

Workstream 3: Creating the best environment for the UK to produce high growth, consequential companies – Terms of Reference

Context

The UK does not yet produce scaled, high growth companies at the same rate as other high performing countries. This is despite the UK being home to 7 of the top 20 universities in the world and having many of the prerequisites required to create such companies (capital, skilled engineers, research, communications infrastructure, international language, etc). This is partly a result of the environment for business building in the UK.

We need to foster a UK high growth culture, where creativity, risk and failure are encouraged and supported. This is currently not the case. Risk-taking attitudes and global scale ambitions, required to build consequential businesses, are not often encouraged in the UK. For those UK entrepreneurs who persevere, they must often seek investment and expertise from abroad, which in turn leads (over time) to the nexus of those companies leaving the UK. Separately, whilst the UK has very successful tax schemes to encourage start-ups, once a company reaches a certain size, one where the UK taxpayer's investment could start to drive real growth and jobs in the economy, the schemes often fall away, or conflict when they meet each other.

We need to encourage the next generation of founders to be matched by asset managers and expertise in the UK who better understand the world of life science and tech start-ups. We should encourage the use of capital and expertise between generations of businesses, operators and investors. Attitudes to risk taking, business building and entrepreneurial success in the public and media will need to change over time. We need joined up tax policies for every stage of a company's lifecycle which will encourage them to keep growing and encourage investors to continue to invest in innovative UK companies.

Objective

The purpose of this workstream is to improve this environment. Whilst CMIT Workstream 1 will focus on the supply of capital in the UK, this workstream will focus on the supply of companies. This workstream will address how we create an environment for more companies to start in the UK and truly scale and compete globally to become consequential companies. To create high paying and rewarding jobs, to make the UK a destination for innovation, where its companies lead the world in their respective fields.

Responsibilities

This workstream will develop initiatives that support:

- Educating, encouraging and supporting entrepreneurs
- Changing the attitude and playbook of domestic investors to risk and consequential business building
- Partnering with foreign investors to gain their expertise, whilst retaining control of our own companies

- Encouraging companies to keep their capital tables and (particularly) board compositions primarily UK-based
- Incrementally changing attitudes to risk taking, business building and entrepreneurial success in the public and media
- Encouraging the recycling of capital and expertise between generations of businesses, operators and investors
- Ensuring the UK is seen as a frontier of high growth, technology-based, business building by the globally conscious entrepreneurs of today

This workstream will engage key stakeholders to test these perceptions, explore possible solutions, and where relevant make recommendations to regulatory, policymaking and government bodies.

Workstream Chair

Matthew Scullion

Participating CMIT members

Mark Austin, Jon Symonds, Kay Swinburne, Klaus Hommels

Secretariat support

Matillion and LSE plc

Engagement and timetable

- The Chair (and / or workstream lead where appropriate) will provide regular updates to CMIT, no less than once per month.
- The workstream members will meet every two weeks (virtual meeting).
- This workstream will run until the termination of the Taskforce.

Expected stakeholder engagement

- UK based high growth company leaders
- UK based VCTs
- US based VC investors with London Teams
- US VC and Growth Investors
- US based leaders of successful companies
- UK universities
- Relevant UK trade bodies and associations