



# Select Committee on Science and Technology

## Corrected oral evidence: Contribution of innovation Catapults to delivering the R&D Roadmap

Tuesday 12 January 2021

11 am

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Members present: Lord Patel (The Chair); Baroness Blackwood of North Oxford; Lord Browne of Ladyton; Baroness Hilton of Eggardon; Lord Hollick; Lord Kakkar; Lord Mair; Baroness Manningham-Buller; Viscount Ridley; Baroness Rock; Baroness Sheehan; Baroness Walmsley; Baroness Young of Old Scone.

Evidence Session No. 8

Virtual Proceeding

Questions 55 – 65

### Witnesses

Amanda Solloway MP, Parliamentary Under Secretary of State (Minister for Science, Research and Innovation), Department for Business, Energy and Industrial Strategy (BEIS); Louise Dunsby, Deputy Director for Innovation Policy, BEIS.

### USE OF THE TRANSCRIPT

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## Examination of witnesses

Amanda Solloway and Louise Dunsby.

Q55 **The Chair:** Good morning, Minister and Ms Dunsby. Thank you very much, Minister, for joining us today. Last time you visited us, a couple of months ago, it was very useful to hear your proposals and we would like to find out more about your views on the Catapult on record today. Thank you for coming and thank you, Ms Dunsby, for joining the Minister. Minister, all the questions will be addressed to you, but feel free to pass on any question you wish to.

I would ask my colleagues to be crisp in their questions, and I know you are well seasoned to have your answers focused and crisp, because we have a lot of material we would like to go through with you. I hope you do not mind that, Minister, but thank you very much indeed for coming today to help us with our inquiry on Catapults. This is not a review of Catapults that we are doing. We just want to find out how Catapults might fit into the Roadmap going forward and how their roles can be enhanced or helpful, including in the levelling-up agenda.

If I might start off, in the R&D survey that you carried out for meeting the R&D target of 2.4%, what did you gather that the contribution of Catapults might be?

**Amanda Solloway:** It is an absolute pleasure to be here today. Thank you very much indeed for looking into the Catapults. A lot of things, as you will appreciate, have come out of the survey. A little later, I will indicate some of the findings of the review, which I know you have not been able to see in full. There are a few things that I would be very happy to share with you.

Catapults have a part to play. They very definitely need to be part of our future. We are not without our challenges. We recognise that it is incredibly difficult in these current economic circumstances. Going forward, R&D, particularly the innovation part, as many of the speakers have indicated, is so crucial to all this. I am encouraged about where we are headed, while acknowledging the work we need to do.

Q56 **Baroness Manningham-Buller:** Good morning, Minister. Thank you for that answer. Could you let the Committee know what our chances are of reaching the target of 2.4% by 2027?

**Amanda Solloway:** I am very optimistic. I was listening earlier to Ms Burch talking about previous targets and whether they have been reached. I am a great believer in ensuring that these are realistic. I believe that, in the current climate, if we focus on our R&D Roadmap, the opportunities we have, the economic recovery that is required, being mindful of the major challenges such as net-zero, we can achieve this. I am not underestimating the hard work and focus that it will take, which will clearly be part of my role within this.

**Baroness Manningham-Buller:** It is encouraging to hear of your

optimism and, obviously, the Committee is pleased to hear that. Could you give us some more substantial reasons as to why you are optimistic? Could you give us an idea of how much the Government expect to leverage from the private sector into the Catapults?

**Amanda Solloway:** I am optimistic by nature; however, I do not believe that is tainting my view of this. There are definite challenges that we need to overcome. One, we recognise, is the industrial strategy. We need to have a look at that from a refresh point of view. I know that we are not really talking about that today. However, when we talk about the Roadmap—and as you have rightly said, Lord Chair, we have had a brief conversation about this—it very clearly outlined and indicated the routes that we were looking to take.

I will not pick out all the themes, because I know you have had an opportunity to read the Roadmap. If I think about innovation as an example, it is one of the things that we clearly need to get to grips with. Let me remind everybody, and I am sure I do not need to, that we are fourth in the world on innovation. We are not bad at innovation, but my ambition is to be even better. That is about using private investment and working with industries.

