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# Business Update

## Statement made on 22 July 2021

Statement UIN HCWS246

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### Statement made by

**Kwasi Kwarteng**

Secretary of State for Business, Energy and Industrial Strategy

Conservative

Spelthorne

Commons



### Statement

#### UK Innovation Strategy

Today the Government is publishing the UK Innovation Strategy, 'Leading the future by creating it.'

Innovation is central to tackling the largest challenges the world faces, from climate change to global pandemics. The UK must be in the vanguard of the response to these challenges. That is why the Government has placed innovation at the heart of our Plan for Growth and so much else we want to achieve, from fighting coronavirus to achieving net zero and building Global Britain.

The UK has a long and illustrious history of world-leading innovation, from the industrial revolution to the vaccine development of the past year. Now we have left the EU, we can move even more quickly to respond to emerging challenges and global opportunities, and cement the UK's position as a world-leader in science, research and innovation.

To this end, the UK Innovation Strategy sets out the Government's vision **to make the UK a global hub for innovation by 2035**, placing innovation at the centre of everything this nation does. Through this we seek to generate disruptive inventions, the most tech-centric industry and government in the world, more tech "unicorns", and a nation of firms and people that all aspire to innovate.

To achieve these objectives, we want to unlock business investment in innovation. This is a core objective of the Innovation Strategy, and my officials have consulted with over 400 businesses and organisations to determine the factors that could lead to an increase in business innovation.

In the Innovation Strategy we set out our plans against four key pillars, which will support the achievement of our vision:

- Pillar 1: Unleashing Business – We will fuel businesses who want to innovate.
- Pillar 2: People - We will make the UK the most exciting place for innovation talent.
- Pillar 3: Institutions & Places - We will ensure our research, development and innovation institutions serve the needs of businesses and places across the UK.
- Pillar 4: Missions & Technologies – We will stimulate innovation to tackle major challenges faced by the UK and the world and drive capability in key technologies.

Through these pillars, the Innovation Strategy aims to both establish the right underlying policy environment and clearly signal those areas where the Government will take the lead.

This Innovation Strategy is only the first step. In the coming months and years, we will maintain a laser-like focus on realising our ambitions for innovation. We will track a range of quantitative metrics to measure our progress in delivering our commitments, alongside in-depth intelligence from businesses and other innovation stakeholders. Innovation will also be a crucial element of our efforts to level up the UK economy. A detailed strategy for levelling up through research and innovation will be set out as a part of the Government's forthcoming Levelling Up White Paper.

I will place a copy of the Innovation Strategy in the Libraries of both Houses.

### **R&D People and Culture Strategy**

I am also delighted to announce that the government has today published its R&D People and Culture Strategy, delivering on the commitment we made in the R&D Roadmap last summer. The Roadmap recognised that people are at the heart of R&D, and that we need talented, diverse people, with the right skills, working in an environment that allows them to do their best work and deliver positive outcomes for our society and the economy.

The R&D People and Culture Strategy sets out, for the first time, a whole sector vision that is backed by clear government commitments. It is a call to action to create a more inclusive, dynamic, and sustainable UK R&D sector, in which a diversity of people and ideas can thrive.

Through this strategy, we will set out actions that will bring the best out of people and enable talent and ideas to flow freely between academia, business, and other sectors. We will ensure that everyone's contribution is valued, and the UK has an outstanding research culture that truly supports discovery, diversity, and innovation, and offers varied and diverse careers that bring excitement and recognition.

The Strategy identifies three priority areas across which action is needed :

- **People:** *redefining what it means to work in R&D in the 21st Century – valuing all the roles that make it a success and ensuring the UK has the capability and capacity it needs.*

- **Culture:** *co-creating a vision of the culture we want to see within the sector - working together to make lasting change happen so that researchers and innovators with diverse backgrounds and ways of thinking can thrive and do their best work here.*

- **Talent:** *renewing the UK's position as a global leader in R&D in attracting, retaining and developing talented people, making sure careers in UK R&D are attractive to talented individuals and teams both domestically and internationally.*

A talented and thriving R&D workforce will be key for realising our science superpower ambitions, and the R&D People and Culture Strategy will play an important role in supporting the vision I am setting out in the Innovation Strategy to make the UK a global hub for innovation by 2035.

We have engaged widely with the sector to date on the issues identified in this strategy, and my Hon. Friend the Minister for Science, Research and Innovation and I are very grateful to the hundreds of individuals and organisations who have contributed to their respective development. The Government will continue working closely with the sector to ensure the successful implementation of the Strategy.

I will place a copy of the R&D People and Culture Strategy in the Libraries of both Houses.

### **Post Office Horizon Update**

This House is aware of the distressing impact that problems with the Post Office's Horizon IT system have had on the lives and livelihoods of many postmasters.

Over the years, the Horizon accounting system recorded shortfalls in cash in branches. These shortfalls were treated by the Post Office as caused by postmasters, and this led to dismissals, recovery of losses by Post Office Ltd and, in some cases, criminal prosecutions. We now know this data was unreliable.

