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**Report to:** Business Innovation and Growth Panel

**Date:** 28 May 2019

**Subject:** Innovation

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## **1. Purpose of this report**

- 1.1 To provide panel members with an update on plans to embed innovation into the Local Industrial Strategy and wider policy framework.

## **2. Information**

### Background

- 2.1 Innovation is key to addressing some of the biggest challenges facing the UK and the Yorkshire economies, most notably productivity. As the UK's Industrial Strategy Green Paper (2017) notes: "Higher levels of investment in innovation correlate with faster growth and higher income levels... leads to the creation of new products and services, more effective processes and better ways of doing business. These improvements are the essence of economic growth."
- 2.2 In recognition of this, the national Industrial Strategy sets out a target for the UK to spend 2.4% of GDP on research & development (R&D) by 2027. Current spend is 1.7%, ranking the UK 11th in the EU.
- 2.3 However it is important to note that whilst R&D is a critical element of innovation, it is not the only source of innovation which can also come from the development of new processes or services to improve efficiency and therefore the LIS has to strike a balance between striving for the 2.4% ideas generation target and also supporting broader innovation diffusion and adoption of ideas and technology in the wider economy.
- 2.4 To support the development of the Local Industrial Strategy, and to further interrogate the region's innovation performance, work has been commissioned to explore the region's 'Innovation Culture, Capacity and Potential'. This is due

to report back in mid May 2019 and Panel members will receive a presentation with the findings at the meeting on the 28 May.

- 2.5 The research is seeking the answer the following question: What does innovation activity and diffusion in the region look like and what do we need to do to help all of our businesses achieve their innovation potential? The research will specifically explore the following areas:
- Who is currently innovating and conversely, who is not?
  - Does innovation activity vary by sector?
  - How much innovation is not captured in R&D investment?
  - What drives innovation activity?
  - Is anything unique to The Region in terms of innovation or innovation activity?
  - Who do innovating businesses engage and collaborate with on innovation activity?
  - What role can Universities play in innovation and innovation diffusion?
  - What does best practice look like?
  - How do we perform in terms of innovation and diffusion of innovation – and what role do issues such as business culture and sectoral make up play in this?
  - How do we create/foster a culture of open innovation?
  - What role do enabling technologies play in innovation and innovation diffusion?
  - What role does place have in innovation activity and diffusion?

- 2.5 Panel members will also hear about other initiatives underway to support innovation activity from Yorkshire Universities, Leeds University, Huddersfield University and the LEP's successor to Access Innovation, currently titled Connecting Innovation.

### **3. Financial Implications**

- 3.1 There are no direct financial implications directly arising from this report.

### **4. Legal Implications**

- 4.1 There are no legal implications directly arising from this report.

### **5. Staffing Implications**

- 5.1 There are no staffing implications directly arising from this report.

### **6. External Consultees**

- 6.1 No external consultations have been undertaken.

### **7. Recommendations**

- 7.1 For the Panel to discuss the findings presented at the meeting, with a particular focus on guiding the next steps in the development of the Local Industrial Strategy.

**8. Background Documents**

None.

**9. Appendices**

None.