

Rejoined but not rejoicing

I should be rejoicing that innovation is to be reunited with business in the latest government reshuffle. I have argued for a long time in *Research Fortnight* articles [*for latest see RF 18/02/09, p18*] that the separation of innovation from business—first with the subsuming of innovation into the Office of Science and Technology, then with the move of the Office of Science and Innovation into the Department of Innovation, Universities and Skills—was a flawed change which has set the UK innovation strategy back several years.

So why do I feel uneasy now? One reason is the profusion of detailed ministerial titles announced last Thursday. The responsibilities of the 10 ministers now reporting to First Secretary of State Peter Mandelson overlap not only with each other—on matters as wide ranging as business, innovation, science, skills and education—but several of them also have dual responsibilities with other departments.

This, if not resolved quickly, will paralyse decision making. Mandelson has to concentrate on two key areas. First to achieve clarity about the difference between science and innovation. Most informed commentators recognise the difference between 'science-based inventions' (new ideas) and 'commercially viable innovations' (successful launches of new products or services into the marketplace).

Understanding that difference, and choosing policies that help business create the innovative products and services that really drive the economy, are imperatives. We need one Minister for Business and Innovation, whose responsibilities include the Technology Strategy Board.

Second, but equally important, Mandelson must ensure that higher education policy (including research, universities and skills) has a distinct remit and is not subsumed into the lower levels of his new organisation. It is appropriate to link research and universities and to use excellence in research as the spearhead to pull through related university skills programmes at undergraduate, postgraduate and lifelong-learning levels. Also, the bringing together of research, universities and skills under one minister presents an opportunity to rethink exactly what universities are for [*RF 6/5/09, p18*].

SINCE BUSINESS WILL NOT, in general, fund basic research, this role falls to governments and charitable foundations. Indeed, rich countries have a moral obligation to fund research in the same way that they support the arts and civil amenities. And by separating research and innovation, you could increase the money available for research. Instead of using huge amounts from research budgets trying to push the fruits of research into business, leave business to pull through, and pay

for, the technology it needs for successful innovation, and devote more resources to real research.

Even with these changes, there is still an enormous amount to do to recover innovation's lost years. Phil Willis, chairman of the Commons Innovation, Universities and Skills Select Committee, told the recent SciTech09 conference: "Far too much of the annual innovation report is a triumph of hope over reality. Too many claims of success are little more than ambitions, with few details of how they are to be achieved". He went on to criticise government procurement plans: "Progress is painfully slow. There is little evidence that innovation procurement plans comprise more than a glorified wish list of good intentions."

SO ONCE THE organisation is sorted out, what else needs to be done? Here are some suggestions.

Mandelson's speeches say 'industrial activism' means looking strategically at each sector in the economy, not to favour particular companies but to assess how horizontal policy can secure most benefit across all sectors and reinforce our strengths. There is one obvious place to start. Last year, the government asked DeAnne Julius to examine how government should treat what it defined as the 'public services industry'. This was an inspired review. The whole public services industry across all sectors represents about 6 per cent of GDP, or £80 billion. This presents huge opportunities for government and business to cooperate, use technology to achieve efficiencies and promote economic growth after the recession.

On procurement, a large part of the £150 billion public spend is on construction: schools, hospitals, roads and so on. Government and the construction industry could so easily develop the innovative contractual relationships that would encourage collaboration and the exploitation of new ideas.

Finally, the UK can take a leading role in new manufacturing if policies are correctly directed. There are many areas we could focus on but three stand out: composites and nano-materials; rapid manufacturing; and manufacturing process development, for high-growth technologies such as plastic electronics and photovoltaics.

There is so much to be done, and much of it is self-evident. Alas, the creation of a mega-ministry does not show much evidence that the government has grasped what is required.

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