



Department for Business, Energy & Industrial Strategy

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
W www.beis.gov.uk

Darren Jones MP
Chair of the BEIS Select Committee
House of Commons
London
SW1A0AA

22 July 2021

Dear Darren,

Departmental Update

I am writing to you today to announce the publication of three policy documents: the UK Innovation Strategy, 'Leading the future by creating it'; the R&D People and Culture Strategy; and a consultation seeking views on Reforms to the UK's Regulatory Framework.

UK Innovation Strategy

Innovation is central to tackling the largest challenges the world faces, from climate change to global pandemics. The UK must be in the vanguard of the response to these challenges. That is why the Government has placed innovation at the heart of our Plan for Growth to and so much else we want to achieve, from fighting coronavirus to achieving net zero and building Global Britain.

The UK has a long and illustrious history of world-leading innovation, from the industrial revolution to the vaccine development of the past year. Now we have left the EU, we can move even more quickly to respond to emerging challenges and global opportunities and cement the UK's position as a world-leader in science, research and innovation.

To this end, the UK Innovation Strategy sets out the Government's vision **to make the UK a global hub for innovation by 2035**, placing innovation at the centre of everything this nation does. Through this we seek to generate disruptive inventions, the most tech-centric industry and government in the world, more tech "unicorns", and a nation of firms and people that all aspire to innovate.

To achieve these objectives, we want to unlock business investment in innovation. This is a core objective of the Innovation Strategy, and my officials have consulted with over 400 businesses and organisations to determine the factors that could lead to an increase in business innovation.

In the Innovation Strategy we set out our plans against four key pillars, which will support the achievement of our vision:

- Pillar 1: Unleashing Business – We will fuel businesses who want to innovate.
- Pillar 2: People - We will make the UK the most exciting place for innovation talent.
- Pillar 3: Institutions & Places - We will ensure our research, development and innovation institutions serve the needs of businesses and places across the UK.
- Pillar 4: Missions & Technologies – We will stimulate innovation to tackle major challenges faced by the UK and the world and drive capability in key technologies.

Through these pillars, the Innovation Strategy aims to both establish the right underlying policy environment and clearly signal those areas where the Government will take the lead.

This Innovation Strategy is only the first step. In the coming months and years, we will maintain a laser-like focus on realising our ambitions for innovation. We will track a range of quantitative metrics to measure our progress in delivering our commitments, alongside in-depth intelligence from businesses and other innovation stakeholders. Innovation will also be a crucial element of our efforts to level up the UK economy. A detailed strategy for levelling up through research and innovation will be set out as a part of the Government's forthcoming Levelling Up White Paper.

R&D People and Culture Strategy

I am also delighted to announce that the government has today published its R&D People and Culture Strategy, delivering on the commitment we made in the R&D Roadmap last summer. The Roadmap recognised that people are at the heart of R&D, and that we need talented, diverse people, with the right skills, working in an environment that allows them to do their best work and deliver positive outcomes for our society and the economy.

The R&D People and Culture Strategy sets out, for the first time, a whole sector vision that is backed by clear government commitments. It is a call to action to create a more inclusive, dynamic and sustainable UK R&D sector, in which a diversity of people and ideas can thrive.

Through this strategy, we will set out actions that will bring the best out of people and enable talent and ideas to flow freely between academia, business and other sectors. We will ensure that everyone's contribution is valued, and the UK has an outstanding research culture that truly supports discovery, diversity and innovation, and offers varied and diverse careers that bring excitement and recognition.

The Strategy identifies three priority areas across which action is needed:

- **People:** *redefining what it means to work in R&D in the 21st Century – valuing all the roles that make it a success and ensuring the UK has the capability and capacity it needs.*
- **Culture:** *co-creating a vision of the culture we want to see within the sector - working together to make lasting change happen so that researchers and innovators with diverse backgrounds and ways of thinking can thrive and do their best work here.*
- **Talent:** *renewing the UK's position as a global leader in R&D in attracting, retaining and developing talented people, making sure careers in UK R&D are attractive to talented individuals and teams both domestically and internationally.*

A talented and thriving R&D workforce will be key for realising our science superpower ambitions, and the R&D People and Culture Strategy will play an important role in supporting the vision I am setting out in the Innovation Strategy to make the UK a global hub for innovation by 2035.

We have engaged widely with the sector to date on the issues identified in both of these strategies, and my Hon. Friend the Minister for Science, Research and Innovation and I are very grateful to the hundreds of individuals and organisations who have contributed to their respective development. The Government will continue working closely with the sector to ensure the successful implementation of both strategies.

Reforming the Framework for Better Regulation

As we have left the EU, now is the time to think boldly about how we regulate and for the first time in a generation, we have the freedom to conceive and implement rules that put the UK first. We will use our newfound freedoms as an independent trading nation to boost growth, increase competition and create jobs by revamping the way rules and regulations for businesses are set.

We have high ambitions to reform the ways in which we design, implement, and evaluate our regulatory interventions and a well-designed regulation system can allow us to embrace new ideas and technologies, while providing certainty to reduce investment risk and encourage competition and innovation.

The consultation sets out five principles that will underpin the Government's approach to regulation to ensure it benefits the British people:

- **A sovereign approach:** the UK will use its freedoms to take a tailored approach to setting rules in a way that boosts growth and benefits the British people.
- **Leading from the front:** we will act nimbly to support the development of new technologies.
- **Proportionality:** We will use non-regulatory options where we can, while acting decisively to put in place strong rules where they are needed.
- **Recognising what works:** Regulations will be thoroughly analysed to ensure they work in the real world.
- **Setting high standards at home and globally:** we will set high standards at home and engage in robust regulatory diplomacy across the world, leading in multilateral settings, influencing the decisions of others, and helping to solve problems that require a global approach.

People in the UK voted to take back control to make their lives better. In putting these principles into practice, we and our independent regulators must always remember that the way we make and enforce regulation makes a tangible difference to people.

I am grateful for the collaboration on this consultation from Lord Frost and his team, as well as the independent report from colleagues in the Taskforce on Innovation, Growth and Regulatory Reform, which helped inform our thinking.

I look forward to setting out a new regulatory framework for the UK to meet these five principles, which will allow us to maintain high standards of workers' rights, environmental protection and consumer rights, while regulating in a way that puts British businesses first.

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 and Industrial Strategy