



Innovation Sub-Group Meeting

Wednesday 23rd September 2020, 14:30 – 16:30

Virtual Microsoft Team Meeting

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Minutes of the meeting

Members present:	Lesley Thompson (LT): Chair & VP Academic & Govt Strategic Alliance Elsevier Sarah Haywood Price (SHP): Managing Director Advanced Oxford Roger Neal (RN): Sophos UK Jane Galsworthy (JG): Director of Programmes Oxford Innovation /AO Rep Barabara Ginnelli (BG): SFTC Agne Milukaite (AM): Cycle land Stuart Martin (SM): Catapult Ian Chapman (IC): UKAEA Chas Bountra (CB) : Oxford University Andrew Harrison (AH): Diamond Light Source Paul Beasley (PB): Prof of Energy Systems and Head of R&D Siemens UK David Legg (DL) Innovate UK
Apologies:	James Colgate (JC): Williams Engineering Linda King: Pro-Vice-Chancellor, Research and Global Partnerships Oxford Brookes University
In attendance:	Phil Clare (PC): Deputy Director, Research Services, Oxford University Thandiwe Hara-Msulira (THM), OxLEP Sebastian Johnson (SJ) OxLEP Ahmed Goga (AG), OxLEP Josh Fedder (JF) BEIS Alexandra Capatra (AC) OxLEP Ava Scott (AS) Beauhurst <i>for item 3</i> Henry Whorwood (HW) Beauhurst <i>for item 3</i> Tracy James (TJ), OxLEP <i>for item 6</i>

	Item
1.	Welcome, Introductions and Apologies
2.	<p>Matters Arising & Minutes of the Meeting held on 15th June 2020</p> <p>Minutes of the previous meeting were reviewed and approved</p> <p>AG: Debbie Buckley-Golder has now retired from UKRI and DL will be joining the Group as the new Innovate UK representative</p>
3.	<p>The Oxfordshire Innovation Ecosystem Report – Beauhurst</p> <p>AG : The report is a review of the cluster mapping work that Beauhurst undertook during spring / summer 2020 and gives an insight into how the Oxfordshire ecosystem is evolving. It also includes a high level assessment on the impact of Covid-19 on the ecosystem.</p> <p>AS : The Beauhurst report is from data relating to all companies that have shown signs of growth. The data is generated by the following triggers.</p> <ul style="list-style-type: none"> ▪ Equity investment – Size ▪ Scale up – 10% Growth or more over 3 year in either turn over or staff ▪ Accelerator attendance ▪ Academic research ▪ Being in receipt of more than 100K in grant money ▪ Management Buy in or Out ▪ The 30,000 high growth companies in the UK <p>Beauhurst has a large data team who monitor these triggers via ads, or media publication of these events. They also monitor SHO 1 filing submitted to Companies House when a company receives funding or when it receives equity investment so they are pretty comprehensive. In addition, they have relationships with companies that give academic grants, angel investors and spinout companies which provide information on equity deals from investors and any Covid 19 grants.</p> <p>CB: There is an impression that Oxford companies do not have enough space and so they may leave Oxford for that reason. Do you think space availability is a trigger for growth?</p> <p>AS: It is hard to quantify this from the data.</p> <p>HW: The triggers we monitor apply after the space is already available so it is hard to conclude anything from this data. However we know that space as well as where people can live are characteristic pressures of Oxfordshire. These dynamics may inform the findings in the data.</p> <p>SHP: On scale ups there are a number of measures one of which is growth in FTE. How do you get your FTE data and how do you monitor this?</p> <p>AS: We use all financial statements admitted to Companies house. Whenever a company uploads new financials they get uploaded to their profile automatically.</p> <p>We know that 2% of the entire high growth companies are from Oxfordshire which is double the share of elsewhere. So Oxford is punching above its weight, though we could argue that we could expect more given the dominance of academic research.</p> <ul style="list-style-type: none"> ▪ There is a large output of academic spin outs largely to the University. 110 of these have stayed in Oxfordshire and plenty have moved to other parts including London ▪ A lot of Equity investment £471m for 2019 – This is a little less than 2018 but it is still at record levels. ▪ Oxfordshire also received Innovating grants of almost £50m. ▪ There are some Oxfordshire companies that are seen as exciting in the ecosystem with AI being the most popular as it can be applied in many different sectors e.g. e-health –

wearables, the internet of things, big data and digital security and computing. All this is in keeping with Oxfordshire's aspirations in the Local Industrial Strategy.

