**Investor partnerships future economy programme**

This programme brings together Innovate UK’s use of grant funding, and investor partners’ aligned funding and expertise.

Its aim is to stimulate research and development in micro, small and medium-sized enterprises, while accelerating equity investment into those companies so that they can grow more rapidly through innovation.

The investor partnerships model is aimed at highly innovative micro, small and medium-sized enterprises (SMEs) who:

* are carrying out research and development (R&D) projects
* also seek aligned equity funding to deliver their technology or research

The model not only allows Innovate UK to directly fund companies who have a R&D project, but also encourages companies to seek equity investment so that they are not just funding their project, but also accessing capital from equity investment to grow their business.

Innovate UK has selected a ‘pool’ of investor partners who have demonstrated that they have the credibility, capability, capacity and appetite to invest in innovative, technology-led businesses in areas that align with our objectives in programme areas.

The investor partners will work with Innovate UK to consider innovative businesses that apply for grant funding alongside their investment. The investor partners include venture capital funds, corporate investors, business angel groups and social impact investors, coming from across the UK, Europe, and the US.

[View the full list of investor partners](https://www.ukri.org/publications/innovate-uk-investor-partners/).

The three-year programme was launched in 2022 with the scope focused on the ‘Future Economy’ described in Innovate UK’s plan for action. This focuses on the following themes:

* net zero
* health and wellbeing
* next generation digital technologies
* technology families

The investor partnership programme will be focused on specific themes for the future economy areas that include:

### Net zero

#### Capital intensive technologies

Solutions where investors often find it hard to invest, and where we see a gap in investment, including:

* capital intensive technologies
* business model innovations
* total investment between £2 million to £20 million in size
* focused on the scale-up, rather than start-up, stage of development

#### Power

Power with a focus on:

* offshore wind
* civil nuclear
* hydrogen
* carbon capture and storage
* whole systems integration

#### Heating and retrofit

Solutions to get buildings off gas for heating space and water, including:

* solutions to get buildings off gas for heating space and water
* building fabric
* decarbonised heating technology
* data driven approaches to better delivery of retrofit
* excludes hydrogen

#### Mobility

Clean propulsion technologies that advance transport towards zero emissions, including:

* electric propulsion including fuel cells
* PEMD (power electronics machines and drives) for powertrains
* energy management software and controls
* range extenders and on vehicle or vessel energy generation
* on vehicle or vessel fuel storage
* hydrogen internal combustion engines
* alternative clean propulsion such as wind propulsion

Digital technologies for improved transport efficiency, optimisation, cost savings and safety, including:

* transport autonomy and connectivity
* route and asset (fleet and infrastructure) analysis and optimisation
* vehicle and infrastructure condition monitoring and management
* service alignment and interoperability
* traveller personalisation and information provision

#### Resource efficiency for materials and manufacturing

Projects to support UK materials and manufacturing organisations to become significantly more resource efficient. Simultaneous demonstrations of how UK materials and manufacturing will become more resilient or technologically advanced are encouraged. Your proposal must improve resource efficiency and reduce carbon emissions.

You must focus on two or more of these five core areas:

* materials for the future economy: new material applications for cutting-edge products that reduce emissions, energy consumption and costs
* smart design: effective design methods, design for resource efficiency, and design for maximum through-life value
* resilient supply chains: sustainable feedstocks, supply chain visibility, and co-location of waste and emission streams
* world-class production: flexible production capacity, minimal material waste, high-quality products, high productivity, and full adaptivity
* longer in use and reuse: minimising materials use and waste, practising complete traceability, and using new remanufacturing services

#### Critical circular materials

Stimulate growth in a circular critical materials supply chain for high performance magnets. Collaborative innovation projects will address opportunities across the whole value chain and help increase supply chain resilience.

Initial focus on rare earth elements (REE) or new and alternative materials for permanent magnets. REEs are defined as the group of seventeen chemical elements in the periodic table, the fifteen Lanthanides plus Scandium and Yttrium.

