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Country factsheet

United Kingdom

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Content

Strengthening the European economy through collaboration

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01

Introduction and economic policy context

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1. Introduction and economic policy context

This document presents an overview of the cluster policy in the UK. Given the importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the OECD Economic Survey: UK 2022. The "Economic Surveys" present the major challenges faced by the country, evaluates the short-term outlook, and makes specific policy recommendations.

The COVID-19 pandemic has caused an unprecedented economic shock to the UK and global economy. Therefore, the UK government responded with emergency policies such as interest rate cuts, increases of money supply into the economy as well as billion-pound fiscal stimulus packages. Yet given the nature of the COVID-19 pandemic triggering supply-side shocks and slowing down production, consumption patterns were disrupted and later subject to intense bottlenecks. In addition to the COVID-19 pandemic, the ongoing Russian military aggression against Ukraine has taken its toll on the UK economy and industrial ecosystems, negatively impacting trade tours in Europe, and increasing the likelihood / risk of a recession. This has further highlighted the significance of policy efforts in supporting SMEs and clusters.

In the following, a succinct overview of the cluster policy in the UK will be provided. The structure of this factsheet generally encompasses:
1) an overview of the national cluster policies,
2) an assessment of the state of the national cluster policy.

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02

National cluster policy, programmes and initiatives

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2. National cluster policy, programmes and initiatives

In this section we provide an overview of the existing UK cluster policies on a national level. The breakdown is presented in the form of a table, with the first column showcasing information on the aspects which constitute the policy (beginning with 'Policy Objectives', following with 'Policy Focus', etc.). The second and third columns represent two national cluster policies in the UK.

Within the table the text presented in bold (black) depicts standardised categories across country factsheets (56 in total for 2023), which is applied for the comparative purposes. This is followed by a complementary descriptive text to provide more insights about the cluster policy in the UK.

Table 1: Overview of United Kingdom cluster policy

Policy type:	National cluster Policy	National cluster policy
Policy name:	Knowledge Transfer Networks – Innovate UK	Catapult Network
POLICY OBJECTIVES	**Increasing competitiveness and boosting scale up of SMEs** **Supporting internationalisation activities** **Fostering R&D activities, technology development and implementation** **Fostering innovation and strengthening innovation ecosystems** **Promoting resilience and sustainable economy and other solidarity-based initiatives** **Strengthening the network of cluster organisations/cross-clustering**	**Strengthening cooperation between companies or industry and RTDI actors** **Supporting internationalisation activities** **Fostering R&D activities, technology development and implementation** **Fostering innovation and strengthening innovation ecosystems** **Promoting resilience and sustainable economy and other solidarity-based initiatives** **Promoting employment and upgrading skills and competences** **Increase supply chain resilience**

Policy type:	National cluster Policy	National cluster policy
Policy name:	Knowledge Transfer Networks – Innovate UK	Catapult Network
	The British Knowledge Transfer Network (KTN) aims at supporting UK businesses, academia, local government and regional innovation agencies. KNT operates alongside with Innovate UK and the Catapult Centres. Assisting is carried out on local, national as well as global levels, catering to the different outlooks of many businesses and clusters.	The main objective is to create programmes aimed at growing vital sectors and markets for the national economy, nurturing talent, delivering job creation, and economic and societal prosperity within the regions and throughout the nation.
POLICY FOCUS	**Cross-sectoral**	**No specific focus**
	The Knowledge Transfer Networks explore a diverse range of UK industries such as: - AgriFood - Chemistry - Design - Electronics - Geospatial - Industrial Mathematics - Photonics - Robotics & AI - Transport - Biotechnology - Creative industries - Digital - Energy - Health - Infrastructure	Catapult Network has no specific sectoral focus, but aims to address national and global challenges by achieving, for example: - Net Zero, - create secure, resilient communications, - drive productivity and efficiency, - produce sustainable food systems, - modernise healthcare

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Policy type:	National cluster Policy	National cluster policy
Policy name:	Knowledge Transfer Networks – Innovate UK	Catapult Network
	- Material - Quantum - Security & Defence - Space - Water - Global Alliance - Investment - Sustainability	
RESPONSIBLE AUTHORITIES	Innovate UK (national Innovation agency)	Innovate UK (national Innovation agency)
	Provides funding **Oversees the implementation**	**In charge of implementation** **Provides funding** **Oversees the implementation**
BENEFICIARIES	**SMEs** **Research organisations** **Start-ups** **Large firms**	**SMEs** **Cluster organisations** **Research organisations** **Academic institutions** **Business Associations** **Technology centres**