- Numbers in key investment figures over time were growing up until 2018 and this was the patterns for the rest of the UK. However, there has been drop in seed stage deals and this is worrying as seed stage deals maintain the pipeline.
- 2018 was not the record year for investment in Oxford but it was for the UK. However since a lot of Oxford companies received huge amounts in 2018, this inflated the figured in 2018 and so made it harder to beat.
- We have raised more money in the first half of 2020 than the whole of 2019
- There has also been an upward investment of grants to Oxford.
- Fastest was by turnover, but the high growth include OXGENE, Henry Rugby club and the Joiners Arms. This may simply reflect their business models and activity, e.g. the hiring of new staff
- **COVID 19 – impact Assessment** – Oxfordshire has shown similar impact to the rest of the UK with 39% of companies showing signs of moderate severe and critical stress. These businesses employ circa 8600 people who could lose their job, if these stresses continue.
- However 2% of them may be able to leverage the situation postively, if they can handle online demand and delivery or through the life sciences sector.

SHP: We are really interested in the fate of the companies started in Oxford that exited i.e. which ones stayed and which ones moved to other regions or out of the UK.

AS: We can share the list of companies that have exited.

HW: We stop tracking at exit point. However, it used to be that you could talk negatively about exists and acquisition but in the Sky Scanner acquisition, all the jobs were kept and the 'exit' created a few multi-millionaires in Scotland. So Exits can be both a positive and negative.

SHP: Exits are important for investment, and hopefully you can see some recycling of capital into companies that have been beneficiaries but it is useful that we could monitor these. We know that some companies would be invested in very well, while others are stripped and left bare.

SJ: What is the resilience of companies that get crowd funding?

HW: These companies may persist for a while, especially if they can create 'evangelists' out of their customers. There are companies doing much larger rounds and getting more sophisticated and there is a long term head wind. However, not many companies with crowd funding models have 'exited' and there has been a few 'deaths'. Things may take a downturn and retail investors may feel it is not paying off as they may have envisaged. We think sophisticated Angel investors may be fine with this in the medium term but there may be harder times ahead.

JG: - Question re: international comparisons - Where do you see Oxford in comparison to other ecosystems? Where would you say the gaps are?

HW: This is hard to say. You can compare Horizon 2020 programmes but the funding dynamics and knowledge economy in is very different to other locations.. It is easier to compare within Europe using similar matrices but not so easy for the US. The funding dynamic and the knowledge economy there is very different and there isn't much data in terms of quantifying it.

DL: The Covid 19 – doughnut diagram in the report highlighted that 39% of high growth companies at risk - do you have a similar picture for the UK or does it differ as well as by sector?

AH: One of the consequences is that companies may release people with rare skills or that some sectors may go as a whole while others may stay. e.g. the IT sector may persist and grow. Do you see similar companies hiring up or down?

HW: There are a few who are looking at who is hiring and who is not which can give a snapshot of talent supply but Beauhurst do not have this information. There are some sectoral trends on how Covid has impacted – e.g. cyber security, and Ed-Tech, have seen an increase in cyber security companies who have seen growth in demand and contracts. The national picture shows that Northern Ireland is benefitting from this activity because Belfast has a hub of cyber security companies. There are also some sectoral trends but larger companies (by head count) have

struggled more. Companies who are weathering the storm also include those who have online presence and have fewer staff, as opposed to those who are less nimble and smaller.

RN – The cyber industry is currently very buoyant– customers investing seriously in cyber security and VPN technologies have all benefited from the Covid-19 environment.

- From an IT industry perspective there is a huge amount of staff transfer with huge interest in Ireland. Those who have been relying on commuters are now selling more than before as their staff have cut travel time and can work more effectively.

Action:

- **Innovation Group to send final comments to AC by Tuesday 29th September.**
- **Beauhurst to share data on exit companies**

4. **IP Pilot Project : Project proposal for approval**

TH presented the background to the Pilot, which is being jointly developed with the Intellectual Property Office. The core objective is to how we can support IP development across Oxfordshire.

The project brief identifies the following key issues around Intellectual property in Oxfordshire:

- **Data Quality** – We do not have aggregated data that allows us to track IP activity in Oxfordshire in a way that supports specific interventions.
- **Consistency** – Some data is available but not consistent for all types of companies or sectors.
- **Cost** – Pursuing and protecting IP is an expensive activity and it may not be the right thing for every company or product.
- **Alignment between the US, EU and UK** – Companies need to understand full implications of decisions.
- **The impact of Brexit and Covid 19** is not fully known and companies will struggle to understand these and to make the right decisions.
- **The current processes of protecting IP** are perceived as too long and cumbersome
- **Not all sectors are equally protected.** We may need other methods to better support the digital sector
- **All challenges affect businesses differently,** depending on things like sector etc.
- **We need to understand this area well** to move towards the LIS ambition to becoming the top 3 global innovation ecosystems in the world.