The Court of Appeal handed down a landmark judgment on 23 April 2021, which quashed the convictions of 39 postmasters. A further 12 were quashed in the Court of Appeal earlier this week. Further convictions have been quashed in the Crown Court. The Government has been clear that we want to see compensation delivered fairly and as quickly as possible. We have also been clear that it is for the Post Office to engage with the individuals in the first instance regarding how compensation can be paid. I am pleased to provide an update on the steps to begin providing compensation to postmasters whose criminal convictions were based on Horizon data and have been quashed.

We have listened to affected postmasters and want to see them receive compensation quickly. The Government has therefore decided to support the Post Office so that it can make interim payments of up to £100,000 promptly to individual postmasters whose criminal convictions relied on Horizon data and have been quashed, ahead of final compensation settlements being agreed with them. I am providing this support in my capacity as sole shareholder in the Post Office.

While we recognise that these interim payments may not represent the full compensation that postmasters may ultimately receive, and which will need to be determined between the Post Office and the individuals concerned, it is a means of providing monies to individuals at an early stage in the claims process. The process for finally determining the compensation to be paid will take time and will involve POL obtaining a full quantification of all claims. These claims need to be carefully examined so that postmasters ultimately receive fair compensation and the payments that they deserve.

In the meantime, the Government thanks the postmasters for their patience, recognising the impact that being wrongfully prosecuted has had on individuals and believes that an interim payment is a way to begin to address the hardships they have faced ahead of when the final sum can be determined and paid.

Post Office is contacting the legal representatives of postmasters whose convictions have been quashed with further information about interim payments. We expect Post Office to issue offer letters for interim payments within 28 days of receiving a claim from eligible postmasters.

Government is committed to supporting and maintaining the Post Office network, which, along with the postmasters, provide essential services to our urban and rural communities. This decision supports the Government's priorities to support postmasters and to see the longstanding Horizon issues resolved. This support is in addition to the financial support BEIS has provided for the Historical Shortfall Scheme to proceed, which was opened to recompense postmasters who repaid shortfalls and did not have a criminal conviction. In addition, BEIS launched the Post Office Horizon IT Inquiry, which recently converted to a statutory footing, following the Court of Appeal judgment.

We understand that Post Office has already begun work to deliver the full compensation sum to postmasters and we will work with them towards this. With my status as sole shareholder in the Post Office, my Department continues to engage actively with Post Office Limited on this and will maintain strong oversight of this process.

### **Reforming the framework for better regulation**

Our exit from the EU provides us with the opportunity to think boldly about how we regulate and for the first time in a generation, we have the freedom to conceive and implement rules that put the UK first. The UK will use its newfound freedoms as an independent trading nation to boost growth, increase competition and create jobs by revamping the way rules and regulations for businesses are set. We will use this freedom to unlock cutting-edge technologies, unleash innovation, and propel start-up growth, levelling up every corner of the UK. This will be a crucial part of boosting our productivity and helping us bring the benefits of growth to the whole of our country.

In seizing this opportunity, we are launching a consultation to seek feedback from interested parties on how we can reform the UK framework for better regulation.

The consultation sets out five principles that will underpin the Government's approach to regulation to ensure it benefits the British people:

- **A sovereign approach:** the UK will use its freedoms to take a tailored approach to setting rules in a way that boosts growth and benefits the British people.
- **Leading from the front:** we will act nimbly to support the development of new technologies.
- **Proportionality:** We will use non-regulatory options where we can, while acting decisively to put in place strong rules where they are needed.
- **Recognising what works:** Regulations will be thoroughly analysed to ensure they work in the real world.
- **Setting high standards at home and globally:** we will set high standards at home and engage in robust regulatory diplomacy across the world, leading in multilateral settings, influencing the decisions of others and helping to solve problems that require a global approach.

Proposals explored in the consultation

The consultation follows a report from the Taskforce on Innovation, Growth and Regulatory Reform, which the Prime Minister convened earlier this year, and examines a number of the Taskforce's proposals for reforming regulation, including the adoption of a less-codified, common law approach to regulation. There is also a focus on the process for measuring and reporting impacts under the Better Regulation Framework. Areas examined in the consultation include:

- the adoption of a less-codified, common law approach to regulation;
- a review of the role of regulators, especially around competition and innovation;
- delegation of more discretion to regulators to achieve regulatory objectives in a more agile and flexible way counterbalanced by increased accountability and scrutiny;
- streamlining the process of assessment of impacts;
- moving to earlier scrutiny of impact assessments and evaluation of existing regulation;
- consideration of options on measuring the impact of regulation;
- re-introduction of regulatory offsetting; and
- baselining the UK's regulatory burden.

## Statement from

**Department for Business, Energy and Industrial Strategy**

## Linked statements

This statement has also been made in the House of Lords

**Department for Business, Energy and Industrial Strategy** >

Business Update



[Lord Callanan](#)

Parliamentary Under Secretary of State (Minister for Business, Energy and Corporate Responsibility)

Conservative, Life peer

Statement made 22 July 2021

HLWS243

Lords