

16 July 2013

PRAXISUNICO COMMENTS ON THE GOVERNMENT'S RESPONSE TO THE SCIENCE AND TECHNOLOGY COMMITTEE'S REPORT *BRIDGING THE VALLEY OF DEATH: IMPROVING THE COMMERCIALISATION OF RESEARCH*

1. The Government's response to the Science and Technology Committee report is largely positive, in that it acknowledges the validity of the issues raised, recognises the crucial role of research and innovation to the UK economy and importantly endorses the Committee's view that measures to improve innovation and commercialisation should not be at the expense of funding for the UK research base.
2. The report itself identifies the multitude of issues and problems associated with innovation that are faced by business in different sectors. The Government agrees with this perspective and seeks to tailor its response accordingly, but while it very largely agrees with the recommendations of the Committee the response is generally framed in terms of current initiatives. The issue of great interest to the university sector – how to bridge the valley of death – is not specifically addressed, on the grounds of complexity.
3. The development of the TSB as the UK's primary innovation agency, the establishment of a Business Bank, the role of the government itself as a customer in the market and the importance of effective procurement policies are all seen as important components of the Government's innovation strategy. This is positive, but full practical implementation and adequate funding of these initiatives will be crucial to their success.
4. The Government puts great emphasis on the network of Catapult Centres as very important in the development of SMEs' capabilities. Critically it does recognise the long timescale need to develop the potential of the Catapults and that making them financially self-supporting is an unrealistic objective. PraxisUnico has commented on these questions before and while we are supportive we have not yet seen how the Catapults will interact with universities.
5. The Government suggests that the TSB's Innovation Vouchers scheme is key to providing access to university facilities by SMEs, although makes no recognition that as yet this scheme is not widely used.
6. While clearly supporting the research base, the Government does not seem to address the Committee's statement that R&D is drifting away from the UK and that the demand side issues previously highlighted by the Lambert Report still exist. Educating the City about the value of IP and technology is a help but not a radical solution. Disappointingly the resurrection of the R&D Scoreboard is dismissed on the grounds of cost, even though it provided a very useful piece of management information.
7. The Committee identified concerns in the HEI sector about the VAT position and potential burdens imposed by having innovative and commercial activities co-existing with research and by inter-university agreements. The Government's response was simply that VAT is continually under review and the latter issue is subject to EU legislation.
8. The Government, through BIS, has asked NCUB to investigate role of Easy Access IP and other innovative IP management schemes and seems content with current HEIF arrangements and that there is no

significant loss of IP from organisations which receive lower levels of HEIF. The importance of the HE-BCI survey is noted.

9. Overall the importance of the role of universities continues to be recognised and welcomed, but their success in playing an even greater role in economic development requires that an overall strategic approach to innovation is required. Universities alone cannot solve the demand-side issues.