This is not the kind of thing that I believe I should sit and think about. We need to act on this. We have set up an Innovation Expert Group, which has industry working together to think about how we innovate and how we can most effectively utilise it to have a positive impact on the economy. That is one of the themes of innovation that we are working on. As I say, I could go through them all, but that is probably one of the most important things that we can do.

I want to mention a second. I intend to stay crisp, Lord Chair, but this is really important.

**The Chair:** You are doing fine.

**Amanda Solloway:** I would like to mention the levelling-up agenda. That is something that we are very conscious of. We have implemented a place strategy group. We are looking at how we enhance all the work we are doing. Again, it is not without its challenges. I strongly believe that we need to be doing a lot in BEIS from an R&D perspective, but it is going to take work across all departments to achieve the levelling-up agenda. In answer to your question, I reference that specifically because, if we are to achieve the 2.4% target, it will be about us all working together and focusing collectively.

**Baroness Manningham-Buller:** Can I ask you to touch on the second part of my question? In all working collectively, what expectation do you have of the contribution from the private sector and how are we going to enhance it?

**Amanda Solloway:** The role that the sector has to play in this must not be underestimated. We should be encouraging those relationships. As an example, you will know that I come from Derby. One of the great partnerships that we have from an industrial point of view is Rolls-Royce. You will have seen that it is a real success story working with Catapults

as well. Not only does it impact positively on jobs, but it impacts positively on the economy.

I do not believe that we do enough. This is one of the things I would be mindful to take forward from the review. As I mentioned earlier, I am happy to share it with you. We need to focus on doing this even better. The great thing about the Catapults is the “third, third, third” model, in terms of where the funding mechanisms come from. That is really helpful—the Catapults have the funding in the first place, but they can reach out to industries to work together.

Something that links in with this, which I am mindful of, is the expertise of the Catapults. While we are looking at industry expertise, we need to ensure that we have that expertise within the Catapults.

**Q57 Viscount Ridley:** Minister, you have already mentioned the BEIS review, announced a year ago and, we understand, reporting very soon. I suspect you cannot tell us a lot about what is in it, but, if you can share any more, we would be grateful. Could you, at the same time, comment on the frequency of the reviews of the Catapults? We have heard a slightly fed-up tone from some of the Catapults, given that they were reviewed in 2014 by Hermann Hauser and in 2017 by Ernst & Young. It seems to be a slightly too regular occurrence. Perhaps you could reflect upon what this review will achieve that the others have not.

**Amanda Solloway:** It is a really great question, thank you. I heard, with interest, Dame Ottoline refer to the fact that there have been a lot of reviews. It is always appropriate to have measures. We have the KPIs that, as you mentioned, came out of the Ernst & Young review. It is important that we have KPIs and targets. However, if a review is just a review for reviewing’s sake, I strongly believe that we should not be doing that. I do not think it is helpful.

I would like to see them working more collaboratively. This is part of the review recommendation, which I will come to. It is not about Catapults doing each other’s work. It is about sharing best practice, which I would be really keen to encourage. It is not about treading on each other’s toes, but about sharing best practice. When it comes to the reviews, I encourage having KPIs. That is really important, but it could be done far better internally than through a review, which can be inhibitive.

I am really keen that we look at bureaucracy. I have made no secret of this; I have talked very publicly. Bureaucracy can get in the way of good work. If we can reduce the bureaucracy we have in place, that has to be helpful in achieving our target. This, by the way, does not involve reducing our responsibilities or lessening the offer, but making sure that we are fit for purpose in what we do from a bureaucratic point of view. Reviews are helpful. This inquiry is going to be incredibly helpful in looking at it holistically, given all the people you have spoken to. They have their place, but they should not be prohibitive. They should be enhancing.

