

Economic Growth Board

Date	Friday 23 September 2022
Report title	West Midlands Innovation Accelerator
Portfolio Lead	Economy and Innovation – Councillor Ian Brookfield WMCA Portfolio lead for Economy and Innovation
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Report has been considered by	West Midlands Innovation Board (7 September) Directors of Economic Development (24 August)

Recommendation(s) for action or decision:

The Economic Growth Board is recommended to:

1. Note the progress and process for the development of the Innovation Accelerator.
2. Endorse the regional strategic prioritisation criteria developed by the Innovation Board on 7 September (Annex A).

1 Purpose

1.1 The purpose of this report is for the Economic Growth Board to agree:

- How the Innovation Accelerator aligns with the region's broader ambitions to increase investment in public R&D and the exploitation of commercial potential.
- The current status of activity, with 35 projects being invited to submit fully costed proposals.
- The specific regional prioritisation criteria developed by the Innovation Board to be used to determine the high-quality R&D projects to be included in the West Midlands Innovation Accelerator.
- The process that will be used for decision-making.

2 Strategic opportunity of the Innovation Accelerator

- 2.1 The specific aim of the West Midlands Innovation Accelerator (WMIA) is to accelerate the growth of regional clusters of excellence in Health and Medical Technologies and Clean-Tech, delivered through: development of applied and translational research; the application of regional strengths in engineering, manufacturing, and advanced computing; and supported by a robust regional innovation framework and networks.
- 2.2 The WMIA also provides a larger strategic opportunity, connecting five factors:
- An explicit commitment from Government in the Levelling-Up White Paper to both **increase public investment in R&D** to £20bn by 2024/5 en route to the aim of 2.7% of GDP by 2030, and for **BEIS to invest at least 55% of public R&D funding outside the Greater Southeast** by 2024/5.
 - In this context, the West Midlands' ambition through the **Trailblazing Devolution Deal is to double public R&D funding by 2030 to over £1bn** and ensure that this drives commercial growth in clusters with greatest potential. As well as directly funding £33m of activity, it is expected that **the WMIA will produce a pipeline of quality-assured projects, aligned with the region's growth priorities** and which can be mobilised quickly.
 - The White Paper ambitions are also prompting Innovate UK and the wider UKRI family of research funders to work differently, with **the Innovation Accelerator a new way of developing those approaches and relationships**. Indro Mukerjee, Chief Executive of Innovate UK has met with the Mayor and Innovation Board and agreed to create a formal action plan for working together, including regular senior meetings and a dashboard for actions/information-sharing to continue to foster an open, honest and transparent relationship. Already, there has been increased West Midlands input to Innovate UK's 2050 Manufacturing Vision and plans for a workshop on the new Innovate UK 'shop-front' aligned to its Future Economy review (which is relevant to the new coherent business support system).
 - Through the [West Midlands Plan for Growth](#), the region has a clear focus of those clusters that can drive above-forecasted levels of growth. This depends on **strong cluster leadership** and the WMCA and partners are working with business to put that business-led leadership in place and connect effectively across the cross-cutting interventions like business finance, skills, FDI and land supply.
 - **Sharpening the West Midlands innovation narrative**, emphasising how we build upon our heritage of engineering and manufacturing with a high quality, modern research base and clusters of businesses exploiting commercial opportunity. This work is being spearheaded by the Chair of the Innovation Board and will result in tailored messages to target audiences such as regional businesses, international investors and government agencies.

2.3 The development of the WMIA is overseen by the Innovation Board, which reports into the decision-making Economic Growth Board. The Innovation Board itself has evolved to play this role, strengthening business voices (particularly in respect of the IA's areas of focus), including the region's innovation assets like the Catapult centres, and formalising declarations of interest.

3 Current status

3.1 The Economic Growth Board (4 July) agreed the scope of the WMIA based on the recommendation of the Innovation Board. The West Midlands Innovation Accelerator draft business plan was submitted on that basis to Innovate UK which has received positive comment and is incorporated into the single overall strategic business case along with the Innovation Accelerators in Greater Manchester and Glasgow City Region.

3.2 Using the West Midlands scope and areas of focus, the WMCA team worked with partners in June and July to identify market needs and opportunities within each cluster, and begin to identify ideas for WMIA proposals. This included 2 ideation workshops, attended by 203 stakeholders. The process is encouraging engagement across the business community - particularly SMEs with 65 businesses attending the workshops to provide market validation of the Innovation Accelerator approach. Representatives from the six leading universities in the region, the catapults and government agencies including IUK, DIT, and BEIS also attended.

