

Dame Chi Onwurah MP

Chair, House of Commons Science, Innovation and Technology Committee

Sent via email

3rd July 2025

Dear Chair,

Follow up to Innovation, Growth and the Regions hearing on 10 June 2025

Thank you for the opportunity to give evidence to your Committee on 10th June, as part of your inquiry into Innovation, Growth and the Regions. During the session we undertook to write to you with further information on a few of the points that were raised. Please find this information below.

Regional funding distribution for research activities

UKRI reports on the geographical distribution of our investment and the most recent report was published in March 2025 for financial years up to 2023 to 2024: [Geographical distribution of UKRI funding, financial years 2022 to 2023 and 2023 to 2024 – UKRI](#).

This report shows that in the 2023 to 2024 financial year, UKRI invested more outside the Greater South East than within the Greater South East for the first time since we began publishing the geographical distribution of our funding using the current methodology.

	UKRI investment in financial year (£ million)		
	2021 to 2022	2022 to 2023	2023 to 2024
Greater South East	4,144	4,322	4,550
Outside the Greater South East	3,623	4,093	4,614

UKRI investment per person is consistently higher within the Greater South East than outside the Greater South East, falling from a ratio of 2 to 1 to a ratio of 1.7 to 1 over the period.

	UKRI investment per person in financial year (£)		
	2021 to 2022	2022 to 2023	2023 to 2024
Greater South East	170	175	183
Outside the Greater South East	85	95	106

The difference between UKRI investment as a percentage of local GVA in the Greater South East compared to outside the Greater South East halved between the 2021 to 2022 financial year and the 2023 to 2024 financial year, from 0.11% to 0.05%.

	UKRI investment as % of local GVA in financial year		
	2021 to 2022	2022 to 2023	2023 to 2024
Greater South East	0.46%	0.46%	0.48%
Outside the Greater South East	0.35%	0.38%	0.43%

The report includes further breakdowns of the data by ITL1 area and the 2022 to 2024 data can be visualised at: [Geographical Distribution of UKRI Investment in 2022-24 | Tableau Public](#).

Spinouts register and dashboard

A world-first [spinout register](#) was published early in June by the Higher Education Statistics Agency with expertise from Research England and our national knowledge exchange metrics advisers at the Cambridge-based Centre for University Commercialisation and Innovation, marking a major milestone in providing the first ‘official’ and publicly curated list of UK university spinout companies. This list of companies will enable us to unlock and distil more data about the key achievements and characteristics of spinout companies – including a suite of strategic indicators which will form the basis of a dashboard of evidence.

Research England are exploring indicators of the health of the national university spinout ecosystem including understanding regional differences, successes of different types of companies, and mobility and value capture of spinout companies. The publication of a first iteration of this selection of measures will accompany the publication of the next update to spinout register in Spring 2026.

Regional support to innovation

Cambridge x Manchester Innovation partnership funding

In June 2025, Research England awarded £4.8 million via the Research England Development (RED) fund for the Cambridge x Manchester Innovation Partnership, led by the Universities of Manchester and Cambridge. As the UK’s first cross-UK innovation partnership, the project will pioneer a new model of place-to-place collaboration and help drive economic growth for the UK- setting an example for other cities to follow.

At the core of the partnership is the exchange of complementary innovation assets to ensure real-world impact. Both cities already have strong R&D capabilities and strengths in leading-edge sectors such as AI, life sciences, and advanced materials. Cambridge has deep investor networks but experiences growth constraints due to its small scale, higher costs, and lack of development land. Manchester provides that scale, affordability for start-ups and scale-ups, and a large talent pool - but has a less mature support ecosystem.

The Research England funding will be used in three key areas: ecosystem activation and integration; growing investment; and testing and learning.

- **Ecosystem activation and integration:** It will strengthen relations within and between the innovation ecosystems of the two cities, to create a vibrant and ambitious cross-city innovation network. This aims to create progressive new approach inclusive growth.
- **Growing investment:** It will harness the combined strengths of both universities and partner cities to support start-ups and scale-ups to secure funding and grow, attract innovation-intensive FDI to the UK, and stimulate investment into R&D.
- **Testing and learning:** It will pilot new approaches and share best practice for delivering ecosystem collaboration and inclusive growth. This will allow other cities, the wider higher education sector community, and local and national governments in the UK and internationally to learn from the partnership.

