

Economic Growth Board

Date	Monday 4 July 2022
Report title	West Midlands Innovation Accelerator
Portfolio Lead	Economy and Innovation – Councillor Ian Brookfield
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Report has been considered by	West Midlands Innovation Board

Recommendation(s) for action or decision:

The Economic Growth Board is recommended to:

1. Endorse the direction proposed by the Innovation Board for the £33m West Midlands Innovation Accelerator and the process proposed to reach final decisions in winter 2022.
2. Agree the direction of the draft business plan attached to this paper, with the first-stage to be submitted in conjunction with the Chair of the Innovation Board by end of June.

1 Purpose

- 1.1 To seek the Economic Growth Board's endorsement about the progress made on the West Midlands Innovation Accelerator, steered by the Innovation Board.
- 1.2 This is part of a new approach to place-based R&D activity set by Government and Innovate UK as part of the Levelling-Up White Paper. As part of doing things differently, the Innovation Board is co-designing the approach with Government's agencies. This report covers the recommended strategic direction and areas of focus of the Accelerator, aligned to the West Midlands Plan for Growth. The proposed timeline and process means decisions about priority regional projects will not be taken until late 2022.

2 Background

- 2.1 Announced in the Levelling-Up White Paper, the West Midlands Innovation Accelerator will see around £33m invested in the region over the next three years to bolster the region's innovation and R&D capability and capacity to spark commercial growth and investment.
- 2.2 The Innovation Accelerator serves two purposes:
1. To invest around £33m of one-off funding to build greater capacity and capability to perform high-quality applied and translational R&D which drives commercial returns and investment, regional growth and meet societal needs.
 2. To forge a new co-design relationship which can be the basis for ensuring the region benefits from the increase in overall UK public R&D funding to £20bn by 2024/5.
- 2.3 The West Midlands secured the Innovation Accelerator because of its 'future R&D leader potential' and is currently characterised by BEIS as a 'University Hub' with talent pipelines that are being translated into university innovation and knowledge exchange¹.
- 2.4 The region has also considered its wider performance on R&D and innovation and the region is an outlier with a private/public R&D ratio of 4.8:1, which is concentrated in an unusually narrow and deep range of expertise and institutions². These strengths in engineering, automotive and metals demonstrate how industry investment has crowded-in to areas of academic excellence. A third element – vital translational institutions like Catapult centres – have demonstrated impact but also operate in only parts of our economy.
- 2.5 **The West Midlands Innovation Accelerator means acting differently.** Although managed by Innovate UK, the Innovation Accelerators are deliberately taking a different approach to usual competitions; the emphasis is on growing regional innovation strengths with reference to broader place-based economic and social plans to level-up, rather than competing nationally based on established R&D excellence.
- 2.6 All Accelerators have been invited to submit their initial plan by the end of June (draft attached as Appendix 1). This will be iterated during the rest of the year and requires places to set out their strategic direction, approach to ensuring strong business leadership and the broad types of activities – it does not require details or decisions about specific projects. The overall thrust of the plan is summarised in section 3 and 4 below.
- 2.7 The Innovation Accelerator's **impact** will be:
- Strengthening public R&D assets in areas where there is a credible case for commercial success and cluster growth - thereby diversifying and making the regional economy more resilient.
 - Improved capability, capacity and awareness of the West Midlands as a location for R&D which will help the region double public R&D investment to the region by 2030.

¹ https://access-research-development-spatial-data.beis.gov.uk/indicators/eurostat_berd_data

² See Collinson (2021) - <https://blog.bham.ac.uk/cityredi/rd-investment-in-our-city-region-local-potential-for-future-inclusive-growth/>

- Helping address major societal challenges, particularly on net zero and health inequalities.