3.3 Following this, the Innovation Board invited Expressions of Interest (EOIs) targeted at the key areas of focus. 60 EOIs have been received and had a light-touch assessment against the broad strategic aims of the WMIA, resulting in a longlist of 35 projects (inc. collaborations) with an initial overall envelope of £146.7m. Business development proposals for individual businesses were rejected, and 5 potential collaborations between bids have been identified. This means the funding envelope is expected to reduce as proposals develop and collaboration removes duplication. The longlist includes a mix of established partners and potentially new providers and offers a good balance across the areas of focus. We have been encouraged by the cooperation evident between the Universities in the EOI submissions.

Table 1: Expression of Intertest – Summary

Total IA Ask	£173,411,677
Total Eols received	60
Max ask	£20m
Min ask	£19k
Healthtech/MedTech Eols	23
Cleantech Eols	24
Cross Cluster Capacity Building Eols	13
Eols under £1m	22
Eols £1m - £5m	29
Eols £5m+	7
Undisclosed	1

Table 2: WM Innovation Accelerator – Eols Progress to Full Business Case Stage

Healthtech/MedTech	9
Cleantech	15
Cross Cluster Capacity Building	11
Suggested collaborations	5 collaborations across 9 projects

4 Developing project detail and selection

4.1 There is currently a three-way process with:

- The Innovation Board leading the development of prioritisation criteria and process for the selection of projects. Draft criteria were considered by the Innovation Board on 7 September (including representatives of all six universities) and amendments have been made following suggestions. The final draft West Midlands prioritisation criteria is attached as [Annex A](#) for agreement by the Economic Growth Board, including a maximum value for WMIA support of £15m (though the overall size of projects will be larger with other public and private funding).
- Project leads of the 35 EOIs identified by the WMCA will be asked to submit fully costed business plans by 26 October. This uses the Innovate UK portal but will be built around the regional prioritisation criteria set by the WMCA Economic Growth Board and Innovation Board, as above. There will also be assurance about deliverability and value for money, undertaken by Innovate UK to ensure consistency across the three regions as part of the co-design process. At the request of Innovate UK, the WMCA has put forward potential assessors to assist in this process drawn from the WMCA, the universities and LEPs. The WMCA and Innovate teams have been running briefings with project leads, ahead of the portal for full business cases being first review. The WMCA will be supporting the applicants by running a Q&A session on the IUK assessment and regional prioritization criteria on 15 September.
- The WMCA team and partners using this process to forge greater influence over future decision-making. This includes sharpening communications, ensuring the WMIA results in a powerful pipeline of investable R&D projects and using the commitment of Innovate UK, UKRI and university leaders to embed greater local decision-making over R&D funding to drive research excellence and commercial growth.

4.2 The result will be that the West Midlands Innovation Board and Economic Growth Board will recommend, agree and endorse the £33m of projects that form the West Midlands Innovation Accelerator. The Innovation Board has been clear and consistent that this will be a relatively small number of projects (less than 10; potentially a handful) to maximise impact. It is crucial that the Innovation Accelerator projects are supported and reinforced by both the existing innovation ecosystem

4.3 There is a detailed timeline for project selection which comprises:

- **November:** Parallel assessment by the WMCA Assurance team of project against regional prioritisation criteria (Annex A) and by Innovate UK against deliverability and value for money thresholds.
- **1 December (tbc):** A independent Selection Panel will select a balanced portfolio of projects according to their score highly on regional prioritisation. The panel will include the Chair of the Innovation Board, senior officials from WMCA and local government and business leaders with specialist knowledge about the med-tech and clean tech clusters.
- **7 December:** Innovation Board to consider outcome of Selection Panel and decide upon the projects, with further endorsement from Economic Growth Board.
- **January – March 2023:** Due diligence and contracting between successful projects and Innovate UK.
- **1 April 2023:** Successful projects expected to begin delivery.

5 Financial Implications

- 5.1 The WMCA will not be the Accountable Body for the Innovator Accelerator funding. All funding will be contracted between IUK and the project delivery partners. Most of the public funding for the WMIA will be available in financial years 2023/4 and 2024/5, however small amounts of funding may be available in 2022/23 FY to support the identification and development of project proposals.

6 Legal Implications

- 6.1 There are no immediate legal implications arising from this report.

7 Equalities Implications

- 7.1 Innovation Accelerator applicants will be asked to explain how their project will create future proofed, secure, well-paid jobs directly or indirectly, especially for Women, disabled people, people from disadvantaged socio-economic backgrounds and BAME communities in the West Midlands.

8 Inclusive Growth Implications

- 8.1 The WMIA will place inclusive economic growth at the heart of project design. Applicants to the Innovation Accelerator will be asked to describe how their project will support Inclusive Growth activity within the West Midlands, by linking knowledge-intensive activities in areas of higher productivity with initiatives in parts of the region with lower productivity.