Oxfordshire Businesses can be categorised into three groups:

- **Start Ups:** small, or new, businesses which are inexperienced with the IP landscape, but may be closely attached to incubators, accelerators and science parks or in locations where there is integrated support for their stage of the business or invention.
- **Mature businesses or those firms getting established and successfully trading:** These may include businesses which may have knowledge about IP and who may be actively pursuing IP processes such as registration but may not always understand how to exploit their IP or accessed support as part of their growth plans.
- **Large companies** might have a lot of resources and may need specialist support. These companies may know where to get support and who to pay to get it.

Group 2 may be where we want to focus our attention under the pilot. We need to better understand what is happening with this group and how we can influence national support policies.

JG: Needed to understand the rationale for the groups, including the definition of businesses that fall in that group. For example, Group 2 may also be is likely to have IP that is not packaged up in IP or designs.

PC: This was an undifferentiated approach to thinking about IP across Oxfordshire and not necessarily based on a precise definition. The key question is: if we are going to have an intervention in this area, who would we need the help most and how do you protect your IP?

Understanding these needs is the next step in the pilot - tfeeling is that we could make the most gains on group B.

Proposed Timescale

This is a six month project that will support our understanding of the IP landscape, and will run from September to Mid-March 2021.

It will involve analysing existing data, and reviewing existing support measures

- their IP management activities
- Critical support needs
- Strategies they use in managing and exploiting IP
- Understanding gaps and appreciate challenges facing the tech environment

Proposed project Outputs

- A report linked to available market reports and localised data
- Action plan and draft program of activity
- Thought leadership and proposals on regulatory change.

CB: Do we know if other innovation ecosystems have they been affected in the same way as us? In term also funding, IP creation different sectors? Are we doing better or worse than others?

AG: We have no way of knowing but some of the data re- Beauhurst and OUI report may give us some qualitative snap shots but nothing of quantifiable nature. There has not been anything a quantifiable nature on this.

JG: Are we talking of all forms of Intellectual Property or just Registered IP?

AG /SHP We agreed that it would cover all forms of IP

Action:

- **The brief was approved and will be taken forward by the IP Project Task & Finish Group; an update will be shared with the Innovation Group at its meeting on 16th December**

5. Internationalisation Plan: Update on the work to maximise international investment and trade in Oxfordshire: Sebastian Johnson

SJ: This work spins out of the housing and growth deal signed in 2017. We are looking at how we market and drive internationalisation promoting Oxfordshire and how we can work with DIT.

OxLEP is the only LEP that has developed an internationalisation plan with DIT and is a key component of the LIS. It aims to align more clearly investment and trade opportunities focusing on:

- Foreign Direct Investment (FDI)
- Capital investment including growth capital
- Capital Trade

FDI

In the last few years this has been done through:

- The “together stronger” proposition
- Talking to global posts
- Linking our strengths to our assets and talent and place.

FDI success in Oxfordshire has seen steady growth:

- 2017/18 was a very good year driven by Westgate and Bicester village opening
- Delivering FDI success increase last year 15% vs 4% nationally
- 2918/19 Over £350m supporting 700 jobs
- 2019/2020 over £538m supporting 680 jobs

- In significant cases FDI is driving UK PLC e.g. in drug discovery.
- On regions and key sectors – Food, Drink, retail, life sciences and Space.

Mergers and acquisitions are not included in total as we may not always know the details of the acquisition. e.g. the Sophos acquisition would add an extra £2bn, as would the Waymo-Latent Logic deal.

- We have been successful in attracting investment from North American and Europe but we may need to work out what we need to do to access some of the markets in Asia and how we build a list of targets.
- Government advisors across the posts may need to be matching us with the investment offers here and working out which companies there would benefit from being located here.
- The life sciences proposition was drafted last year and has drawn interest globally on the strength in the west of Oxford and across the whole piece.
- Working with DIT – We have a number of projects we are pushing for large investment e.g. Calhan science centre, and Bicester motion.
- The growth capital piece is about how can we match growth capital piece we have been trying to build stronger relationship with high Tec companies in Oxfordshire? How can we match them into Sovereign wealth funds. This may come out more strongly in the investment strategy being developed by DIT.

International Trade

We hosted a number of events during 2019 including over 250 businesses (Eastern Europe and Asia) considering trade opportunities promoted in Oxfordshire.

- Key priority to align to the investment and export strategy with the strategies coming out.
- We should market Oxfordshire strongly building on global touch points through DIT and via collaboration with our companies across the Innovation Ecosystem who are trading globally

We have built a strong relationship with DIT and we need to continue to be creative in the way we work.

RN: Sophos worked with DCMS and selected envoys in consulates or embassies around the world to help upskill them to represent the cyber industry. There was some momentum built around it and wondered if we set pick out some niche areas around the world in a similar way where we can upskill the contacts to help drive that inward investment?

