



Economic Growth Board

Date	<i>25 January 2024</i>
Report title	<i>West Midlands Innovation Board – Six-Monthly Report</i>
Portfolio Lead	<i>Councillor Stephen Simpkins</i>
Accountable Chief Executive	<i>Laura Shoaf, Chief Executive, West Midlands Combined Authority Email: Laura.Shoaf@wmca.org.uk</i>
Accountable Employee	<i>Ed Cox, Executive Director Strategy, Economy & Net Zero, West Midlands Combined Authority Email: Ed.Cox@wmca.org.uk</i>
Report has been considered by	<i>Mike Wright - Independent Chair of the West Midlands Innovation Board</i>

Recommendation(s) for action or decision:

Economic Growth Board is recommended to:

- (1) Endorse the 2023 activities and achievements of the West Midlands Innovation Board
- (2) Comment on and agree the proposed 2024 priorities of the West Midlands Innovation Board

1. Purpose

- 1.1 This is a six-monthly report of the chair of the West Midlands Board, setting out WM innovation achievements over 2023 and recommended priorities for 2024.
- 1.2 The West Midlands Innovation Board is an advisory committee to the West Midlands Economic Growth Board. The Board has a remit to recommend key activities to increase business-led research, development, and innovation as an important input to productivity, and in line with the West Midlands Plan for Growth.

2. Background

- 2.1 Business research, development, and innovation (R&D&I) is known to increase firm-level productivity, which in turn translates into more revenue and over time profit of firms. This increases business tax contributions and over time as this revenue and profit is reinvested, it creates jobs for residents. This is evidenced by the What Works Centre.

2.2 R&D&I is therefore an important element of the West Midlands Plan for Growth. The West Midlands Innovation Board is playing a positive role in driving up R&D&I across the eight primary clusters that the plan focuses on. Each cluster operates in the regional innovation ecosystem and so the conditions for R&D&I to thrive is as big of a focus as specific cluster interventions.

2.3 For 2023 EGB agreed that the West Midlands Innovation Board would focus in on five key priorities:

Priority 1: Maximise regional and national impacts from the Innovation Accelerator fund

Priority 2: Address gaps and seize opportunities to develop the local innovation ecosystem

Priority 3: Develop the regions reputation for innovation nationally and globally as a go-to place to set up a business and invest

Priority 4: Ensure the region is at the vanguard of government policy making for R&D and Innovation

Priority 5: Build partnerships with related innovation clusters

2.4 Progress over the last six months is set out below:

Priority 1: Maximise regional and national impacts from the Innovation Accelerator fund

2.4.1 In Spring 2023 EGB approved five projects to share £33m of grant funding that was awarded through the Innovation Accelerator pilot with Government. It was agreed that funded projects would focus on the growth of businesses commercialising clean-tech, and med-tech. The five projects and a summary of progress to date is list below:

Project	Partner/s	Grant funding awarded	Businesses supported to date	Businesses supported by March 2025 (planned)
Clean Futures Mobility R&D demonstrators	Connected Places Catapult, The Black Country Innovative Manufacturing Organisation, Coventry University	£8m	20 - intensive support	40 - intensive support 800 - initial engagement through workshops and events)
Biochar Commercial applications validation & demonstration	Aston University	£1.8m	15	44
DIATOMIC Smart City demonstrator, digital twin, & international trade & investment twinning	Connected Places Catapult, Birmingham City Council, Birmingham City University, University of Birmingham, Aston University, WM Growth Company.	£6.2m	9	50

West Midlands Health Innovation Technologies Accelerator Feasibility support leading to clinical trials & manufacturing R&D demonstrators	University of Birmingham, Aston University, University of Warwick, WMG, MTC, MediLink, Plug&Play.	£14.1m	30	150
West Midlands Innovation (Clusters) Programme Funding for cluster bodies networks, as well as proof of concept R&D trials	West Midlands Combined Authority, WMG, University of Wolverhampton, Create Central, Sustainability West Midlands, Transport for WM, Midlands Aerospace Alliance, Tech WM	£2.9m	30	650

2.4.2 To support projects there have been ten business events attracting 644 business delegates. WMCA has also set up a monthly community of practice with the five projects. Through this community of practice model all five projects have been introduced to a range of wider support services including local authority business advisors.

2.4.3 The WM Innovation Board has an ongoing assurance role for the Innovation Accelerator pilot. At every meeting it receives a highlight report of achievements, risks, and issues to be aware of. Each project also receives a deep-dive discussion with board members on a rotating basis. The chair also meets periodically with projects to assure their progress.