In terms of what we have had coming through from the review, you are right: I cannot reveal everything. Louise, cough very loudly if I am saying

too much and you want to stop me, but come in if there is anything that I should say and have not. The key finding we have had is a very positive review of the Catapult concept. It is enhancing the relationship between business and research and innovation. It is working well. Is it working as well as it could and should? No, not yet. One reason is that some of the Catapults are further along and have been established for a lot longer than others. Some are at the start of their journey. Undeniably, there is a case for having Catapults, the “thirds” model and the work that they do together.

Another thing that has come across incredibly strongly from the review—and I literally have some of the themes in front of me—is the strength of expertise. You would expect that from a review. Without exception, when the Catapults have been used and expertise has been shared, whether or not that is asset-based expertise, it has all been incredibly useful.

There is a question about skills, on which I believe you have heard evidence prior to this. It was not the intention, when the Catapults were set up, to hit the skills agenda as such. From a Rolls-Royce perspective, I can talk personally: we have seen a massive impact on skills and employment. The review indicates that we should be exploring the opportunities that Catapults create in order to enhance our skill offer. I am very happy to come back on that if you like.

The other point is about the levelling-up agenda. The original premise was not that Catapults would really be part of it, as it has a different premise. However, undeniably, they have their place. I think you will find that the review recommends that we use that more effectively. That is a quick overview but I am quite happy for you to ask me more.

**Viscount Ridley:** I would like to make one very specific point. In military terms, it is a good idea to reinforce success rather remedy failure, if one can. There is one area where the UK is very, very good, namely bioscience and biotech. We are world leaders in research but also much better at translating research into application than other countries. In the wake of the pandemic, this is going to be a particularly important driver of the economy going forward. I have a feeling that it is not mentioned enough in these Catapult stories. We tend to hear about batteries and electric vehicles, et cetera, rather more. I worry that this is because it is seen as relating to the Department of Health rather than BEIS. I wonder if you could comment on that.

**Amanda Solloway:** That is an excellent point. As I have already indicated, we should work across departments. Even if it fits better under the Department of Health remit, we should work together. We are doing many good things. This will be significant to our future. You will know that the Cell and Gene Therapy Catapult has a fantastic part to play. It is one of the greatest success stories we have across the Catapults.

This leads me to a wider point and challenge around engagement. Something I am mindful of, on a broader spectrum, is how we get those messages out to people. You and I both know how important the Cell and Gene Therapy Catapult is and the part it plays but, if we are not articulating that well enough and are not saying to people, “This is what

we are doing; we are at the forefront of this”—I take that challenge on board. I have been working on how we make those good news stories resonate with people. As you know, we have a new Secretary of State this week. I had that very conversation with him yesterday, about how we do that and how we capture people’s imagination on all this fantastic work that we are doing.

**Viscount Ridley:** I should declare my interest as a member of the Innovation Expert Group that has been mentioned.

Q58 **Baroness Rock:** Minister, when we spoke to Alexandra Jones from BEIS, she talked about the plan of building up the Catapults to ensure that we put in place the conditions for success as much as possible. First, I wonder if you could give me a timeframe, particularly after your review, for thinking on the long-term plan for the Catapult network. Secondly, you mentioned that you are working with the Innovation Expert Group. I wonder if you could tell me who is on that, when you last met and what its findings were.

**Amanda Solloway:** In terms of the timeframe, that is a really difficult question to answer. I listened to Alexandra’s response. There are so many variants. We have nine Catapults, all of which are at different stages in their development. It is difficult to put a timeframe on this to say where they should be. However, I come to the point I made earlier about sharing good practice and knowledge. We probably do not do that well enough. As an example, we know that some of the Catapults are further along than others. If we share and support that expertise, that will be an ideal opportunity for us.

Louise, maybe you could let us know exactly who is on the Innovation Expert Group so that I get the names right. Obviously, Viscount Ridley is.

**Louise Dunsby:** Can I offer to provide the Committee with a link to the membership, which is on GOV.UK, I think, rather than reading the full list out now? We aim to get a good coverage on the expert group of academics and small businesses. We have representatives from the venture capital community, so I hope you will see when I provide you with that list that we have good representation from across the innovation community.<sup>1</sup>

**Amanda Solloway:** I have regular meetings with Hayaatun, who chairs the group. The challenges we have been looking at are around how we drive innovation for the UK. I am just trying to rack my brains. I know Paul Clarke, as an example, is on there. Viscount Ridley, I am sure you would be able to let me know the other members. You will know that I attended the first group with you. I believe you have had three or four meetings so far. It is incredibly valuable. Thank you for your work.

