

Innovate UK

Meeting of the Innovate UK Council

Wednesday July 4th, 2018

Summary of meeting

Innovate UK's Council met on July 4th, 2018 at Innovate UK's offices in Swindon. The meeting was chaired by Innovate UK's Executive Chair, Dr Ian Campbell.

Executive Chair's overview

Ian Campbell welcomed the Council. The Council then received a corporate update which gave a 'whistle-stop tour' of Innovate UK and Innovate UK's place in helping to deliver the Government's Industrial Strategy. Innovate UK's mission remains to accelerate UK economic growth through funding and connecting business-led innovation.

Innovate UK's role within UK Research and Innovation (UKRI) was discussed as was the way that Innovate UK has structured itself within UKRI. Discussion focused on UKRI's role to increase UK productivity.

Finance and Governance

An overview of Innovate UK's financial position was given, showing that Innovate UK spends the majority of its expenditure on grants (93%; FY 2016-17) with 12-36-month project lengths. Currently 80% of Innovate UK's budget is committed for the next financial year. It was explained that Government budgeting rules focus control on annual budget limits, where underspends cannot be carried forward and overspends cannot occur. Innovate UK's new finance system (planned to go live in August 2018) contains built-in learning algorithms which will allow for more accurate forecasts of grant expenditure.

Innovation Loans and Investment Accelerator

Council was given the background to innovation loans and how this had progressed to a pilot programme of £50m offering some 100 affordable, flexible and patient loans to businesses. Council discussed the issue of bad debt, which is currently a rough calculation at this stage, formal reporting will take place later in the programme. How we will be evaluating success of the programme was also discussed, with concern that we measure the spill-over affects not just the return on investment. Council were advised that Innovate UK would be working with SQW to evaluate the programme.

Investment Accelerator was described as a way of pulling forward funding for companies by combining venture capital (VC) injection with a dedicated grant. This provides a 'runway' for later stage capital and equity investments beyond grant funding.

Global

Council were shown slides that described the programmes which Innovate UK run to support businesses to engage globally. These are: The Enterprise Europe Network (EEN); Horizon 2020; EUREKA and the Newton Fund bilateral competitions. It was confirmed that proposals for funding

activities within the EUREKA Network (during the UK's Chairmanship of the Network) and with Canada and Israel had been successful through the UKRI fund for International Collaboration. Contingency planning in line with potential Brexit outcomes was also discussed.

Business Operations

The Council were then taken through the process of grants processing and Innovate UK's digitised service the Innovation Funding Service (IFS). Council members toured the Innovate UK processing functions, from those in early-stages of planning competitions, those managing the assessment process, those supporting customers and those performing project and finance checks.

Industrial Strategy Challenge Fund (ISCF)

An overview of the ISCF was given, which builds on the UK's world-class research base and delivers the science that business needs to transform existing industries and create new ones. Wave 1 and 2 challenges were described and an update on Wave 3 given.