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Policy type:	National cluster Policy	National cluster policy
Policy name:	Knowledge Transfer Networks – Innovate UK	Catapult Network
	Since the UK is a candidate Associated Country, funding beneficiaries are still enlisted to the Horizon Europe proposals. Nevertheless, when organisations are not associated through the UK at this stage of the process, funding comes from the UKRI. Eligible candidates are those based in the UK and have had successful applications for Horizon Europe grants before 31 December 2022. Lastly, they must have also been included as a "beneficiary" and its designated budget, on an initial grant proposal.	With Catapult Network working between a plethora of entities ranging from industries, government, research organisations, the main aim is to create bridges between them. Direct contact points are found with SMEs , as Catapult Network aims to navigate the most pressing challenges to help develop approaches that help their business performance. Thereby, businesses are the most significant beneficiaries of this programme, as they are supported in applying diverse products and services to help them thrive in markets on an international level

INSTRUMENTS

	Financial	**Funding collaboration initiatives** **Subsidies to hire personnel** **Supporting market entry (e.g., testing, proof-of concept, prototyping, demonstration projects)** **Financing start-ups**	**Funding collaboration initiatives** **Support to R&D projects, SMEs becoming cluster members, etc.** **Financing start-ups** **Innovation: voucher, support to hire PhDs, cooperation with R&I actors**
	Technical assistance	**Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence**	**Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence** **Support for soft skills development: coaching, management training, upskilling/reskilling**

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Policy type:	National cluster Policy		National cluster policy
Policy name:	Knowledge Transfer Networks – Innovate UK		Catapult Network
	Explanation	KTN supports its beneficiaries in a myriad of ways that can help accelerate their innovation activities. Firstly, it is carried out by bringing together ideas, people, and communities to respond to challenges and drive positive change. Hereby, a place for different actors is introduced to one another as business partners, facilitating the process in discovering collaborators for grants, product delivery, etc. Specialists and advisors from broad commercial and research backgrounds with cross-cutting expertise are provided to help connect to wider networks of companies, academic, funders and sector stakeholders. Furthermore, project roadmaps are created, while dates and times of the briefing and partnering events relevant to a number of Innovate UK Grant and Research Funding opportunities are promoted. If one is, for example an entrepreneur, resources are made available to them and start-up companies, with the government collating resources from writing business plans to providing tax advice. the British Business Bank can also be involved, for example in drawing out resources that are in line with the necessary wishes to help companies receive the support needed to finance their scale-up.	£1.3 billion of research and demonstration facilities
	Period	**Unlimited period**	**Limited period / to be extended**

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Policy type:	National cluster Policy		National cluster policy
Policy name:	Knowledge Transfer Networks – Innovate UK		Catapult Network
HISTORY	Ending year *(for policies with limited period)*	-	-
	Starting year	2015	2013
	Explanation	The Network was established in 2015 by combining 15 pre-existing separate industry sector specific knowledge transfer networks, including Biosciences, Electronic Sensors and Photonics and Materials Knowledge Transfer Network.	Technically speaking, the fund was initially set to run until 2021, but this does not mean that the Catapult Network programme would be discontinued. For example, the UK government published a Policy paper in July 2021, which set the goal of strengthening and expanding on the Catapult Network. Amid the Autumn Statement in 2022, the government dedicated itself to funding the UK's Catapult technology and innovation centres for the next five years with a budget of £ 1.6 billion pounds
BUDGET	Overall	No data available	2022-2026: £ 1.6 billion
	Annual	No data available	No data available
	Source of funding	Innovate UK – national innovation agency of the UK	Innovate UK – national innovation agency of the UK
POLICY EVALUATION	Availability	**ex-ante**	-
	Results	Development of programme activity that will help the UK transition to NET ZERO and drive value for UK businesses and society during said transitional period.	Overview of past case studies exist but concrete policy evaluation unavailable.

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Policy type:	National cluster Policy	National cluster policy
Policy name:	Knowledge Transfer Networks – Innovate UK	Catapult Network
	On behalf of Innovate UK on the "Future flight Challenge"; since 2020 February, KTN has: - built a network of over 2000 individuals - Delivered 18 online events with over 15,300 attendees - Facilitated 461 business introductions and 25 collaborations On a specific note, multiple Innovation Networks are working on Net Zero solutions in various was such as: - De-carbonising Ports & Harbour - Hydrogen Cross-Sector Battery Systems	
POLICY ALIGNMENT WITH THE EU PRIORITIES	**Green Transition** **Resilience**	**Green Transition**

03

State of cluster policy

3. State of cluster policy

This section presents an overview on the state of play of UK cluster policy in the form of a qualitative assessment across 4 areas of analysis – policy scope, continuity of cluster policies, evidence of performance, and the range of cluster support instruments. Please refer to the Annex for a detailed overview of the categories. The table below presents an overview of the **state of UK cluster policy** for 2023.

