

## Coordinated action for innovation is needed to create the networks and ecosystems required to prevent a lost decade of stagnation in both private and public spheres

*As economic growth remains elusive and fears grow concerning the possibility of a double dip recession, there is cause to believe that the UK could be headed for a decade-long period of stagnation and deprivation. [Charles Levy](#) outlines how a new initiative, the Big Innovation Centre, aims to establish areas for policy action to stimulate the creative capacity of the UK's innovation ecosystem and thus generate growth and jobs.*



Without urgent coordinated action across government, business and finance, the UK faces a 'lost decade' of stagnation. The government must act now to adopt a strategy of collaborative, entrepreneurial investment in those areas likely to bring the greatest dividends in growth and jobs. This is the simple message that we put to Vince Cable, the Secretary of State for Business Innovation and Skills at the launch of the [Big Innovation Centre](#) yesterday.

The Big Innovation Centre is a groundbreaking initiative from The Work Foundation and Lancaster University. Its ambition is to deliver a step change in Britain's capacity to innovate and generate wealth. The centre is supported by ten companies, two trusts, three public bodies and a consortium of top research universities led by Oxford University. All agree that without major change the country faces stagnating living standards, mounting deprivation and a growing structural trade deficit.

But, at the Big Innovation Centre we also see huge opportunity as the pace of scientific and technological advance accelerates. There are likely to be just as many transformative so-called general purpose technologies (GPTs) in the 21<sup>st</sup> century as over the past five hundred years. Like electrification, steam power, or the internet, the next wave of broad and multi-purpose technologies will create and destroy industries and business models, remake markets and our lives, and overturn the established corporate order. The UK must develop a fully functioning innovation and investment ecosystem over the next fifteen years to seize the opportunity of exploiting these new waves of useful knowledge.

Our anchor paper [Making the UK a Global Innovation Hub: How business, finance and an enterprising state can transform the UK](#) introduces a policy agenda that sets out how government, businesses and public bodies should work together to develop innovation networks and ecosystems, that are founded on open innovation models that can harness the creative capabilities of both public and private sectors. The key recommendations include:

- Building the Technology Strategy Board into the most effective global grant giver for research into GPTs and their application;
- Working to develop the most globally sophisticated national network of Technology and Innovation Centres, organised as far as possible on open innovation principles; and
- Co-developing with financial institutions a structural shift that creates a more effective supply of equity and loan finance to support innovative small and medium enterprises.

Our work has also identified five broad areas for priority action, all of which are critical if we are to build a strong innovation ecosystem:

- **Building innovative markets, places and networks** – innovation is about much more than single firms working in isolation, it depends on interactions between business, consumers and many other forms of institution. We need to ensure that we support the complex processes that operate within advanced innovation networks;
- **Establishing an innovation friendly financial system** – we're concerned that the finance sector appears to be systematically failing the SMEs which could provide the greatest source of innovation;
- **Developing universities as interactive partners in systems of innovation** – Universities and public research organisations are key nodes in innovation networks. They generate knowledge and act as catalysts of business spin-off institutions, but we need to do more to fully immerse and embed

all of our universities as true interactive partners right at the heart of our innovation system;

- **Delivering skills for innovation** – These are poorly understood. Our focus will be on identifying which higher and technical skills are pivotal for innovation and productivity, and how the university and college system can best deliver them;
- **How our state can be more enterprising in how it supports innovation** – regulation and public procurement are two key instruments to drive innovation. One of our work programmes will look at how the public sector can design markets which best support innovation and investment.

Uniquely, the Big Innovation Centre will have the resources and capacity to think in a holistic way about the entire innovation ecosystem. In understanding the contribution of individual institutions or policies in each of these areas we will be able to appreciate the context, connections and relationships with other actors.

By working jointly with leading universities, businesses and policy groups we will be in a unique position to find ways to help these organisations better work together to drive the innovation our economy needs. For example this joint working is key to understanding the barriers businesses face when accessing knowledge and building relationships with academic institutions. It is these types of deep external connections that will enable the Big Innovation Centre to have a significant impact on the organisations we work with, as well as the wider economy.