**Viscount Ridley:** I think we have had three meetings. There are about 30 of us, so I will not try to single out names because we will get the full

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<sup>1</sup> The following link was provided after the evidence session: <https://www.gov.uk/government/groups/innovation-expert-group> [Accessed on 15 January 2021]

list.

**Amanda Solloway:** We could perhaps put them in the chat.

**Baroness Rock:** We have heard from a number of witnesses, including today, about there not being enough emphasis on what the Catapult network can achieve as a whole. Indeed, a lot of them have talked about the rules putting us in competition with one another for the pot of money that is available. Professor Juergen Maier talked about the issue of scalability. Could you give me some very clear specifics as to what we are doing for the Catapult network to be much more interactive? You have mentioned this as an issue. Perhaps you could give me a couple of specifics about what you are doing that has come out of the review.

**Amanda Solloway:** That would be really difficult because the review is not public. Perhaps just clarify what you mean, because I cannot talk about the review as such.

**Baroness Rock:** What is government doing to ensure that the Catapult network is more interactive, which you have said is the problem?

**Amanda Solloway:** As you will know, the review is in the final stages. I do not believe that communication is as strong as it should be. The Catapult Network Development Office has been established. I have asked whether it is as effective as it should be. I think there is an opportunity to utilise that group more. That is my honest reflection at this stage, but I cannot pre-empt what the review will say.

I have written down my thoughts, having gleaned the information from the review, which perhaps I can share with you. The first thing I have on my handwritten list is that we need to work together more, talk about best practice and think about those success stories. We are just at that pinch point. That is why I cannot say an awful lot more, but I can give you my guarantee that I want to make sure that we are working collaboratively.

Q59 **Baroness Sheehan:** Minister, we have heard a fair amount already about the frustration that the frequent cycle of spending reviews can cause. Coupled with the lack of a long-term plan for UK R&D investment, that makes it difficult for business to plan to invest in R&D. Will the Government be producing a long-term plan for UK R&D, and what might the timeframe be?

**Amanda Solloway:** That is a really good question. I am always very mindful that we need to have a plan and, within a plan, we need to have a strategy for achieving that. I always think about what the end goal should be. I am sat here, looking at the phrase "science superpower". Ultimately, the plan is to work towards that.

I had this very conversation yesterday with the Secretary of State. I am sure he will not mind me stating that. We are very mindful that, if we have not articulated that plan as efficiently as we should, we will do so. I would appreciate your views if there is more that we could and should be doing, because I do not believe we are doing as much as we could.

In the Roadmap, we have articulated the themes we plan to pursue. I have been going out doing speeches where I can. We are hindered, unfortunately, by these unusual times. However, I believe we have one amazing opportunity. Every time I talk to anybody or every time somebody turns on the TV, we see somebody referring to science. This is our time to get this on the agenda. We can share those stories. It is not just about the medical success, although that is very important, but about the ventilator challenge that we have seen the Catapults support, and the high-value manufacturing that contributes really well to this. There are lots of things that we will do.

To reassure you, in our Roadmap, all the themes have other parts coming out of them. As an example, on innovation, we have talked about the Innovation Expert Group. We have talked about people and culture, which is crucial. We are doing a people and culture strategy. We have talked about having strategies on all these, so I am very mindful of that. I want to give you my reassurance, but we are formulating a plan to be even stronger. In my view, and I have said this constantly, we have set the foundations. Now we need to go forward on this.

**Baroness Sheehan:** Business needs to have confidence to invest in UK R&D. We have heard that from Professor Maier and other witnesses today. Just about every witness previously has said the same. The signalling that government gives is going to be crucial to that. At the moment, signalling from government is not always consistent. Is government aware of that? Does it accept that? What will it do to try to counter that?