3 Innovation Accelerator Focus

- 3.1 The Innovation Board has considered analysis of Accelerator focus areas to ensure that the funding would be optimally leveraged to support business growth and help deepen relationships with relevant Research Councils to drive further public R&D investment into the region.
- 3.2 A heatmapping analysis was undertaken of regional public and private STEM assets across the seven technology families in the BEIS Innovation Strategy³ and the different types foundational, applied, and translational research. It points to some economic clusters where there is a mismatch between regional strengths in foundational and/or applied research, but this does not follow across to translational activities, as shown in the examples below.
- 3.3 The West Midlands Plan for Growth identified clusters where the region has competitive advantages, market confidence and where there is also greatest potential for additional growth by interventions. When our regional technical and advanced manufacturing and engineering strengths were aligned against these clusters, strong synergies with the Manufacturing of Electric Vehicles and Associated Battery Devices; Aerospace; HealthTech; Future Housing and Low carbon utilities could be seen. However, the Innovation Board felt that there was already considerable support available to the EV (Electric Vehicle), Battery and Aerospace clusters and that the Innovation Accelerator funding would be most beneficial when focused on:
 - **HealthTech and MedTech**
 - HealthTech: prevention, monitoring of wellbeing, mental health, and telehealth. Which includes wearables, software applications, data, connectivity, AI (Artificial Intelligence) and in practice management.
 - MedTech: equipment, medical devices, machines, diagnostics, software, and tools. Better treatments and improvements on things like laser surgery, managing patient health journeys etc
 - **CleanTech**
 - CleanTech covers a wide range of technologies and applications, and the Accelerator will support the region to develop its R&D capability and capacity to spark growth and deliver our net zero ambitions.
 - It is expected that the Accelerator will only be able to focus on specific areas of CleanTech, however, it will support the development of a wider pipeline of activity in this area, with UKRI (UK Research and Innovation) and its agencies heavily prioritising net zero-related ambitions in their planned funding calls (including with Research Councils where the West Midlands has lower relative funding).

³ [BEIS Innovation Strategy](#)

4 Governance

- 4.1 The Innovation Board is responsible for developing the plan for the West Midlands, supported by the WMCA, in collaboration with a dedicated BEIS-Innovate UK policy and delivery team and local partners.
- 4.2 The Innovation Board's role is to knit together two agendas:
 1. Setting a focus of the Innovation Accelerator given the region's economic opportunities set out in the West Midlands Plan for Growth. This means using our engineering heritage and knowledge of commercial opportunities and societal impact to grow emerging R&D strengths with strong commercial potential.
 2. Ensure the Innovation Accelerator is supported by complementary regional and national activities. This includes the breadth of issues across the region's Innovation Framework which covers business support programmes to catalyse the diffusion and adoption of innovation; interventions to upskill and reskill cohorts of workers; ensuring an appropriate supply of risk capital and that businesses are investment ready; ensuring appropriate supply of sites with the digital, energy and transport connectivity for firms to grow and an internationalisation offer that helps firms trade and attracts foreign direct investment to catalyse local supply chains.

