

**DIGITAL ECONOMY COUNCIL**  
**1400-1500, Wednesday 10th March 2021 (virtual meeting)**  
**Department for Digital, Culture, Media & Sport**

**Attendees:**

**Ministers**

The Rt Hon Oliver Dowden CBE MP (Chair)

Matt Warman MP

Amanda Solloway MP

Secretary of State, DCMS

Minister for Digital Infrastructure, DCMS

Minister for Science, Research and  
Innovation, BEIS

**Council members**

Bill Kelleher

Dan Korski CBE

David Dunn

Debbie Forster MBE

Deborah Okenla

Dom Hallas

Gerard Grech

Helen Margetts OBE

Jeremy Silver

John Boumphrey

Juergen Maier

Julian David

Nicola Mendelsohn CBE

Olly Benzecry

Phil Smith CBE

Poppy Gustafsson OBE

Priya Lakhani OBE

Helen Margetts OBE

Ron Kalifa OBE

Ronan Harris

Sabby Gill

Saul Klein CBE

Tabitha Goldstaub

Tera Allas CBE

IBM

Public

Sunderland Software City

Tech Talent Charter

YSYS

Coadec

Tech Nation

Oxford Internet Institute

Digital Catapult

Amazon

The Northern Powerhouse Partnership

Tech UK

Facebook

Accenture

Digital Skills Partnership

Darktrace

CENTURY Tech

Oxford Internet Institute

Network International

Google

Thomas International

LocalGlobe

CogX

McKinsey

**Apologies**

Graham Stuart MP

Cindy Rose OBE

Eileen Burbidge MBE

Reshma Sohoni

Minister for Exports, DIT

Microsoft

Passion Capital

Seedcamp

**Senior officials**

Susannah Storey

Blake Bower

Rebecca Stephens

Oriel Petry

DCMS

DCMS

DCMS

DIT

## **Item 1: Secretary of State's Vision for UK Tech**

- The Secretary of State welcomed new and returning members of the Council, and asked members to help shape future Council discussions. The Creative Industries Council has a member as co-Chair, and the Secretary of State invited members to think about how a similar model could be used for the Digital Economy Council to drive the agenda forward. [*secretariat note: Members should contact the secretariat who are considering the process of member involvement outside the formal meeting structure*].
- The Secretary of State outlined the government's [Ten Tech Priorities](#), which underlined the UK's commitment to being unashamedly pro-tech and sought to bring coherence to a busy policy landscape. The Secretary of State noted that tech will be at the heart of the UK's recovery from COVID-19 and the Build Back Better agenda.
- Members welcomed the ten tech priorities and made several comments:
  - The AI Strategy [announced as part of the ten priorities] will build on [the roadmap](#) announced by the AI Council in January. AI will play an increasingly important role across tech ecosystems and within the general public.
  - Members strongly emphasised the importance of digital skills, which will help to close the digital divide across the UK.
  - Members encouraged collaboration with the devolved nations and local authorities to join up various digital strategies and initiatives, to bring about a coherent digital union of the four UK nations.
  - Members agreed that different initiatives are required in different regions of the UK in order to support the Government's levelling up agenda. A whole package of support is needed to nurture regional growth beyond superfast broadband and infrastructure commitments.
  - Members encouraged a greater focus on industrial deep-tech, which plays a significant role in driving greater prosperity, employment and productivity in the regions, and could play an important role in the government's Net Zero commitment.

## **Item 2: State of Play in the UK Tech Sector**

- The Chair invited Ron Kalifa to present an overview of the [Kalifa Review of UK FinTech](#). He made the following key points:
  - The UK has an impressive scorecard for fintech, representing over 10% of global market share. Total tech spend by UK financial services firms was £95bn in 2019, and investment in 2020 in UK fintech was greater than the next five European countries combined.
  - Heavy competition from abroad, and challenges presented by EU Exit and COVID-19, could impact the UK's dominant position in fintech. The prize immediate action included:
    - Creating high-income tech jobs spread across the UK (fintech has the potential to extend far beyond Shoreditch);
    - Enabling the UK to lead on shaping global regulation and standard-setting for fintech; and
    - Supporting citizens and businesses to access more, better and cheaper financial services.

- The report identifies recommendations in the following five areas to achieve this: Policy and Regulation, Skills, Investment, International, & National Connectivity.
- Members welcomed the report and stressed the importance of closing the £2 billion capital funding gap in the UK, which results in founders closing or selling their companies rather than developing them.
- There is £6 trillion in UK private pension schemes alone, a small portion of which could close the funding gap for fintech. If UK funds do not invest, foreign investment will fill the gap, and wealth creation from UK fintech will accrue elsewhere.
- The Secretary of State then invited Gerard Grech (Tech Nation) to present an overview of the [Tech Nation Report 2021](#) ahead of the formal launch on 16 March. He made the following key points:
  - UK tech investment reached a record high in 2020 at \$15 billion, placing it 3rd in the world behind the United States and China.
  - UK Deep Tech investment rose by 17% from 2019, and 63% of UK tech investment came from overseas, up from 50% in 2016.
  - However, there are major challenges ahead for the UK as we navigate out of COVID-19. The UK needed to continue to lean in on R&D, with some private companies investing more in R&D than the UK.
- Members welcomed the Tech Nation report, and encouraged a focus on supply-side R&D investment such as digital skills and full fibre / 5G infrastructure.

### **Item 3: Tech Support in Budget 2021**

- The Chair and Minister Solloway (BEIS) highlighted the prominence of pro-tech measures in [Budget 2021](#), which reflect the value the entire government places in the UK tech sector to drive the UK's recovery from COVID-19. The Budget included:
  - £375 million for the Future Fund: Breakthrough;
  - £12 billion for the new UK infrastructure Bank;
  - Reform of high-skilled visas, and a review of R&D tax credits and Enterprise Management Incentives (EMI) to support R&D intensive, high-growth firms;
  - £520 million for Help to Grow, which will offer management training and adoption vouchers to SMEs.
- DCMS and BEIS also stressed their commitment to work together and join up on policy interventions and future strategies to ensure a coherent government approach.
- Members welcomed the Budget measures, which backed the UK's thriving sector. Key comments were as follows:
  - Members were keen to learn more about, and help shape, the digital adoptions measures announced in the Help to Grow scheme.
  - Members urged the Government to consider expansion of the super-deduction to cover software and innovation investments, which would complement investment in machinery.
  - Members suggested several policy areas for potential future interventions, including: a co-investment fund for AI startups; raising the SEIS / EIS caps to increase funding to early stage SMEs; measures to improve investment in impact tech; and incentivising mass apprenticeship programmes.

### **Item 4: AOB**

- Updated Terms of Reference for the Digital Economy Council will be finalised after the meeting and published on gov.uk in due course, together with the updated list of members

## **ACTIONS**

- Officials agreed to follow up on a number of points and suggestions from members following the meeting.
- Officials agreed to circulate a forward look of potential agenda items for comment by the membership.