**Amanda Solloway:** I will focus on R&D and business; I do not want to go on to the broader field. In my view, the proposals we have put in place in these unusual times indicate our support of our businesses. Leaving that aside and coming to the broader question of how we can work with industries, this is where the Catapults come into their own, in that we can be working more with industries. The premise of the "third, third, third" model gives us the opportunities for Catapults to reach out and engage with businesses.

I wonder whether we do enough to communicate that. There are challenges. I am thinking very seriously about the point you raise. We need to look at the whole of the system. You will hear Ottoline, the chair of UKRI, talk about that. At our fortnightly meetings, we have exactly these kinds of conversations about how we work together, steer innovation to where it should be and work with businesses. You have also talked about the leadership of Innovate UK. That is a challenge that I am looking at. It has been mentioned in previous sessions.

A lot needs doing to boost and build confidence, but a lot is being done as well. I said earlier that there are lots of things that we are doing. The industrial strategy challenge is looking at the refresh and thinking about how we move forward on that. I am very happy to be more specific if that would be helpful.

**Baroness Sheehan:** I was very struck by something Felicity Burch said in the five points that she made. Number 3 was flaunting it. She



mentioned Angela Merkel's industrial strategy for Germany and how she flaunts that, as well as Estonia and e-Estonia. Once we know what we are doing—I suppose that is the first step—how are we going to flaunt it?

**Amanda Solloway:** That is a really great question. I was listening to Felicity. I had a meeting with the new Secretary of State yesterday and he held up the document, *Powering our Net Zero Future*, that has been published. We were talking about exactly that: that we have the Roadmap and the foundations, but now we need to build on them. It would be great to have the R&D strategy. We have it articulated in the Roadmap but, as you rightly say, we need to flaunt it. You might have ideas on how to flaunt it more, but that is our plan. We spoke about it yesterday and we will definitely be flaunting it. Incidentally, I have regular meetings with Ms Burch, who I find incredibly helpful. It is important to reach out and work very closely with the CBI and other organisations because we need to have that broad spectrum.

Q60 **Baroness Walmsley:** Minister, I am sure you will not be surprised to learn that all the Catapults have suggested to us areas of promise in their sector for further exploitation in the future. Some suggested only one but most of them suggested several. What sectors do the Government think hold most promise for enhancing private sector investment in the UK? Which current Catapults do the Government expect to be involved in catalysing this investment? If there are gaps, are further Catapults needed or do the Government have plans to use some other mechanism?

**Amanda Solloway:** Those are fantastic questions. Please remind me if I do not answer them all, but let me try to put that together. First, in the future, will there be more Catapults? I do not know; that is the honest answer. It depends on the appropriateness. At the moment, we have nine Catapults, which are working really effectively. As you will know, under that, they have satellite Catapults as well. We are going to be reviewing this, obviously, as there was a review.

I have listened very carefully to the other parts of the inquiry. It is very difficult to predict what will be happening in five, 10 or 15 years' time, but I believe we need to be responsive. That is the really important thing that we need to think about and consider because, as something is invented, it inevitably leads to more opportunities. When I talk about innovation, we are fourth in the world, but what is the matter with really thinking about how we go forward on that?

I would like to ensure that our Catapult network remains responsive. It could be that it needs extending; I understand that. At the moment, it seems as though most of what we are looking at fits under the headings of the Catapults we have. That is not to say I am ruling out future expansion, especially in light of the review, when it comes forward. Please remind me of any other part of the question I have missed out.

**Baroness Walmsley:** I was just wondering if any particular sectors jump out at you as holding promise for the future. If not, what mechanism is in place for identifying them?

**Amanda Solloway:** One of my biggest concerns is the environment, and I genuinely mean that. We have a responsibility to future generations. I have a one-year-old granddaughter and the future is her future. It is so, so significant. That leads me on to how we can utilise science. Science will be the answer to all this. With the best will in the world, we can all adapt our behaviour; we can all play our part, all of which is fantastic, but if we do not discover a new way for energy the future will be very difficult. If we do not find a way of addressing carbon extraction, the planet will be at great risk.