The partnership will be led by Unit M and Innovate Cambridge - the universities' respective innovation capabilities - with support from the two Mayoral Combined Authorities, City Councils, businesses and investors. It is a prime example of how a university-led, cross-UK innovation collaboration can enhance the UK's global competitiveness and foster innovation-driven growth.

Connecting Capability Fund – Research England Development (CCF-RED)

The Connecting Capability Fund – Research England Development (CCF-RED) Fund supports higher education providers to commercialise their research. It promotes collaborations between universities and private sector partners, to achieve more effective research commercialisation.

The most recent announcement from CCF-RED was in May 2025, and committed to invest £30 million into four ambitious regional projects through its university commercialisation ecosystems initiative, via the [Connecting Capability Fund - Research England Development \(CCF-RED\) fund](#)

These projects will bring together universities, industry and other partners to deliver a step change in knowledge exchange activity, including building new and strengthening existing collaborations, expanding the pipeline of high-quality investible new spin-outs, supporting scale up capability, attracting new UK and international investment, creating high value jobs and embedding longstanding knowledge exchange work streams

The four new projects:

- **Strategic Commercialisation Ecosystem North East (SCENE):** Led by Durham University, SCENE will build on the success of the Northern Accelerator which has already helped launch over 50 spin-outs since 2018.
- **Forging ahead/Forging beyond:** [Midlands] Led by Loughborough University, this wide-reaching collaboration of 15 universities will tackle the fragmentation of skills and talent in the Midlands innovation landscape.
- **Biologics Regional Innovation and Technology Ecosystem (BRITE):** [Liverpool City region]: Led by the Liverpool School of Tropical Medicine, BRITE will plug critical gaps in the local biologics innovation pipeline.
- **Agri-tech Commercialisation Ecosystems (ACE):** [Greater Lincolnshire and East Anglia] Led by the University of Lincoln, in partnership with the University of Cambridge

and the University of East Anglia, ACE will establish a globally recognised agri-tech innovation cluster

CCF-RED awards align to many of the Industrial Strategy aims including supporting growth. Previous CCF-RED investments that align with the Industrial Strategy Sectors include:

- **Financial Services sector:** £1,373,671 awarded to University of Nottingham for the Inclusive Financial Technology Hub (INFINITY) which aims to create a pathway to develop a pipeline of financial technology research to give rise to early stage commercialisation ventures in financial services.
- **Creative industries and digital and technology sector:** £1,499,208 awarded to The University of Surrey for the Games and Innovation Nexus (GAIN) to connect capability and collaboration opportunities between HEPs, the video games industry, and the wider CreaTech sector to drive creativity and growth in the sectors.
- **Digital and Technologies sector:** £1,444,479 awarded to Imperial College London for AI SuperConnector which brings together a collaborative environment, where HEPs, external partners and collaborators advance AI innovation and its application to societal challenges.
- **Advanced Manufacturing:** £489,398 awarded to University of Warwick for Shared Technology Transfer Office in Advanced Engineering & Manufacturing for the Midlands (STTOAEMM) as part of the pilot programme to develop a regional, sector-focused TTO function. The project worked collaboratively with HEPs to identify and maintain a strong pipeline of commercialisation and spinout opportunities in a range of midlands-based HEPs who previously had under-resourced TTOs.

Higher Education Innovation Funding (HEIF) (national funding, with regional impacts)

Institutional formula funding issued through Higher Education Innovation Funding (HEIF) supports a broad range of knowledge-based interactions (knowledge exchange, KE) between higher education providers and the wider world to ensure economic and societal impact. It supports and provides incentives for HEPs to work with business, public and third-sector organisations, community bodies and the wider public, and achieves a £14.8 return on investment¹.

Institutions flexibly use to their funding allocations in ways to maximise on areas institutional strength, their strategic goals, and respond with bespoke solutions to regional needs and local opportunities. Recent evaluations have shown this flexibility maximised the impact and relevance of initiatives and partnerships, ensuring that resources were effectively deployed to address specific regional needs and opportunities. For example, it has been evidenced that HEIF investment has been effective in addressing skills gaps, by enabling targeted support and promoting meaningful collaborations between academia and business to address regional and sectoral needs through the upskilling of SMEs.²

Data on totality of all knowledge exchange activities conducted by English universities, of which at least 31% we understand to be attributable to HEIF¹, is presented in the Knowledge Exchange Framework (KEF). The interactive and data-led KEF dashboards provide publicly

¹ Ulrichsen 2004, [2024_Ulrichsen_HEIF_ImpactReport_vFinal2.pdf](#)

² PA Consulting 2024, [RE-04022025-FinalEvaluationoftheHigherEducationInnovationFundProgramme.pdf](#)

transparent information describing the year-on-year performance of each English university across seven types of activity. This provides further accountability for the significant public investment put into the sector, and data to incentivise and enable continued performance improvement by universities.

