



Glasgow City Region Cabinet

Report by Kevin Rush, Director of Regional Economic Growth

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Glasgow City Region Innovation Accelerator

Purpose of Report:

To update the Cabinet on:

- Progress made on the Glasgow City Region (GCR) Innovation Accelerator programme; and
- The key sectoral areas approved by the Regional Economic Partnership.

Recommendations

The Cabinet is invited to:

- a) note the progress which has been made in developing proposals for the GCR Innovation Accelerator programme;
- b) note that an initial submission of programme proposals to the Department for Business, Energy & Industrial Strategy (BEIS) is required by the end of June; and
- c) note the key sectors at section 4.2 were approved by the 9 June 2022 Regional Economic Partnership to form the basis of this submission.

1. Introduction

- 1.1 This report updates the Cabinet on progress made in developing proposals for an Innovation Accelerator programme.

2. Background

- 2.1 The UK Government published its Levelling Up white paper on 2 February 2020. It makes proposals for spreading economic and social opportunities across the UK, with a particular emphasis on raising local growth and productivity to the levels of the south-east of England. Amongst these is one for raising levels of domestic R&D funding outside of the south-east. It has established a £100 million fund to support the development of Innovation Accelerators in three regions - with Greater Manchester, the West Midlands and Glasgow City Region having been pre-selected to share this funding.
- 2.2 The Department for Business, Energy & Industrial Strategy (BEIS) is leading for the UK Government on the Innovation Accelerator programme. These are intended to be new centres for innovation, research and development which will drive-up prosperity and opportunity for local people. There is also an expectation that national funding will help to lever at least a 2:1 investment from the private sector and there is a corresponding strong emphasis on business engagement in developing and implementing bids.
- 2.3 BEIS has asked each city-region to establish a partnership which will assess local innovation strengths, ensure strong business representation, and develop proposals for a funding bid. The proposed membership of this for GCR was agreed by the Regional Partnership when it previously considered this matter and the new partnership has been meeting since then. A preliminary set of proposals is expected to be submitted to BEIS by the end of June and a full business case by the end of the calendar year.

3. Update on progress

- 3.1 The Innovation Partnership has gathered a strong and diverse representation from key private sector industries, alongside both of the universities (Glasgow and Strathclyde) which are already engaged in developing innovation districts in the city-region. This ensures that linkages across the innovation eco-system of business, academic and public sectors can be drawn upon and enhanced as a key feature of the GCR offer to national government and for the delivery of legacy benefits from the Innovation Accelerator programme.
- 3.2 In addition to the main partnership, a project team has been working on the specific detail of the initial submission to be made to BEIS. This has been informed by a set of objectives agreed by the partnership for approaching this opportunity, which themselves reflect the context established by the GCR Economic Strategy. They include:

- The need to frame any proposals for this particular programme within a broader long-term conception of growth and innovation across GCR over the next ten years.
- An ambition both to build a strong business base for innovation in GCR and to tackle social challenges around productivity, inclusive growth and 'sticky' jobs.
- The potential for linking the Innovation Accelerator work with other funding and policy initiatives, such as the Shared Prosperity Fund.
- The significance of building greater horizontal linkages across sectors in order to grow existing strengths around particular industry clusters.
- The opportunities for learning and peer engagement with the other two UK city-regions selected for this programme.

3.3 Partners are particularly keen to see this work in the context of the ambitions set out for 2030 in the GCR Economic Strategy, thereby harnessing drive and momentum around innovation beyond the lifetime of the Innovation Accelerator programme itself and ensuring a legacy locally and for national government.

3.4 BEIS has emphasized that it does not wish to be prescriptive on which projects are selected for potential funding, which it sees as a matter for local decision-making. It has further stated its aim of supporting the development of final business cases through a co-creation process with each of the three city-regions over the coming months.

3.5 BEIS has also made an offer to address any policy and regulatory barriers which partners identify in the course of their discussions on this programme, with due acknowledgement that many are likely to be devolved responsibilities. In this light, the Scottish Government itself is publishing a national innovation strategy in the summer which will help to provide further context for the final business case which GCR will submit towards the end of the year.

4. Key Sectors

4.1 The agreed sectors in this section have emerged from a set of conversations between industry and academic partners. They reflect an assessment of existing strengths, where challenges lie, and how the opportunities arising from the Innovation Accelerator programme can be maximized.

4.2 The Innovation Partnership and the Regional Economic Partnership have formally agreed a set of key sectors for growth and new opportunities, which are:

- Advanced manufacturing;
- Fintech;
- Space;
- 6G;
- Nano fabrication;
- Precision medicine;
- Photonics;
- Quantum tech;
- Optronics;

- Sustainability.

- 4.3 A basic assessment has been undertaken of each sector's particular strengths and the opportunities which investment can drive - as well as the corresponding threats arising from lack of investment. The assessment also illustrates how the strong levels of knowledge, experience and consistent industry leadership across such sectors underpins their investment potential.
- 4.4 There is correspondingly a strong pull towards clusters in this assessment and their potential for further building towards market opportunities. Finding points of connection across projects in order both to inform proposals and to set progress towards longer-term ambitions is a principal aim for the project team. It will look to support the richness and depth of current innovation whilst also aiming to promote growth at pace – which brings with it the challenge of getting success through the two years of Innovation Accelerator funding at the same time as maintaining longer-term goals.
- 4.5 Partners believe that these sectors represent strong areas for potential growth, where translational research from the university sector connects to leading industry players and new business spin-out opportunities. They illustrate well to national government how the city-region is a leading place for innovation in Scotland/UK and provide a sense of confidence in the delivery of the Innovation Accelerator programme through the experience and linkages gained from an existing track record of local work.

5. Next steps

- 5.1 A long-list of specific projects within the sectoral areas identified above is being developed by university and industry partners. These will form the basis of an initial, high-level submission to BEIS at the end of June, drawing on previously issued guidance on the areas where each city-region is expected to reflect its distinct contribution to national objectives in their project proposals.
- 5.2 Further guidance from BEIS on the framing of project proposals and eligibility for funding is expected shortly. This will include detail on how the leverage of private sector investment alongside the UK Government funding will need to be presented by partners, which is a key element of the policy approach to this agenda.
- 5.3 Following submission of these initial proposals, Innovate UK will work with the three city-regions on behalf of national government to develop further iterations of them over the summer months. This will lead to a final business case being put forward by the end of the calendar year. The spend for this programme is likely to relate mainly to financial years 2023 and 2024, which means that the coming months represent an opportunity for partners to build their broader vision for working together on making Glasgow City Region the most innovative, inclusive and resilient economy in the UK by 2030.

6. Recommendations

- 6.1 The Cabinet is invited asked to:

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- b) note that an initial submission of programme proposals to the Department for Business, Energy & Industrial Strategy (BEIS) is required by the end of June; and
- c) note the key sectors at section 4.2 were approved by the 9 June 2022 Regional Economic Partnership to form the basis of this submission.