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Sector Deals for SMEs

Representing the vast majority of the UK businesses, as well as being a large section of the GDP, SMEs are vital for the UK economy. Prof. Karl Ryder from the University of Leicester talked about how the university sector can help SMEs with research and development. Paul Mason from Innovate UK gave us insight into this organisation and how it helps connect companies to facilities for research and development, as well as how crucial innovation is for the future of the UK economy. Brian Norton, the Managing Director of Indestructible Paints Ltd, spoke about how his SME has been innovating in their sector and how crucial this has been to the sustainability of the company. The Q&A focused mostly on how this process has been effected by the Covid-19 pandemic, and ways that the Government can ease this strain on resources.

The UK currently ranks 4th on the recent Global Innovation Index, and exploiting our resources here will be crucial for the future UK economy. With 97% of the world's GDP existing outside our borders, looking outwards provides a massive opportunity for growth. The UK is in a position to be able to provide goods and services of highly quality which are difficult to copy, but tomorrow's trade will come from today's innovation, and supporting new development will be crucial to growing our economy.

SMEs represent 99.9% of the UK's business population and in 2019 had a turnover of £2.17billion. This large section of the economy is also one of the most innovative, often having to develop unique, sophisticated services and products in order to compete with larger businesses. For these reasons, the ability to access

resources for research and development is vital to the success of these enterprises. However, this is no easy task. Access to research facilities is competitive, and larger companies are able to outperform SMEs when applying for these resources.

Innovate UK is one organisation that helps many companies access research and development resources. They have around 5,990 live projects running, and have partnered with an SME on over 2,000 of those projects. The benefits of Innovate UK's work have been demonstrated, as they have been able to support the creation of over 100,000 jobs in around 8,500 companies, and have added an estimated £2.9billion to the UK economy since 2007. Innovate UK works to connect companies and organisations with similar research areas through their Knowledge Transfer Network, all in order to speed up development. They also provide direct grants for companies to carry out research into areas where the private sector is unable to. Competition for these grants is high however, and they often have to reject credible ideas due to demand.

The university sector is a crucial resource for innovation. Being funded by the public sector, there is a real desire to support economic growth throughout the UK. Universities have high quality research facilities that can be exploited to push forward development of cutting edge ideas. Innovate UK works to connect businesses, including many SMEs, to universities for this purpose, and many universities also have grants specifically for business development.

SMEs currently face many challenges. The economic hit of the Covid-19 pandemic as well as

the changes to international trade due to Brexit means SMEs are having to navigate difficult economic times. Research and development is often one of the first budgets cut when a business faces tough time, but evidence shows that companies that continue to innovate come out of the economic downturn stronger. Therefore, access to research facilities is crucial for the future economic growth of SMEs. Competition for these facilities was already high, but due to the strain of the pandemic many universities are focusing more resources onto teaching and fundamental research. If we wish for SMEs to continue innovating and increasing their contribution to the economy, widening access to these facilities will be crucial.

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