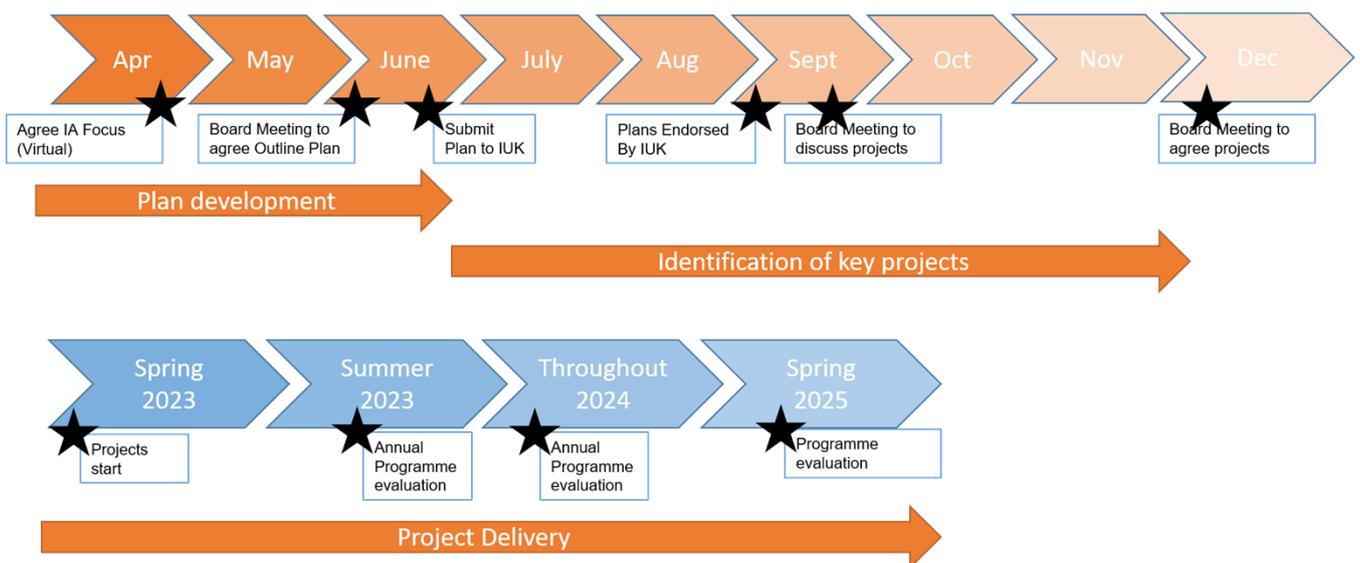
5 Delivery Timeline

- 5.1 The Innovation Accelerator pilot will run between 2022-3 and 2024-5. The first year of the programme will primarily focus on developing the plans and project proposals. Years 2 and 3 will involve ongoing cross-government policy engagement, as well as delivery of funded projects.
- 5.2 The draft IA Business Plan is due for submission at the end of June. The plan will outline how the WMIA will fulfil the purpose of the national Innovation Accelerator programme and deliver on the programme objectives. The plan will show how the WMIA proposal contributes to the broader strategy for the region and how it will deliver benefits for local people. The draft Business Plan is attached to this paper.
- 5.3 The Innovation Board, supported by the WMCA will work with industry partners and representative groups to develop a prioritised pipeline of RDI projects, details of which will be included in the draft business plan.
- 5.4 The following steps outline the process going forward to develop projects for the Innovation Accelerator.
 1. The WMCA will be running 2 ideation workshops in the coming weeks. These workshops will provide the opportunity for partners to provide market validation of the Innovation Accelerator intervention requirements.
 - Workshop 1: CleanTech. 29th June from 2pm to 5pm.
 - Workshop 2: HealthTech & MedTech. 4th July from 10am to 1pm.
 2. Once our ideation workshops have taken place, we will update the refined intervention requirements and open the form for idea submission of Expressions of Interest in the second half of July.

3. As EOIs are submitted they will be filtered to ensure that they align with the overall objectives of the Innovation Accelerator and clearly address challenges in the clusters of focus.
4. During August, the WMCA, supporting the Innovation Board, will encourage collaboration, mutual alignment and avoid duplication where possible in the EOIs.
5. Following this stage stakeholders will be asked to develop their EOIs into fully costed proposals based on IUK criteria, between early September and the end of October.
6. IUK will assess proposals in November.
7. The Innovation Board and Economic Growth Board will decide at the beginning of December which proposals which pass the IUK assessment will be funded by the Innovation Accelerator.
8. Successful projects will begin in quarter 1 of 2023 and must be completed by end of March 2025.

5.5 The major milestones can be seen in the below timeline.

WM Innovation Accelerator Timeline



6 Financial Implications

- 6.1 The WMCA will not be the Accountable Body for the Innovator Accelerator funding. All funding will be contracted between Innovate UK and the project delivery partners. Most of the public funding for the WMIA will be available in financial years 2023/4 and 2024/5. The funding will be contracted and managed directly between Innovate UK and project promoters, so there are no direct financial implications for the WMCA.

7 Legal Implications

- 7.1 There are no immediate legal implications arising from this report

8 Equalities Implications

- 8.1 There are no immediate equalities implications arising from this report.

9 Inclusive Growth Implications

- 9.1 The WMIA will place inclusive economic growth at the heart of project design.

10 Geographical Area of Report's Implications

- 10.1 The report refers to the 3 LEP area and incorporates links with all constituent and non-constituent authorities. Subject to policy decisions by Government and local partners, decision-making over economic growth policies and programmes might relate to either the 7-met WMCA area, or the wider economic footprint.

11 Other Implications

- 11.1 None