Therefore, while there are lots of things that excite me, I think the idea of carbon extraction is fantastic. Fusion energy is a fantastic opportunity as well. There is so much; I have to be honest, but I think we have a fantastic opportunity. I hope that is specific enough for you.

**Baroness Walmsley:** If there are so many, what mechanism is going to be used to select those on which the Government focus most? Is it going to be some kind of assessment of what is in the national interest or where our existing expertise lies that we can exploit? Is it just going to be success for the pushiest?

**Amanda Solloway:** That is a fantastic question. I really would like to ensure that it is for the best future. That is the challenge we have. The Catapults have a role to play, because they will be able to ensure that. We look at research in universities; we look at the holistic challenge that we have. I have heard you talk previously about the Strength in Places Fund, when we talk about all the funding that is available. I would be very keen to make sure that it is about the best projects and not about the pushiest. I hope that that is not the case; I hope we are giving opportunity to all.

**The Chair:** Minister, the two technologies you picked out, nuclear fusion and carbon extraction, are interesting. To do both of those technologies at scale, what do you think the timescale might be for delivery?

**Amanda Solloway:** It depends who you talk to.

**The Chair:** I would talk to those who know.

**Amanda Solloway:** It is a really difficult question. On fusion, I have regular meetings with Ian and he is fantastic. He will say 2035, unless my memory is not serving me well. I always ask, "Does it have to take so long?" but these things do. I want to make sure that we are at the forefront of the innovation and we give those opportunities. The big thing is that we need to commercialise these opportunities. I am really mindful of this, which is why I have very regular meetings with lots of exciting people.

Q61 **Baroness Young of Old Scone:** Minister, additional funding was given in the spending review, for one year only, for R&D in the UK, including money for UKRI. You talked about the "third, third, third" system of funding, and seemed to imply that you supported it and believed it gave leverage. We hear from both industry and the Catapults that they are finding access to collaborative R&D funding, which is one of the thirds,

increasingly difficult and competitive. It seems to be the pinch point and the thing that is getting in the way. Should Innovate UK be given a greater share of the additional funding that came from the spending review, in order to fund more collaborative research to widen up that pinch point?

**Amanda Solloway:** Whenever I talk to anybody, there is a request for more money but sometimes it is not about more money. That is why the Catapults are incredibly effective. It is about expertise and sharing of expertise as well. That is one of the ways that I see us working going forward. We have the opportunity to use that expertise.

We are working our way through the spending review at the moment. We are having a look at the implications. You will also know that Innovate UK funding comes through UKRI. We are looking at all that. I am afraid I cannot give you any more specifics. The Catapult funding is effective because of the “third, third, third” model. However, that is not to negate all the other funding that exists through UKRI—the Strength in Places Fund and all the other funding mechanisms. We have a blended offer.

**Baroness Young of Old Scone:** Evidence we had from one of the Catapults pointed out that, because in real terms the amount available for collaborative research in R&D has diminished rather than increased, there is now huge pressure on it. In the view of that particular Catapult, unless there is more collaborative funding money to entice industry into these collaborations that you so much value, it is unlikely that the 2.4% target will be met because the private investment simply will not be leveraged in sufficient quantity. Could you comment on that view?

**Amanda Solloway:** I am waiting for the review on this, but this is where the Catapults have their strength, because there is a challenge to the Catapults to make sure that they are seeking that commercial investment. That is the model we have. As I have mentioned, there are other funding processes available. I welcome your views on this. That is why we are having this conversation, but the model clearly indicates that it has this “third, third, third” principle. Within that, the responsibility is on the Catapult to ensure those commercialisations.

Q62 **Baroness Blackwood of North Oxford:** Minister, I would like to talk about the type of R&D that Catapults can pursue, given the current system. The priority technologies you identified in talking to Baroness Walmsley have quite a long-term horizon. I think you will be pleased to hear that the Catapults have told us that they think Innovate UK should be funding more risky and transformative R&D, the kind of R&D that translates into infrastructure. In evidence, they have said that the funding structure that seeks immediate match funding often pushes R&D to incremental R&D. How much flexibility does Innovate UK have in the type of collaborative R&D that it funds?

