



## Minutes of the Innovate UK Council Meeting – 4<sup>th</sup> March 2025

Venue - Business Design Centre, London and via Teams

### Council Members:

Stella Peace (Chair – Interim Executive Chair), Isabel Fox (online), Jennifer Rubin, John Gibson, Julia Sutcliffe, Mark Treherne, Simon Weeks

### Others Attending:

Alice Hillis (Briefing & Correspondence Manager), Boryana Stambolova (Director of Finance), Dean Cook (Executive Director of Place & Global), Dave Wilkes (Director, Innovation Ecosystem), Guy Woolley (Chief Operating Officer) – online until 2.30pm, Lisa Hazelden (Chief Product Officer), Laura Carter (Secretariat), Rob Shaw (Executive Director, Strategy & Performance)

### Apologies:

Annette Doherty, Chris Gange, Tunde Olanrewaju

### Guests:

Heidi Bridger (Deputy Director Innovation Infrastructure) – item 4

These minutes do not necessarily reflect the precise order in which items were discussed.

## 1. Welcome and apologies

1.1 Stella Peace welcomed the Council members to the 4<sup>th</sup> of March Council meeting and introduced the new Innovate UK Finance Director – Boryana Stambolova to the Council members.

1.2 The minutes of the previous meeting held on the 9<sup>th</sup> September 2024, were agreed as an accurate record of the meeting.

1.3 The Council discussed the spending review and when confirmation of Innovate UK's budget is expected.

## 1.4 Research and Development Missions Programme

1.4.1 Council members were given a paper update as part of the meeting pack, which looked at the Research and Development Missions Programme.

1.4.2 This is a new targeted UK Programme designed to address the key aims of the Governments Plan for Change. The Programme will run a series of time bounded and focused 'Research & Innovation Challenges' that will leverage public, third and private sector investment to develop scientific, innovations and technological solutions that support the national Missions.

1.4.3 As this evolves the Council will be kept up to date. The next step and focus are to bring in the Challenge Directors to drive this forward. The first-year investment will be modest, but this will significantly increase in 26/27.

1.1.4 Council members had no comments on the paper

## 2. Strategy Development

2.1 The senior leadership team have been reviewing different innovation agency models as stimulus. This will compliment a review of strengths and opportunities in the context of the evolving innovation landscape, and challenges faced by UK businesses.

2.2 Strategic direction setting with barometer options were shared with the Council, with strong support for Innovate UK being focused on the highest impact activities.

2.3 The Council discussed core funding in more depth, looking at different awards and their success levels. Analysis has been conducted by Innovate UK on successful grant offering vs unsuccessful and their onward success. This shows that businesses Innovate UK invest in, do have better outcomes.

2.4 Innovate UK welcomes feedback on the application process as part of continuous improvements. While there are a range of opinions on the current approach, we do hear from businesses that find the discipline of the application process helps them to clarify their business model. Furthermore, the majority of businesses who receive grant funding and many who do not, are offered business support. Innovate UK support approx. 10,000 applicants a year.

2.5 The senior leadership team gave an overview on delivering on government priorities, Start-up/Scale-up and 'Stay' business segments and developing the Innovation System Integration role of Innovate UK.

2.6 Council members commented that we need to show impact, consistently good returns and be more selective with identifying winners. Innovate UK needs to put Industrial Strategy and Critical Technologies center stage and make choices around that.

## 3. Business Centric Proposition

3.1 Council was presented with the evolving Innovate UK proposition, including the philosophy and plans.

Key points:

- \* Business centric approach
- \* A more joined up curated journey – concept, commercialization, start, grow and scale
- \* Holistic offer
- \* More simple, clear, inclusive and easy to navigate
- \* Designed to address the desire for more successful scale-ups

Key insights:

- \* Products and packages that match a business need
- \* More comprehensive portfolio
- \* More appropriate funding models

Fair, accessible and proportionate application process

3.2 The Council discussed in depth Innovate UK 's overarching objectives to drive success metrics. The discussion focused around reaching and supporting innovative businesses to start, grow and scale faster

3.3 The Council commented that across the UK there are currently 5.6m SME's, 4.5m are sole traders and of the 1.1m there are 30,00 which are innovate and are scaling now. There are other providers in this space, UKRI, Research Councils and British Business Bank. Innovate UK needs to look at how joined up are we, so we have a curated level of effort, and decide how we are going to target.

