage and help to build an ambitious and innovative plan that we can all sign up to, government and industry alike.

Having steered us towards the key topic for this evening, it is my great pleasure now to hand over to Ruth for Innovate UK. AIRTO members and Innovate UK work together extensively as partners with common cause, through the Catapults, collaborative r&d projects and knowledge transfer programmes, aiming to raise the UK's innovation performance. It is therefore very appropriate to welcome Ruth as our principal guest this evening and to hear more of her plans for Innovate UK and its role as a government partner for business and industry, soon to be delivered from within the newly announced and overarching body to be known as UK Research and Innovation.