**Amanda Solloway:** I have had the great privilege of going out to see many different industries and the impact that Innovate UK has. It is a bit prohibitive at the minute as you can imagine, but I have still managed to get out to businesses and look at the research it is doing. We have not

spoken about it yet, but one of my concerns is about start-ups and scale-ups. We need to be very mindful of that.

Innovate UK enables that. I know we are talking specifically about Catapults but, reflecting for one moment on the role of Innovate UK and the wider research system, it affords a fantastic opportunity. As an example, I was thinking about wind turbines, energy and economic opportunity. I went to visit a business recently that was in the process of researching and designing a pod that identifies where problems exist with wind turbines, but not only that; it would be able to repair and clean the wind turbines. That would save tens of thousands a year for each turbine, which is massive. Innovate UK gave the funding to enable that to happen.

I am not sure I have answered your question specifically enough but there are lots of things. I also have case studies if you would like me to share them with you.

**Baroness Blackwood of North Oxford:** That would be helpful. If the policy is to pursue risky and transformative R&D—and we can talk about the example you have identified, offshore renewable energy—how are the Government proposing to encourage riskier and more transformative R&D? Perhaps you could give some examples of how Innovate UK is going to enable that going forward.

**Amanda Solloway:** I have case studies of what we have managed to do so far. Going forward, I am not privy to where all the funding has gone. It is those examples where we look at the wind turbines and the technology that will help support their efficiency—that is what Innovate UK specifically does. Louise, I do not know whether you know of any future projects that Innovate UK is investing in.

**Louise Dunsby:** The Catapults are specifically designed to bring in private investment by sharing risk, so they inherently encourage more risky innovation. They provide expertise and facilities that businesses usually would not be able to afford or that would be too risky for them to own at the stage of innovation that they are at. We will send in some case studies but they were inherently set up to take risks and help businesses commercialise.

**The Chair:** It would be very helpful if you can send in what you and the Minister suggested. We would like it fairly quickly because we are hoping that we can have the report for you to see fairly smartly. Please send it as soon as you can.

**Amanda Solloway:** I have it in front of me, so it will be with you this afternoon.

Q63 **Baroness Hilton of Eggardon:** I should like to go back to Baroness Young's question about the rigidity of the funding and the 30% cap, which causes difficulty. Would you personally be in favour of more flexible financial rules? If so, will you be pressing for them?

**Amanda Solloway:** I will be looking at the review. Until I look at the review, I would not want to specifically comment on that. However, to

give you an initial response, it appears to me that the “third, third, third” model is beneficial. The review says that that system works. When we look historically and talk about modelling expertise and good practice, we see that this is a model that works internationally. In my view, at the moment, “third, third, third” seems to be a good way.

The challenge is for those in prior stages to learn from more established Catapults how they increase commerciality or business partnership. That is the beauty of this. I am minded to keep it as “third, third, third” unless something really comes out.

**Q64 Lord Mair:** Minister, we touched on the levelling-up agenda when you were answering Viscount Ridley’s question. I think you said that Catapults have their place but could be used more effectively in this context. Could you say more about how they could be used more effectively for the levelling-up agenda?

**Amanda Solloway:** I mentioned start-ups and scale-ups. This is where the Catapults can be significantly supportive, because they can share expertise, innovations and, in some places, assets. I do not want to use the word “exploit”, but we should utilise the Catapults’ expertise in all this. If we take advanced manufacturing as an example, in a particular instance you may have a start-up or scale-up that needs that level of expertise and does not have the opportunity to go elsewhere, but can use a Catapult for this. That is where I see this as an opportunity.

I would like to see this extended. I am looking forward to your findings on how we may do that, because there is an opportunity. Without giving away too much of the review, there is an indication that we can use Catapults more on that. They have a part to play. I have been to the one in Rotherham, as an example, and we work really collaboratively. If I remember rightly, it has had an impact—3,500 jobs in the local community. It has a positive impact, but we could do more.

