



Department for  
Business, Energy  
& Industrial Strategy

Rt Hon Greg Clark MP  
House of Commons  
London  
SW1A 0AA

Rt Hon Kwasi Kwarteng MP  
Secretary of State  
Department for Business,  
Energy & Industrial Strategy  
1 Victoria Street  
London  
SW1H 0ET

T +44 (0) 20 7215 5000  
E [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)  
W [www.gov.uk](http://www.gov.uk)

18 May 2022

Dear Greg

I wanted to thank you for the opportunity to give evidence to the Committee on 9 February. I hope the committee found the session useful.

I write in response to your letter of 26 April regarding the Committee's recent visit to Glasgow.

### **Clusters and collaborations**

As you will know, the Government has recently announced it is investing £100 million to pilot new Innovation Accelerators, supporting Glasgow and two other UK city regions – Greater Manchester and the West Midlands – to become globally competitive centres of research and innovation.

Innovation Accelerators are locally led partnerships involving leaders in local government, business and R&D institutions, working with national Government and R&D funders. The partnerships are developing plans to boost innovation and attract new R&D investment in their city regions, building on local strengths and opportunities. They are receiving dedicated support from the UK Government and UKRI and will have access to a new fund supporting transformational R&D projects that grow local innovation ecosystems.

In developing the approach to Innovation Accelerators, we are building on learning from UKRI's Strength in Places Fund (SIPF), which has fostered collaboration between businesses of all sizes, research organisations and local leadership to deliver new R&D projects linked to local economic plans. We have good early evidence that the SIPF has been successful in forging or strengthening local collaborations and alignment around R&D and innovation activity.

The Innovation Accelerators pilot will run for three years. If the approach proves successful, we will consider how the lessons learned can be rolled out more widely to inform best practice on cluster growth.

### **De-risking investment**

Acting when the private sector would not act on its own, government can play a key role in de-risking investment for industry partners – galvanising investment in priority

areas such as Net Zero and Levelling Up, and directing investment to areas where the UK can develop strategic advantage, such as the seven technology families.

That is why we aim to crowd-in additional investment to government-funded innovation programmes. This includes programmes from the British Business Bank, which facilitates investment in innovative companies through its efforts to make finance markets for smaller businesses work more effectively. It also includes Innovate UK's Investor Partnerships programme, which aligns grant funding with private equity investment, leveraging up to ten times private investment. By increasing core funding for Innovate UK to £1 billion per year by 2024/25 through last year's Spending Review, we are helping to ensure that this government's increase in public R&D spending supports innovation and commercialisation.

UK Research and Innovation (UKRI) also provides significant support to de-risk private investment in research commercialisation, including spinout companies. For example, the UK Innovation and Science Seed Fund (UKI2S) is addressing finance gaps for early-stage, high-risk science and technology companies. Last year, UKRI provided a £10 million funding boost to the UKI2S to further commercialise key technological advances and build innovative companies. UKRI also delivers funding schemes that provide early-stage support for proof-of-concept projects, for example Impact Acceleration Accounts.

Announced in the Innovation Strategy, UKRI's new Commercial Funding Framework will also make it easier for researchers and innovators to access the right funding at the right time to support the commercialisation of their research.

Catapults, such as the Satellite Applications Catapult which aims to accelerate the growth of satellite applications and drive the take-up of space technology, also support innovation and de-risk the transition from research to commercial delivery by providing R&D infrastructure, specialist knowledge and expertise, partnership- and collaboration-building capabilities and business support.

### **Local role models**

I agree on the importance of ensuring that young people have role models that they can identify with so that they can see themselves working in STEM based careers in the future.

Government funds programmes, such as STEM Ambassadors, to support this goal. STEM Ambassadors is a nationwide network of over 30,000 volunteers from over 7000 employers, who engage with young people to provide stimulating and inspirational activities to increase their interest in STEM subjects and to raise awareness of the range of careers that STEM qualifications offer. Last year, STEM Ambassadors spent 200,000 hours in primary and secondary schools across the UK raising awareness of the diverse range of STEM careers and enabling young people to explore and develop their skills and interest in STEM.

The STEM Ambassador programme is well established in the Greater Glasgow area. Last year 519 Ambassadors from employers as diverse as Babcocks, BAE Systems

and Morgan Stanley, as well as many from local universities visited over 40% of primary schools and nearly 80% of secondary schools in the area to carry out inspiration activities.

For the UK to reach its full potential, we will need a future generation passionate about STEM and with the right STEM skill set.

Thank you for sharing the Committee's helpful findings. I hope you find this further information about the government's work in this area helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kwasi Kwarteng', written in a cursive style.

**RT HON KWASI KWARTENG MP**  
Secretary of State for Business, Energy & Industrial Strategy