SJ : Yes we should definitely be thinking about this, one of the challenges is to ensure that the envoys understand the proposed strategy.

- Could we pick some key areas and propositions and identify ambassadors for Oxford? The University is brilliant with their alumni network around the world so perhaps we could or identify people with an Oxfordshire connection around the globe who can play this role.

Action:

- **Innovation Group to suggest areas for the Internationalisation Plan to focus initially.**

6. Innovation Support for Business (ISFB): Progress update – Tracy James

TJ: ISFB is overachieving on targets but still needs to make progress on increasing collaboration between businesses and research organisations. Existing project partners will withdraw at the end of 2020 which will allow OxLEP to review how the second phase to 2022 can be re-focused.

Progress – headline outputs

- 13 Go create grant rounds – (Small grants for innovation)
- 335 businesses supported
- 257 businesses received 1:1 support
- 51 workshops delivered
- 83 businesses have had 12hrs or more.

AG: There is an opportunity to consider how ISFB can support the Innovation Ecosystem and the priorities set out by the innovation group, as part of Phase Two of the project from 2021, within the parameters of EU funding criteria. The Innovation Group will oversee the project moving forward and need to consider:

- Areas where there are challenges in companies taking up the offer
- Facilitate collaboration between businesses and research instituters.
- Whether are the growth opportunities including the location of who is accessing the service? e.g. which science parks and incubators
- To see whether not the sectors coming through link in with the areas we have identified elsewhere e.g. the LIS.

SHP: Conscious that this is a changing programme which is collecting data.

- If we as a group are going to have a role in supporting the delivery we need to see the regular data and to be able to focus the sessions around the areas where we are struggling to deliver; like the research collaborations.
- Suggests a smaller group of people to look into this and get a better understanding of what the programme needs to achieve as it is not clear what delivery partners need.

RN: If we are going to have a project like this, we need regular data to focus the discussion around challenging areas like research collaboration. We need to get a greater depth of understanding and what the programme is already achieving and the strategic relationship to support delivery. .

AG: There are companies who have been utilising ISFB but it's unclear whether there has been sufficient take up from key innovation hubs which are natural customers for this project.

Action: This is to remain an ongoing agenda item.

- **AG to convene an ISB Task & Finish Group to consider further areas for focus in 2021 and update at Innovation Group meeting on 16th December**
- **ISFB to be standing item on Innovation Group agenda moving forward**

7. **LEP Policy Update – Ahmed Goga**

The Oxfordshire Investment Plan

AG Thanked all for the support given in the development of the investment plan which was submitted to Government at the start of Sept including to 8 Cabinet Ministers, and senior officials at Treasury, BEIS, CLG DFE Transport, DCMS and DIT

SJ is also working with DIT team to prepare a ministerial brief on the internationalisation agenda. We have also had a session with the Treasury team on moving things forward.

- The plan has been well received and there is a clear understanding to where we are heading.
- HMT extremely pleased with the strong integration with partnerships that the plan demonstrates
- There is positive feedback on the credible business proposals behind the plan and hae asked that work commences on what the top priorities may be given that funding will be phased over a number of years

BEIS will continue to support us with the task of connecting the Plan across departments to accelerate discussions including the R&D Road Map Team.

Innovation Group members are asked to reinforce key messages at ministerial meetings and any direct conversations with these departments to support the Investment Plan.

The Ox-Cam ARC

- The Arc is recognised as a priority for government but there continues to be a strong housing led agenda from MHCLG

- We haven't landed a clear policy to overlaying innovation onto the ARC spatial plan, and this will be a key area of engagement in 2021
- Oxfordshire's Investment Plan are probably the most developed anywhere in the ARC region and many go beyond Oxford to cover the ARC in their operations e.g. work at Culham can deliver more widely to Millbrook and Cambridge, as does the Health and Life Sciences propositions and the space cluster .

JF: Now is the time to begin a meaningful program of engagement and this is already happening in BEIS especially around Space, and other investments at Culham.

- One of the challenges on the ARC is that the language of the ARC is not embedded in wider policy conversations. The development of the devolution white paper may socialise the language of regional bodies like the ARC or the Midland Engine more.
- There is also the need for greater integration between departments in their approach to the ARC including MHCLG, BEIS and DIT in order to really maximise the opportunities which are there and build on the interest which the Treasury currently has in Oxfordshire.

Action:

- **JF to facilitate cycle of HMG meeting x-department as part of engagement programme**
- **Innovation Group members to actively promote the Investment Plan through networks and key meetings with government and stakeholders to build momentum**

8. Any Other Business

Date of next meeting (location TBC):

- *16th Dec, 14:30-16:30*



people



place



enterprise



connectivity