It can cover one, or more of the following areas:

* mining and up-stream
* mid-stream
* down-stream and magnet manufacture
* circular supply chains
* new and alternative materials

#### Battery technologies for transport and energy storage (Faraday Battery Challenge)

This includes:

* extraction and processing of raw materials
* cell materials and components
* cell, module, pack and BMS
* end of life and recycling
* physical and digital technologies that support the design, development, optimisation and deployment of batteries
* system integration

### Health and wellbeing

#### Biomedical Catalyst

Biomedical Catalyst is the Innovate UK flagship funding mechanism for supporting UK health and life sciences SMEs​. It has three key objectives:

* deliver growth to the UK health and life sciences sectors​
* deliver innovative life sciences products and services more quickly and more effectively into healthcare​
* provide support to commercially led R&D in a seamless, effective, and efficient manner. Biomedical Catalyst supports the development of innovative solutions to health and healthcare challenges

It supports innovation that improves global healthcare through funding areas such as:

* disease prevention and proactive management of health and chronic conditions
* earlier and better detection and diagnosis of disease, leading to better patient outcomes
* tailored treatments that either change the underlying disease or offer potential cures
* transforming the delivery of healthcare
* the development of digital health technologies

Biomedical Catalyst is technology agnostics and supports range of technology areas in any human health or a healthcare sector or disciplines including:

* biosciences
* advanced therapies (gene and cell therapies)
* diagnostic, medical technology and devices
* digital health
* independent living and wellbeing
* precision medicine
* preclinical technologies and drug target discovery
* therapeutic and medicine development

#### Cancer therapeutics

This initiative aims to unleash business-led innovation from the UK’s vibrant research base in immuno-oncology, treatments that guide the patient’s own immune system to target their cancer cells.

In addition, it will support innovation projects that address unmet medical needs in treating childhood cancers, a leading cause of death between the ages of zero to 14 in the UK.

#### Mindset

Mental health problems of some kind will be experienced by one in four of us each year in the UK, while only one in eight adults with a mental health problem are currently getting any kind of treatment. The NHS and other formal providers of mental healthcare are under increasing pressure to implement new and innovative treatment models and solutions that can enable more efficient and scalable service provision.

The Mindset Programme is a £20 million initiative, running to 2026, which aims to catalyse growth in the nascent but growing extended reality for mental healthcare sector. The programme includes an existing R&D grant investment project portfolio of some £3 million, comprised of business-led feasibility and industrial research projects that are creating immersive digital therapies for improved mental health. Some of our Mindset organisations already have established sales platform within the NHS.  Many are working with collaborative industry partners to establish sustainable delivery pathways.

The programme aims to further grow the sector through follow-on rounds of R&D grant funding in immersive digital therapeutic solutions for treatment of mental health conditions, planned for later in 2023 and in 2024.  These investments will be supported by a bespoke innovation support package which will encourage opportunity, sharing of sector expertise and marketplace longevity.

#### Novel low emission food production systems

The aim of this competition is to support UK registered SMEs to develop novel food production systems. These will be to create new sources of resource efficient, low-emission foods, particularly proteins, while delivering healthy and sustainable diets. Expected outputs will progress emerging novel food production systems closer towards commercial viability and be able to supply mainstream consumer markets.

Your project must have the potential to significantly shift the current state of the art in one or more of the following seven priority areas:

* plant based products or production systems
* acellular food production, for example, algal, bacterial or fungal fermentation systems
* cellular food production, for example, cell culture systems for meat production
* novel aquaculture systems, for example, fin-fish and shell-fish
* new food production systems, for example, insect farming, seaweed cultivation and other alternatives to traditional animal production systems
* Total Controlled Environment Agriculture (TCEA) systems
* improvements to semi-controlled environment production systems such as glasshouses or polytunnels

### Next generation digital technologies

#### Creative Catalyst

Pre-commercial innovation projects from high potential companies within the [Creative Industries](https://www.thecreativeindustries.co.uk/) that are underpinned by innovative digital technologies and methodologies. These include AdTech, FashTech, MusicTech, PubTech and the wider [CreaTech](https://www.thecreativeindustries.co.uk/createch) definition. As well as digital innovations we also interested in sustainability in the creative sectors, such as Circular Fashion. This competition is open to the whole of the UK; however, we are particularly interested in applications from outside the Greater south-east. This funding would complement the innovation journey of creative businesses we have previously supported. Therefore, we welcome applications from companies that are part of Innovate UK’s Creative Catalyst cohort, as well as those who have been involved with the [UK Research and Innovation Creative Clusters Programme](https://creativeindustriesclusters.com/).

#### Bridge AI

This includes artificial intelligence (AI) and machine learning solutions that can boost business productivity at key industry sectors including construction, creative industries, agriculture and food processing and transport including logistics and warehousing.