**Lord Mair:** Could you say a bit more about the role of the Strength in Places Fund? How might it be used for this future that you have been describing?

**Amanda Solloway:** I talk to recipients of the Strength in Places Fund. It is incredibly helpful, as you will know as well as I do. It has its part to play in looking at the specific type of funding. Obviously, it is a competition. We know that, and it encourages healthy competition. It certainly has a part to play.

**Lord Mair:** We heard evidence from some Catapults that the Strength in Places Fund has not really materialised in a significant way. Is that a fair comment?

**Amanda Solloway:** That is a fair question to ask. It would be remiss of me to say that it was as perfect as the premise when it was started, but we need to look at it more, being perfectly honest. Yes, it would be worth a review, maybe at the next inquiry.

**Lord Mair:** We appreciate that the review is still under way, but do you think there will be positive steps to change the way in which Catapults

engage with the Strength in Places Fund and do more for the levelling-up agenda? You have talked about it in general terms, but do you think there will be positive recommendations coming from the review?

**Amanda Solloway:** You are pushing me on this; I understand that. Let me try to answer, because the review is literally in the process of being prepared. I sincerely believe that Catapults have a part to play in the future. That has been indicated from the review and would certainly be my opinion as well. Can they be utilised even more under the levelling-up agenda? I believe, because of where they are situated, we have an opportunity to do that. Are they the only solution to the levelling-up agenda? I do not think so; they are part of it.

Q65 **Baroness Young of Old Scone:** Minister, at the moment my understanding is that the Strength in Places Fund is ring-fenced geographically. Quite a few Catapults cannot access that outside the area in which they are based unless they have a facility outside it. Are you going to change that?

**Amanda Solloway:** I am not at the minute. I have not looked into it enough, being perfectly honest. Strength in Places is something I am looking at, per se. The reason for its existence was to identify places where this funding would be advantageous. It relates to my previous answer to Lord Mair, that this should be done collectively. One thing on its own will not work. Under the levelling-up agenda, we need to be thinking about all these solutions, working not just within this department but across departments.

**The Chair:** Going back to Baroness Hilton's question about the thirds, Innovate UK puts a limit of a third on what a Catapult can use in collaborative R&D funding with other industry. We heard that the Catapults find that really quite trying. Do you have a comment about that? Do you think it would be a good idea to change it?

**Amanda Solloway:** I need to look at the review more fully, but every indication is that the "third, third, third" model seems to be working. I am not going to pre-empt the report.

**The Chair:** It is not so much the "third, third, third"; it is the third that the innovators can use—there is a cap on that.

**Amanda Solloway:** If something comes up, I will have a look at that.

**The Chair:** First, the CBI has made a recommendation that there be more Catapult quarters around the United Kingdom. Secondly, although it is good that we will now be part of the UK and EU deal for Horizon Europe funding, we will not be part of the innovation funding, as we were before. To give an example, up to 2019, the UK gained £690 million from that fund. It supported something like 2,500 SMEs in innovation. How would we fill that gap now?

**Amanda Solloway:** In terms of the 'Catapult quarter' it is interesting. I listened to Ms Burch talking about it and I have seen some information. We will review it. There is no decision but I welcome independent views. We are looking at that.

The desire to participate in Horizon was clearly indicated to me by everybody I spoke to, certainly from an R&D perspective. We were delighted. I was making phone calls on Christmas Eve, talking to stakeholders. We are working through it. I cannot give specific answers on what will be happening or what we will be doing. As you will know, we talked about a discovery fund. We are working our way through everything you are talking about. We will look at the spending review, the impact of the Horizon negotiation and the review of Catapults, and take on board the points from your inquiry.

**The Chair:** Will that be in the form of a publication in due course or will it be internal?

**Amanda Solloway:** At the moment, we are literally working our way through all the information.

**The Chair:** We looking forward to hearing from you. Minister, thank you very much indeed for spending so much time talking to us. You have a lot on your plate. It is a big agenda but we are very supportive of it as a Committee and we wish you luck. Thank you both very much for coming today to talk to us.

**Amanda Solloway:** It has been an absolute pleasure. Thank you.