9 Geographical Area of Report's Implications

- 9.1 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.

10 Other Implications

- 10.1 None

Annex A: Innovation Accelerator Scope and Prioritisation Criteria

The aim of the West Midlands Innovation Accelerator (WMIA) is to accelerate the growth of regional clusters of excellence in Health-Tech & Med-Tech and Clean-Tech, delivered through the exploitation of applied and translational research; the application of regional strengths in engineering, manufacturing and advanced computing; and supported by a robust regional innovation framework.

By targeting resources and expertise according to the region's strongest cluster growth opportunities, the West Midlands will use the Accelerator to:

- Build greater capacity and capability to perform high-quality applied and translational R&D, driving commercial returns and investment, regional growth and societal needs.
- Strengthen public R&D assets in areas with a credible case for commercial success and cluster growth, diversifying and making the regional economy more resilient.
- Help double public R&D investment to the region by 2030.
- Address significant societal challenges on net-zero and health inequalities.

Proposals must focus on one or more of the following:

HealthTech & MedTech:

Including monitoring of wellbeing, mental health and telehealth, including wearables, software applications and data. Equipment, medical devices, machines, diagnostics, software and tools.

Clean Tech:

Products, processes or services (and associated supply chains) which reduce or eliminate emissions to the environment and waste, and minimise the use of natural resources, including harnessing sources of renewable energy.

Innovation Capability and Capacity

Supporting cross-sector R&D and innovation through supporting the operation of the regions Innovation Ecosystem.

The maximum grant request for a project funded through the Innovation Accelerator will be £15,000,000

West Midlands Prioritisation Criteria

The WMCA wants to fund a variety of projects across different technologies, technological maturities, markets and cluster areas and targeting businesses at different scales and stages of growth.

WMCA is working in parallel with Innovate UK. The West Midlands (through Innovation Board processes and the Economic Growth Board) will determine the projects that will be funded. In doing so, the West Midlands will build upon assurance by Innovate UK about deliverability and value for money, determining regional priorities using the bespoke criteria below shaped by the Innovation Board.

A West Midlands Selection Panel will select a balanced portfolio of projects from those which pass the Innovate UK threshold and score highly on regional prioritisation. The recommended balanced portfolio of projects will be presented to the Innovation Board for endorsement.

The WMCA Assurance Team supported by members of the Economy Team will use the below strategic criteria to score the proposals.

Strategic Fit and Policy Alignment (total 60%)

Regional Economy (40%)

- The project is of sufficient scale to deliver significant economic impact.
- The project aligns with the [West Midlands Plan for Growth](#) and the details and opportunities identified as [strategic priorities in ideation workshops](#).
- The project is clear about its target SME business base and approach – such as business maturity (e.g. start-ups and/or established firms); certain sizes, supply-chains or locations.
- The project will deliver/develop an increase in capacity and capability to perform R&D within the West Midlands with evidence of commercial growth and economic impact.
- The project positively helps level-up economic performance in the West Midlands and supports inclusive growth across the region.
- The project is clear about how it delivers additional local and regional benefits by aligning with existing public sector R&D activity.

National Economy (10%)

- The project credibly contributes to nationally significant innovation activity or enhances/enables delivery from a nationally significant innovation asset in the West Midlands.
- The project demonstrates support for [national innovation priorities](#), and complements and/or levers national Research Development & Innovation activity.
- The project enhances the UK and West Midlands opportunity to secure foreign direct investment or trade opportunities and it is clear how these will be leveraged.

Societal Challenges Across the Region (10%)

- The project helps the region tackle wider societal challenges, such as:
 - The #WM2041 commitment to be [carbon neutral by 2041](#).
 - [Addressing inequalities](#) identified by the Race Equality Taskforce.
 - Addressing established inequalities including those for women, disabled people and people from disadvantaged socio-economic backgrounds in the West Midlands.

Sustainability (20%)

- The project demonstrates a long-term, large-scale commercial/ market opportunity for the West Midlands, with strong business commitment.
- The project describes how it will sustain its activities, impacts and track benefits beyond the timescales of the Innovation Accelerator pilot.
- The project outlines how it will leverage private sector or further public sector funding beyond any match funding.

Collaboration (20%)

- The project will use business and public institutions in the West Midlands to enhance project outcomes and deliverables. As appropriate, this may also apply to partners outside of the West Midlands with justification.
- The project contributes to the strategic plans of more than one partner to increase R&D excellence and lever further public R&D investment in the West Midlands.
- The project has considered how it will align with and complement the region's existing research, development and innovation assets and programmes.