Table 2: State of Play

UK	State of play
POLICY SCOPE	Absence of cluster policy
	Broad policy
	Sectoral policy
	National and/or regional cluster policy
CONTINUITY	No cluster-specific policy available
	Cluster policy established recently
	Cluster policy established between over 2 and 10 years
	Cluster policy established over 10 years ago
EVIDENCE OF PERFORMANCE	No evaluation and / or monitoring available
	Existence of evaluations of past policies
	Existence of monitoring or an ongoing / interim evaluation
	Existence of monitoring and ex-ante or ongoing / interim evaluation
CLUSTER SUPPORT INSTRUMENTS	No instruments for cluster development
	Financial support for cluster development in the broader and / or sectoral policy
	Financial or technical support for cluster development in dedicated cluster policy
	Financial and technical support for cluster development in dedicated cluster policy

Source: ECCP (2023).

The text below provides a **qualitative description** of the state of play of the cluster policy in the UK.

Policy scope

With the Knowledge Transfer Networks and the Catapult Networks, the British innovation agency "Innovate UK" is implementing two of the national cluster strategies. While the current national strategy defined under the Knowledge Transfer Networks brings ideas and communities together in a bid to respond to challenges that appear on regional, national as well as international levels, the Catapult Networks have the objective to create programmes aimed at growing vital sectors and markets for the national economy.

Continuity

As a national cluster of the United Kingdom, Innovate UK provides the necessary technical as well as financial support to the organisations in developing new services and products. Initially defined as an advisory body and named "The Technology Strategy Board" in its establishment year of 2004, it was

firmly integrated under the national Department of Trade and Industry (DTI). Said Technology Strategy Board played a significant role in reconfiguring major funding mechanisms, like the Collaborative Research and Development Technology programme, ultimately transforming the Faraday Partnerships into the KTN (Knowledge Transfer Networks) in 2004. Hereby a further Advisory body was set up, consisting of actors from business, venture capital and regional governments. In 2014, the entity was renamed to Innovate UK.

Evidence of Performance

in the year of 2021, an evaluation report was published in which the following milestones were underlined. A standout aspect was the development of a programme activity that will help the UK transition to NET ZERO and drive value for UK businesses and society during said transitional period.

On behalf of Innovate UK on the "Future flight Challenge"; since 2020 February, KTN has:

- built a network of over 2000 individuals
- Delivered 18 online events with over 15,300 attendees
- Facilitated 461 business introductions and 25 collaborations

On a specific note, multiple Innovation Networks are working on Net Zero solutions in various was such as:

- De-carbonising Ports & Harbour
- Hydrogen
- Cross-Sector Battery Systems

Cluster Support Instruments

KTN supports its beneficiaries in a myriad of ways that can help accelerate their innovation activities. Firstly, it is carried out by bringing together ideas, people, and communities to respond to challenges and drive positive change. Hereby, a place for different actors is introduced to one another as business partners, facilitating the process in discovering collaborators for grants, product delivery, etc.

Specialists and advisors from broad commercial and research backgrounds with cross-cutting expertise are provided to help connect to wider networks of companies, academic, funders and sector stakeholders. Furthermore, project roadmaps are created, while dates and times of the briefing and partnering events relevant to a number of Innovate UK Grant and Research Funding opportunities are promoted.

If one is, for example an entrepreneur, resources are made available to them and start-up companies, with the government collating resources from writing business plans to providing tax advice. the British Business Bank can also be involved, for example in drawing out resources that are in line with the necessary wishes to help companies receive the support needed to finance their scale-up.

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Annex

Table 3: Analytical framework for the state of cluster policy

Criterion	Description	Categorical variables
Policy scope	assessment whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies, e.g. foreign trade policies, labour and social policies or specific sectoral policies, e.g. industrial policy tourism policies, agriculture policies	**absence of cluster policy** **existence of broader policies** **existence of specific sectoral policies** **existence of targeted cluster policies**
Continuity of cluster policies	assessment of the duration and experience of the country in carrying out cluster policies. This criterion assesses only existence of targeted cluster policies and not broader policies or sectoral policies	**absence of policies supporting cluster development** **cluster policy established recently (within the last 2 years)** **cluster policy established between over 2 and 10 years** **cluster policy established over 10 years ago**
Evidence of performance	assessment whether there are evaluations of past and ongoing policies and a monitoring system in place. The existence of monitoring and evaluation mechanisms determines the degree of policy development in the country	**no evaluation and / or monitoring available** **existence of evaluations of past policies, e.g. ex-ante** **existence of monitoring or an ongoing / interim evaluation** **existence of monitoring and ex-ante or ongoing / interim evaluation**
Cluster Support Instruments	assessment whether the policies provide any instruments to support the policy implementation, being these financial and/or technical support	**no instruments for cluster development** **financial support for cluster development in the broader and / or sectoral policy** **financial or technical support for cluster development in dedicated cluster policy** **financial and technical support for cluster development in dedicated cluster policy**

Source: ECCP (2023).