



## **Meeting of the Innovate UK Council**

**Tuesday 2<sup>nd</sup> March, 2021**

### **Summary of meeting**

The Chair welcomed Council members to the meeting, which was deemed quorate. Council welcomed Fiona Driscoll, member of the UKRI Board and Audit and Risk Committee Chair, who was observing the meeting. The minutes of the previous meeting, held on February 10<sup>th</sup> were, deemed accurate and approved.

### **Roundtable update on activities since the last meeting**

Council were concerned that the proposed ODA allocation for 2021-22, although subject to final sign-off, would be significantly reduced, in line with the overall decrease in BEIS' R&D ODA allocation. Council were keen that grant holders and the broader community understood the implications.

Preparations are underway for Ottoline Laser, Sarah Munby (BEIS Permanent Secretary) and Jo Shanmugalingam (Director General, Industrial Strategy, BEIS) who are attending a House of Commons Public Accounts Committee inquiry into UKRI's management of the Industrial Strategy Challenge Fund hearing on the 4<sup>th</sup> March.

Innovate UK are involved in conversations with the British Business Bank to provide the assessment required to establish a new Future Fund to support the UK's innovative, pre-revenue/pre-profit businesses currently affected by Covid-19.

Coordination continues with BEIS over the establishment of the UK's Advanced Research and Invention Agency (ARIA) an independent research body which will fund high-risk, high-reward scientific research with flexible programme funding. The agency will focus on invention rather than innovation and complement UKRI and Innovate UK.

The ONS review of Catapults, which was paused last year has restarted, unless there are changes in the structure of Catapults, the process of them becoming public sector organisations will complete as planned.

### **New UK Subsidy Regime – Impact for Innovate UK**

Following the end of the Brexit transition period, the UK has the freedom to design a new domestic subsidy control regime. The ongoing BEIS consultation is seeking views on a custom-built subsidy control approach. Council heard how the Trade and Cooperation Agreement (TCA) which replaces EC State Aid has affected Innovate UK programmes. Council were very pleased that Innovate UK's early work on a new subsidy regime has led to good management of the uncertain situation, and without blockages in grant processing. Innovate UK are responding to BEIS consultation on subsidy control. Council were keen that momentum and flexibility in developing a clear subsidy compliance policy was maintained.

### **2021-22 Budget allocations/CSR**

Council were presented with and discussed the indicative financial settlement for 2021/22. The current budget offer for UKRI is significantly below minimum viable levels, UKRI is continuing to negotiate a higher settlement. Council appreciated that work is ongoing and agreed that the funding implications and possible reputational risk was severe. All agreed that managing programmes given the likely budget reductions would be extremely difficult, but that Innovate UK should strive, where possible, to protect legal commitments.

### **Summary of House of Lords Catapult report and BEIS Review**

The findings from the House of Lords Science and Technology Committee's inquiry into the Catapults' role in delivering the UK's Research and Development Roadmap, were discussed.

The final draft of the BEIS review of Catapults is imminent, and is expected to be similarly encouraging. The reports will be used to form a comprehensive engagement plan, aligned to the innovation strategy, which reflects the findings and intentions for Catapults to help business-led innovation across the ecosystem. Although a seen as a valued part of the ecosystem, it was stressed that Catapults should realise that the reviews would not necessarily, change their funding models or allow access to Research Council funding.

### **AOB**

Although subject to change, items for future meetings were highlighted.

Council requested a future discussion of the Kalifa Fintech Review and reflection on how Innovate UK could build on its findings to support businesses to scale.

**The formal minutes of this meeting will be approved at the Innovate UK Council meeting on March 31<sup>st</sup> 2021.**