Priority 2: Address gaps and seize opportunities to develop the local innovation ecosystem

2.4.4 In July 2023, at Wolverhampton University, the West Midlands Innovation Board launched a new West Midlands Action Plan with Innovate UK. The Plan provided an endorsement for the West Midlands Plan for Growth in pursuit of R&D&I-led growth opportunities within the regions eight primary clusters. Examples of early impacts resulting from this Plan –

- **West Midlands Further Education Innovation Fund** - Innovate UK has ring-fenced £2.5m (25% of the total funding available) of grant funding for colleges in the WMCA area to bid in to. Three bids aligned to former-LEP areas have been submitted. Outcomes are currently embargoed and will be announced in February 2024.
- **Innovate UK Local Event** - Innovate UK's flagship event to outline how businesses can access their programmes and funding will take place on 12 March 2024 at the Black Country Innovative Manufacturing Organisation (BCIMO). This is a partnership event between Innovate UK and Business Growth West Midlands, with all local authority business support teams encouraged to have a strong presence at this.
- **Coventry-Warwickshire Creative Tech Launchpad** - Innovate UK has ring-fenced £7.5m (10% of total funding available) of grant funding for businesses and universities to bid in to. Projects must centre on creative-tech businesses in Coventry and Warwickshire area, but can include businesses and universities from elsewhere.

- **Innovate UK Catapults roundtable** - In early February 2024 a roundtable with the CEOs of relevant Catapult centres and the CEO of Innovate will take place to explore how they can deliver even more impact for West Midlands based businesses. This will include a focus on the case for a Catapult outpost in The Black Country, recognising there is already a strong presence in Coventry & Warwickshire, and Birmingham.
- **Near-miss Innovation Accelerator projects** - projects that were assessed as “recommended for funding” and only not selected due to the limited funding envelope, are being supported to secure funding from other Innovate UK competitions via bespoke account management from the Innovate UK Knowledge Transfer Network team.

2.4.5 As part of the next Spending Review, WMCA and the Innovation Board is pursuing an ask to Innovate UK to scale-up and sustain the pilots we have worked together on to date. In return it is very important that colleges, universities, and business deliver impact to generate the critical evidence needed to make the case for follow-on funding.

2.4.6 In addition the following regional Shared Prosperity Fund and/or wider government programmes have either been awarded or are currently under assessment, and meet particular gaps for innovative businesses –

- Investor readiness
- Supply chain transition
- High growth support
- Energy business grants
- Made Smarter

2.4.7 In addition the WM Innovation Board has undertaken the following deep-dive discussions over 2023:

- **International:** the work of the Growth Company was strongly supported, with a call for a new innovation narrative to be developed and launched (now completed). Baselineing and measuring FDI in to the region that relates to technology and innovation was recommended as a future step
- **Investor finance:** key investment funds available for innovative businesses, including the West Midlands Co-Investment Fund, was appraised. The Board concluded that work is heading in the right direction however much more ambition around the scale of regional investment funds is needed. The WM Investor Readiness programme funded by the Shared Prosperity Fund was welcomed and it was recommended that advisors should have experience of the international investor community and markets as well as the UK.
- **West Midlands Investment Zone:** members advised that the investment zone cluster focus should be “engineering and advanced manufacturing”, with a significant focus of available funding going towards supply chain transition and building. A twin-track plan to attract critical parts of supply chains, particularly focused on tier 1 supplier chain businesses, was also recommended

2.4.8 A number of key strategic partnerships have also been positively fostered, with:

- The Intellectual Property Office (IPO) hosts a regional post with Business Growth West Midlands to strengthen links to specialist IP support. This role regularly attends events and meetings with local authority business advisors.
- Innovate UK Edge and local authority business growth advisors across local authorities came together in November 2023 to discuss closer ways of working. Innovate UK Edge is a specialist innovation business support service, funded by Innovate UK. A number of practical ways to strengthen cross-referrals has been identified for action over 2024.
- Plug and Play, a significant global innovation platform that is rooted in Silicon Valley, has run two major open innovation platform events with Jaguar Land Rover and Bentley in the UK to date. These link high potential start-ups to the innovation challenges of these firms with purchasing, acquisitions, and equity stakes expected over time. A plan for 2024 has been agreed to broaden out the range of large firms Plug & Play will work with across the West Midlands.

Priority 3 - Develop the region's reputation for innovation nationally and globally as a go-to place to set up a business and invest

2.4.9 Over 2023 the West Midlands Growth Company has co-developed an innovation narrative with members of the WM Innovation Board. This was launched at Birmingham Tech Week under the strapline "The Tech that Makes Tomorrow Work".

2.4.10 The narrative gets across the breadth and depth of the West Midlands Innovation ecosystem including its six universities, three catapult centres, 11 science parks, and £2bn private sector R&D economy. The campaign includes a range of online content and collateral that to date has received over 100,000 social media impressions in international destinations. Over 2024 the narrative will be refined based on feedback and activated in global markets in line with the forthcoming West Midlands International Strategy. This has coincided with a record year for FDI, with the West Midlands confirmed as number one outside Greater London for new company locations from overseas.

Priority 4: Ensure the region is at the vanguard of government policy making for R&D and Innovation

2.4.11 As part of the West Midlands Trailblazing Deeper Devolution Deal the WMCA has been invited to work with Government through a new Strategic Innovation Partnership that "gives the WMCA a new and influential role informing the national research and innovation ecosystem at the strategic level".