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3.4 Council was presented with the approach:

- \* Packages designed for the business stage: Startup / scaleup
- \* Packages designed around the business needs – include customer experience
- \* Award and progression will be curated so we do not lose these businesses on the journey and to understand to either stop them, inject them into the private sector or onto the next phase of their journey.
- \* Every application signposted to the right support. Provide triage at the start of the process to ensure the business is signposted to the right support. This may also include options outside Innovate funding. There may be other places in the eco system that can provide the right support for them.
- \* Includes both single company and consortium-based applications.
- \* A streamlined, inclusive customer experience

3.5 SLT presented 3 new Innovation packages across start and scale. The key differentiators between the three are:

- \* The different funding and finance levels
- \* Address different stages of the business pathway
- \* The knowledge and expertise the different businesses require
- \* Different types of funding that they will have access to.

Innovate UK are looking to launch an MVP later in spring / early summer, on a test a learn process over the next couple of years. Following this, there will be an early-stage start-up product and then later in the year a scale-up product.

3.6 The council agreed that this is a much better portfolio management and Innovate should also consider how best to optimise this system. Considerations include what would need to be true in terms of advanced market commitments and mechanisms whereby government procures the outcome, and the private sector does invest at scale in something.

3.7 The council discussed foreign investment and the lack of VC's investing in the UK. Innovate UK's investment strategy should consider this, being more targeted towards those that can invest at scale.

3.8 The Council commented on what data do we track from start to finish and is it possible to collect more. Innovate need to be able to see which ones are winning and which ones aren't. Then it will be easier to see who we are following up to with our scale up money.

Once a company is venture backed, they are providing this information to their VC's so this information could be easily added to the grant application form as a request/tick box. Another way would be to ask for the monthly/quarterly reports the business produce to be sent to Innovate UK as part of their process.

## 4. Catapults

4.1 Presented was an overview on the Catapults and the current challenges.

Catapults are a key part of the UK Innovation ecosystem to support businesses on their journey and to encourage foreign direct investment into the UK.

It is a pivotal time for Catapults as SR is tight and we need to be critical challenging and prioritizing. SR2 is 4 years which is 2 years beyond current GFA, this means Catapults do not have a cliff edge, but pushed into the next SR.

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The Catapults need to demonstrate strong alignment to the Industrial Strategy /Missions / Critical Tech / Adoption and diffusion.

The Catapults are a critical part of the Innovate package of support for the new Innovate proposition.

4.2 Its currently a difficult Commercial and CR&D environment with some Catapults are reporting that businesses have reduced investment along. It was noted that this is happening in parallel with changes to government CR&D funding.

This has tested the business model and based on this 3 of the Catapults are initiating restructuring activities. To some degree, this is part of the natural evolution of the portfolio given that Catapults were set up 10 years and the operating context has evolved.

4.3 Catapults current focus:

- \* What do we want the next iteration of Catapults to look like enabling us to respond at pace to opportunities between now and the next SR.

- \* Engaging with wider UKRI, DSIT and wider government activities, and learning from existing processes (Industrial Strategy, 5 Critical Tech, UKRI Infrastructure Roadmap, UKRI Institute Right Shaping)

- \* Need to build a Innovate UK team and working groups to explore priorities and questions

- \* Innovate UK will get some targeted research or support to do some research to test and develop thinking.

- \* Work with existing Catapults to get their feedback on what their sectors need, barriers, what they would change.

4.4 The Council discussed the core Mission of Innovate UK and how Catapults support this.

## 5. Access to Finance and British Business Bank

5.1 Innovate UK's evolving approach focuses on using finance and investment to provide the right capital at the right time to accelerate innovation to market. This is an integral part of our Start-up/Scale proposition development.

5.2 Innovate UK, working alongside UKRI research commercialisation teams, HM Treasury, British Business Bank (BBB), DSIT, and DBT, is seeking to address more of the finance gap for science and tech businesses. Key financial product initiatives were discussed.

5.3 Work is supported by broader partnership working with public and private investors and systems and strengthens the innovation finance ecosystem.

5.4 The Council discussed whether Innovate UK and BBB should take an institutionally agnostic approach, with BBB supporting businesses from seed to Series B/C and IUK offering grants, loans, contracts, and business support.