Expanding Excellence in England (E3)

The Expanding Excellence in England (E3) fund supports small and excellent research units and departments in higher education providers across England to expand and increase their activity where they have potential to grow.

The aims of E3 are to:

1. Support the contribution of English universities to our society by pushing the frontiers of human knowledge and delivering transformative economic, environmental, and societal impact;
2. Fund the strategic and sustainable expansion of research capacity across England's regions. E3 will focus on where distinctive research excellence with the potential for expansion already exists and where those existing disciplinary or interdisciplinary foci can benefit their local or regional setting at an increased scale;
3. Contribute towards the delivery of government priorities while maintaining the principles of funding excellence wherever it is found and delivering a research environment that reflects the rich diversity of the UK and cultivates future talent.

Below is a regional breakdown of the last two rounds of E3 funding (2019-2029).

Region	Funded Projects	Funding (£m)
North East	1	8
North West	4	31.2
Yorks and Humber	2	8.9
East Midlands	4	37.9
West Midlands	2	15.4
East of England	3	32
Greater London	4	30
South East	5	38.1
South West	6	36.5
Total	32	238

Innovate UK programme data

Innovate UK publishes its awards data each month including a number of variables by which the data can be analysed. The below data show a breakdown of this award data by product type, covering the key products that Innovate UK has delivered with its allocation over the last two years, separated by awards made to organisations in the Greater South East and outside of the Greater South East.

It should be noted that there is a known ‘headquartering effect’ within this data, whereby companies with registered headquarters in London are known to carry out their R&D activity outside of the Greater South East. An example of this would be Rolls-Royce, which is headquartered in London but carries out its R&D predominantly in the Midlands and South West. The data below do not adjust for the headquartering effect, but previous analysis suggests that this could shift between 7-11% of awards in the GSE to areas outside the GSE.

	Innovate UK Funding (£m)			
	FY 2022/23		FY 2023/24	
	GSE	Outside GSE	GSE	Outside GSE
Centres	81.27	170.95	267.91	1,221.78
Grants for R&D	17.56	50.46	18.30	115.91
Collaborative R&D	244.27	396.24	367.68	429.12
Knowledge Transfer Partnership	9.33	21.89	12.70	29.69
Launchpad	1.21	8.42	2.22	18.21
Feasibility Studies	10.10	16.53	11.35	15.74
Small Business Research Initiative	6.29	3.57	75.05	50.99
Innovation Loans	41.43	34.97		

Innovate UK Regional Support

During the session, we were asked for data on business support from the Growth Hubs across the country. Please note that the Growth Hub programme sits with the Department for Business and Trade and not UKRI. However, UKRI provides support to innovative local businesses nationwide through other activities.

Notably, through [Innovate UK Business Growth](#), IUK has 400 locally based Innovation and Growth Specialists. These Specialists support ambitious innovative small to medium sized businesses to grow and scale. At the local level, the specialists work closely with Growth Hubs, local enterprise agencies and the rest of the regional innovation ecosystem e.g. local universities, regularly cross-referring clients. A breakdown of Innovate UK specialists by region is provided below.

Region (International Territorial Level-1)	Client facing FTE (2024)	Client facing FTE (2025)
North East	14.4	16.4
North West	41.3	40.4
Yorkshire and the Humber	21	22.6
East Midlands	38.8	39.8
West Midlands	10	9.4

East of England	44.6	46
London	52.4	59
South East	40	47.2
South West	31.4	31.4
Northern Ireland	3	5
Wales	23.4	20.8
Scotland	13	15
National (cross regional roles)	38	43.8
	371.3	396.8

Additional clarification

When discussing how Innovate UK supports small businesses in the regions through programmes such as the Launchpads ([Q300](#)), our intention was to say that Innovate UK is working to lower the barriers for small businesses who have never applied for funding to Innovate UK. The criteria for high quality applications are not being lowered, and applications are assessed in exactly the same way, being peer reviewed by national experts.

Best wishes,

Professor Dame Jessica Corner

Executive Chair, Research England

Dean Cook

Executive Director – Place and Global,
Innovate UK