### Knows no limit

The aim of this is to support innovation projects that empower diverse and under-represented innovators with high growth potential businesses to thrive. There is wealth of evidence that is accumulating that highlights the disparities for under-represented founders, who are being excluded from the opportunities of equity investment at a very early stage of business development. This represents a significant untapped opportunity for investment in the UK.

Research from Extend Ventures shows that all-ethnic teams received an average of 1.7% of the venture capital investments made at seed, early and late stage between a 10-year period, with a total of 0.02% being invested in Black female entrepreneurs. The Rose review shows a £250 billion economic return to the UK if women started and scaled businesses at the same rate as men.

Projects must fund and support a diverse portfolio of innovations:

* from diverse innovators and teams that are:
  + from under-represented groups
  + relatable role models for their community
  + able to volunteer at least five days towards role model for the duration of their funding

Projects must identify clearly evidenced pressing societal, environmental or economic challenges in a variety of innovation areas.

The investor partnership programme tackles the challenges faced by highly innovative UK businesses with strong growth potential in accessing the finance required to grow and scale.

It does this by leveraging Innovate UK’s expertise, connections and grant funding while encouraging commercial investors to provide finance and business acumen to younger businesses operating in underserved markets.

Investor partnerships aim to address the ‘equity investment gap’ by encouraging highly innovative micro, small and medium-sized enterprises (SMEs) to attract investment that is aligned to research and development (R&D) grant support at an early stage, so that they are also better able to attract the necessary level of follow-on investment as they scale and grow.

This alignment aims to deliver impact through economic growth by ensuring that innovative businesses are adequately capitalised and by attracting additional equity investment into risky SMEs from (or led by) selected investor partners.

In line with Innovate UK’s plan for action, the £80 million programme helps deliver towards several priority themes:

* future economy: a new three-year programme has been developed with the scope focused on the future economy
* growth at scale: the programme will be used to accelerate investment into innovative, high-growth-potential businesses
* innovation ecosystem: we will leverage private investment to innovative businesses to provide capital for R&D and growth
* equality, diversity and inclusion: we will support innovation and access to capital for businesses from under-represented groups

### Investors

Investors can apply to become one of Innovate UK’s investor partners through an application process.

The next available process opens on 28 August and closes on 20 September 2023. Applications can be made through the Innovation Funding Service. We will open further selection processes quarterly.

### Businesses

We encourage micro, small and medium-sized enterprises (SMEs) to work with [Innovate UK EDGE](https://www.innovateukedge.ukri.org/We-can-help-your-business-to-grow) before considering applying for a grant or engaging with investors. This will help you to find out if your business is suitable and ready to take on external investment.

The first stage in a grant application is for one of our investor partners to submit an expression of interest, where they will describe your proposed research and development (R&D) project, and set out their possible interest in making an investment.

As a result, SMEs must engage with our investor partners before considering applying for a grant. All our investor partners have produced a public summary that describes their firm, their investment areas of interest and the amounts that they typically invest. These summaries also set out how they wish to be contacted about the programme.

[View the full list of investor partners](https://www.ukri.org/publications/innovate-uk-investor-partners/).

The Innovate UK Knowledge Transfer Network (KTN) is also developing an investor engagement programme to help in this process.

Businesses will be able to apply for grant funding through regular future economy investor partnership competitions. Applications in SME funding opportunity rounds can be made through the Innovation Funding Service. Each funding opportunity will describe the areas that are in scope and any areas of particular focus. These competitions may cover the full programme or may be specific to a particular area (for example, novel low emission food production systems).

Our funding opportunities may fund research and development (R&D) projects that are classed as feasibility studies, industrial research or experimental development.

For feasibility studies and industrial research projects, the following intervention rates may apply:

* up to 70% if you are a micro or small organisation
* up to 60% if you are a medium-sized organisation

For experimental development projects that are nearer to market, the following intervention rates may apply:

* up to 45% if you are a micro or small organisation
* up to 35% if you are a medium-sized organisation

In order to receive grant funding for your project in the investor partnership programme you must also receive aligned investment from (or led by) one or more of our selected investor partners.

For feasibility studies and industrial research projects, the aligned investment must be at least the same amount as the grant commitment.

For experimental development projects, the aligned investment must be at least twice the amount of the grant commitment.