1. How best can our regulators drive innovation and make the UK the regulatory test bed capital of Europe?

There are a number of things that regulators can do to ensure their activities drive innovation. These include:

- Ensuring promotion of innovation is included in the overall framework defining their overall goals
- Specifying delivery standards in performance terms rather than through specific technologies or mechanisms
- Being open to new ways of delivering products and services within their regulated domain
- Pro-actively engage with both providers and users to ensure that they are well informed about such new opportunities
- Working in collaboration with companies that offer new products to ensure they fit in with the regulated environment.

2. How can we deliver real culture change within public procurement?

We believe that those in the public sector responsible for delivering public procurement programmes should:

- have a duty to promote innovation and should reserve a small percentage (~1%) of their funding to back new ideas.
- be empowered to work with Innovate UK to deliver this using programmes such as SBRI
- be required to provide an annual report on the outcome of their innovation procurement activities including an assessment of the benefits achieved
- take into account overall lifecycle cost of the decision, not just select the supplier with lowest cost of the actual product/service being procured.

A big barrier is the PQQ Risk Assessment procedure. Innovators do not have the capital structure and evidence of sustainable delivery and contracts to pass the PQQ Risk Assessment. Entrepreneurial companies with novel ideas should be encouraged to tender whether or not they have the financial resources and longevity of supply.

3. How can we ensure that we put the UK at the forefront of open data opportunities?

Government organizations should start from the presumption that data will be anonymized and made available unless proven to be too great a risk i.e. an opt-out process not an opt-in.

4. Where can we maximise the opportunities for innovation, as we deliver high-quality infrastructure that unlocks broad economic opportunities?

A requirement should be that no barriers to innovation during infrastructure development are introduced from the introduction of a supplier’s bespoke intellectual property. Open Source should be considered in the broadest sense over standards and interfaces.

5. Where can the UK work alongside the private sector to create the deepest pool of innovation finance in Europe?

A proportion of the Enterprise Investment Scheme should be allocated to Innovative Companies or Companies with a small balance sheet or unlisted Companies. More
developed SME’s that are listed on the AIM growth market can be more effective at getting funding, thereby disadvantaging new and young companies struggling for finance.

InnovateUK and EPSRC should cooperate and generate a coherent strategy and medium to long term funding planning that will attract industrial support and market pull.

6. **What do we need to do to get maximum benefit to the UK economy from challenger businesses?**

   We believe maximum benefit can be achieved through support for ‘riskier’ investments around innovative ideas. We suggest that the Challenger Banks are restricted to investing in Companies that are a) unlisted and b) have a balance sheet less than £5m.

7. **How can we ensure that the UK’s inventiveness and creativity capitalises on our strong intellectual property system to generate growth and further innovation?**

   The process, time and cost to patent new technology is outdated and time consuming. It can take over 1 year to have a patent application approved, and can be very costly. There needs to be a fast-track and cheaper process to protect innovation, especially when dealing with start-up companies that do not have the financial resources to wait for a patent approval.

   The cost (both time and money) of defending IP for a small company that needs to challenge a large company is prohibitive. An ombudsman to provide fast rulings in relatively unambiguous cases would make a difference.

8. **Is there anything else the UK could need to do to create the best possible framework for innovation?**

   A vibrant Private Equity and Venture Capital environment that is not risk averse to support innovative businesses is essential for innovation, working with Government, whose responsibility it is to create a robust framework for innovation.

   To this end, we believe that all Government Departments should be required to include within their annual reports:
   - an assessment of the potential for innovation within their areas of responsibility
   - a description of the activities which they are undertaking to try to realise the benefits including budgets and policy initiatives
   - a description of the collaborations which they are undertaking with public sector funders of innovation including Innovate UK and the Research Council.

   Looking at the Cambridge phenomena and Tech City it is clear that the UK performs superbly where we can create practical entrepreneurial ecosystems that link industry, academia, regional and national funding bodies. Government and industry need to combine to create more of these vibrant hubs which will greatly help to foster the growth of innovation within existing companies and encourage start up enterprises for new products and processes.
Another example is the Northern Robotics Network (NRN)- a regional branch of Innovate UK’s Special Interest Group on Robotics and Autonomous Systems (RAS) with members across a range of sectors including nuclear, aerospace, transport and food manufacturing. The NRN plan an overall ecosystem that includes industrial clusters for each sector, the engagement of LEPS and funding bodies, links to academia for technology support and training and a funding reserve to foster innovative start-up ventures. Details of the strategy can be found on the Northern Robotics Network website.

Additionally, the UK needs a well-planned educational and training structure for the emerging technologies for both academic and industrial talent. These could be based in Catapults for example.