2.4.12 The chair of the Innovation Board, the Mayor of WMCA, and a selection of local university vice chancellors are leading this Partnership. A dialogue with the Science Minister is scheduled for January 2024. An Innovation Deal for the region that is rooted in its research excellence strengths is going to be put forwards, shaped and informed by independent evidence and consultation with local innovation ecosystem stakeholders. In addition there are now regular and productive dialogues between WMCA and officials in the Department for Science, Innovation and Technology (DSIT), and Innovate UK that leads to better intelligence sharing and early insights relating to emerging opportunities for West Midlands innovation clusters.

Priority 5: Build partnerships with related innovation clusters

2.4.13 WMCA and the WM Innovation Board has pursued mutual priorities with the Midlands Engine and Midlands Innovation (the pan-Midlands forum for research universities it co-funds). This recognises that universities and businesses in the East Midlands are our most immediate neighbours, with some clusters – particularly aerospace – operating on this wider functional economic area. WMCA has advised and supported the Midlands Engine Innovation Clusters prospectus as well as its Midlands Universities pitch-books for the Global Investment Summit.

2.4.14 Through the WM Innovation Accelerator, pan-midlands organisations are also being actively involved where it makes sense to do so –

- Medilink, who operate across the West and East Midlands, is funded to strengthen collaboration in the med-tech area.
- Midlands Aerospace Alliance has submitted an application to the WMIP 2.0 Innovation Accelerator to support aerospace SMEs “pivot” into new industries in clean-tech and med-tech.

2.4.15 Mindforge is also a new pan-regional fund for IP-intensive spin-outs and spin-ins. WM Innovation Board has offered its support to promote this new fund. It is currently undergoing a fundraising round.

2024 Innovation Board priorities

2.5 For 2024 the West Midlands Innovation Board is rolling over its five key priorities as set out above because they remain relevant and good momentum is underway around each.

2.6 Recognising a lot of good activity is going in to R&D&I, the Board has noted that it is increasingly important to create “stickiness” of businesses in the region. Therefore a clear scale-up business plan has been called for. In response, a sixth priority to “develop a scale-up plan for the West Midlands, pin-pointing the particular interventions WM can take to strengthen the stickiness of our most promising R&D&I businesses”.

2.7 In addition to these proposed six priorities, the Board has proposed specific key performance indicators:

- Shape and influence a significant WM R&D settlement at the next Spending Review. Our ambition is to land £100m+ of funding ringfenced for WM innovation in next significant Govt spending settlement.
- Shape and influence regional investment plans & decisions in order to strengthen the innovation ecosystem. Success will mean stakeholder sentiment, and business survey data demonstrates an improving trajectory across all local authority areas.

2.8 In summary, the EGB is invited to endorse progress over 2023, and agree proposed priorities for 2024. A further progress report will be brought to the Economic Growth Board in summer 2024.

3 Strategic Aims and Objectives

- 3.1 This report directly delivers on the WMCA's objective 1.1 (We will drive growth by developing regional strategies and plans focussed on priority clusters, boosting innovation, and securing investment) and the priorities of the West Midlands Plan for Growth.

4. Financial Implications

- 4.1 There are no direct financial asks from this report, however it does reference previously committed funding by WMCA, such as UKSPF, CWGLEF, WMIP 2.0 and Made Smarter as examples.
- 4.2 If WMCA request, receive or commit additional Government funding above existing budgets, this will need to be approved through WMCA governance routes to ensure alignment with strategic direction and the investment represents value for money.

5. Legal Implications

- 5.1 The contents of this report are stated as being for information and comment purposes only. Consequently, there are no immediate legal implications flowing from the contents of this report.

6. Single Assurance Framework Implications

- 6.1 There are no Single Assurance Framework Implications.

7. Equalities Implications

- 7.1 The work of the Innovation Board is positively promoting equality and diversity in the innovation ecosystem. New funding is accounting for this including the new inclusive innovation network funded by the West Midlands Innovation Accelerator.
- 7.2 The chair of the Board has met and continues to keep in dialogue with the West Midlands Race and Equalities taskforce to identify best practice and intelligence for where more targeted action might be needed.

8. Inclusive Growth Implications

- 8.1 The work of the Innovation Board makes a positive contribution to inclusive economic growth. As noted in the existing and recommended priorities, targeted work is underway to engage and involve more businesses and institutions in places that currently access less innovation support such as businesses in The Black Country.
- 8.2 Innovation Accelerator projects are working in a very wide range of sectors from energy through to social care where benefits are expected to reach a wide range of people and professions. Innovation events and discussions involve a wide and inclusive range of voices to ensure work represents the whole ecosystem.

9. Geographical Area of Report's Implications

- 9.1 This report relates to the WMCA area.

10. Other Implications

10.1 There are no other implications.

11. Schedule of Background Papers

- July 2023 Innovation Update report to West Midlands Economic Growth Board
- Innovate UK-West Midlands Place Action Plan
- West Midlands Trailblazing Deeper Devolution Deal