

AIRTO Ltd – Written evidence (IUK0003)

Letter from Professor Richard Brook OBE FREng, President, AIRTO c/o National Physical Laboratory

The Future of Innovate UK

AIRTO welcomes the announcement of The House of Lords Science and Technology Select Committee undertaking an investigation into the future of Innovate UK. This is a topic upon which AIRTO currently places high importance. There is currently much debate about how best the UK can organise its strategies for innovation with the inception of a National Innovation Plan. AIRTO's response to the government's recent call for ideas on this subject is enclosed for your interest. AIRTO also responded to the government recently specifically on the topic of the [future of Innovate UK](#).

Britain has a large and thriving Innovation, Research and Technology (IRT) Sector, which contributes significantly to our national capabilities, with [the economic impact for UK plc now estimated to stand at over £32 billion pa, whilst consuming just 0.3% of Government spend](#). The IRT sector has more than 57,000 employees. AIRTO, which represents the sector, has set out its vision and ambition for tackling the challenge of driving innovation and growing productivity, pinpointing actions required in both the private and public sectors to bring this about: [AIRTO's Action Agenda on Innovation](#).

We urge the Committee, in evaluating the future of Innovate UK, to consider how the UK can benefit from fully embracing its entire network of innovation assets, which too frequently goes unrecognised in measures to stimulate economic growth. The IRT sector plays a pivotal role in driving economic growth and innovation, frequently acting as the aggregator of scientific and technological demand from businesses and markets. Our organisations typically work at the mid-level of the technology readiness scale (TRLs) and are well placed to understand company and sector based innovation strategies, where they are optimally positioned to facilitate interactions involving academic partners, SMEs and large organisations to approach challenge-led innovation projects. IRT organisations are well equipped to help companies seeking mid-TRL research capabilities, either on a self-sufficient basis or in conjunction with university partners. The recently launched Catapults are intended to provide a match to the research needs of business in specifically identified areas of technology and application.

AIRTO welcomes the announcement of UKRI, and sees that there is value to be gained for UKplc by having a closer working framework to connect Innovate UK with the Research Councils. However AIRTO continues to see the need for a strong, distinctive identity for innovation in the way that UKRI is established, and there is a need to see a very heavy emphasis on the mission for innovation if the UK is to continue to compete well globally. Going forwards, **AIRTO would like to see more prominence given to innovation and the investment in human and physical capital to underpin it, specifically:**

- to the processes for stimulating innovation and embedding its results in the economy as a key driver of productivity; accepting also that government has a role to play in direct support for innovation, including continuing support for Innovate UK, which can open up new opportunities, stimulate competition and initiate new supply chain relationships;
- to the UK's infrastructure for innovation, which is a national asset; it extends well beyond the Catapults but appears not to be well understood or very prominent in government thinking. The government stands to benefit from harnessing the expertise and thought leadership of the IRT sector to help shape national innovation policy;
- to the fact that many new ideas and innovations originate outside of the university research base, but they too need to be supported across the 'valley of death'; and whilst the academic research base yields new knowledge and discoveries and supplies capacity for scientific understanding and skills, driving knowledge transfer from the IRT sector is essential for driving productivity and growth;
- place more emphasis on investment in human capital and enhancing skills, particularly the skills needed to manage the development and commercialisation of innovative products and processes;
- improve access to patient finance to reduce the need for refinancing rounds and lessen the likelihood of innovative programmes losing control during phases of financial vulnerability (which almost all growing companies experience) to the detriment of growth ambitions, entrepreneurialism and dynamism in the economy;
- improve capitalisation of non-profit research organisations and Public Sector Research Establishments (PSREs), as key contributors to the UK technological infrastructure supporting innovation;
- place more emphasis on innovation and improved productivity in public services, over cuts, to drive costs down;
- emphasise the value of procurement of innovative products and services, particularly from SME suppliers with export growth potential.

9 June 2016