

## Economic Growth Board

<b>Date</b>	<b>Friday 2<sup>nd</sup> December 2022</b>
<b>Report title</b>	<b>West Midlands Innovation Accelerator</b>
<b>Portfolio Lead</b>	Economy and Innovation – Councillor Ian Brookfield
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<b>Report has been considered by</b>	

### Recommendation(s) for action or decision:

#### The Economic Growth Board is recommended to:

- a) Note the status of the West Midlands Innovation Accelerator project selection following the deadline for final project proposals, and ahead of the project selection process.
- b) Endorse the final details on the project selection decision-making, consistent with the criteria agreed by the Economic Growth Board on 23 September.
- c) Agree steps to exploit the wider strategic power of the Innovation Accelerator, including connections with business support, skills, inward investment and land development.

### 1 Purpose

- 1.1 To secure Economic Growth Board endorsement of progress on the £33m West Midlands Innovation Accelerator, announced in the Levelling-Up White Paper and being co-designed with Innovate UK.

### 2 Information

- a) *Focus of the Innovation Accelerator*

- 2.1 The aim of the West Midlands Innovation Accelerator (WMIA) is to accelerate growth of clusters of excellence in Health/Medical Technologies and CleanTech and increase commercial benefits of cross-sectoral innovation capacity and capability. These areas of focus are consistent with six of the eight primary cluster growth opportunities highlighted in the West Midlands Plan for Growth and the analysis of assets and gaps in applied and translational R&D in the region undertaken by the Innovation Board in April 2022.
- 2.2 The WMIA programme is overseen by the Innovation Board which reports into the Economic Growth Board. The WMIA also provides a larger strategic prize, 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. The spending commitment was reinforced in the Chancellor's Autumn Statement.
  - In this context, the West Midlands' ambition through the Trailblazing Devolution Deal could **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.
  - 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. The Innovation Board and Economic Growth Board wider regional innovation framework to enhance and exploit applied and translational research.

***b) Criteria for project selection***

- 2.3 At its last meeting (23 September), the Economic Growth Board set the regional prioritisation criteria which will be used to select the high-quality projects that will receive Accelerator investment. The balance of criteria is set out below, with details based on longstanding positions about the importance of levelling-up across the region and the portfolio of projects needing to create short-term impact through a small number of transformational projects.

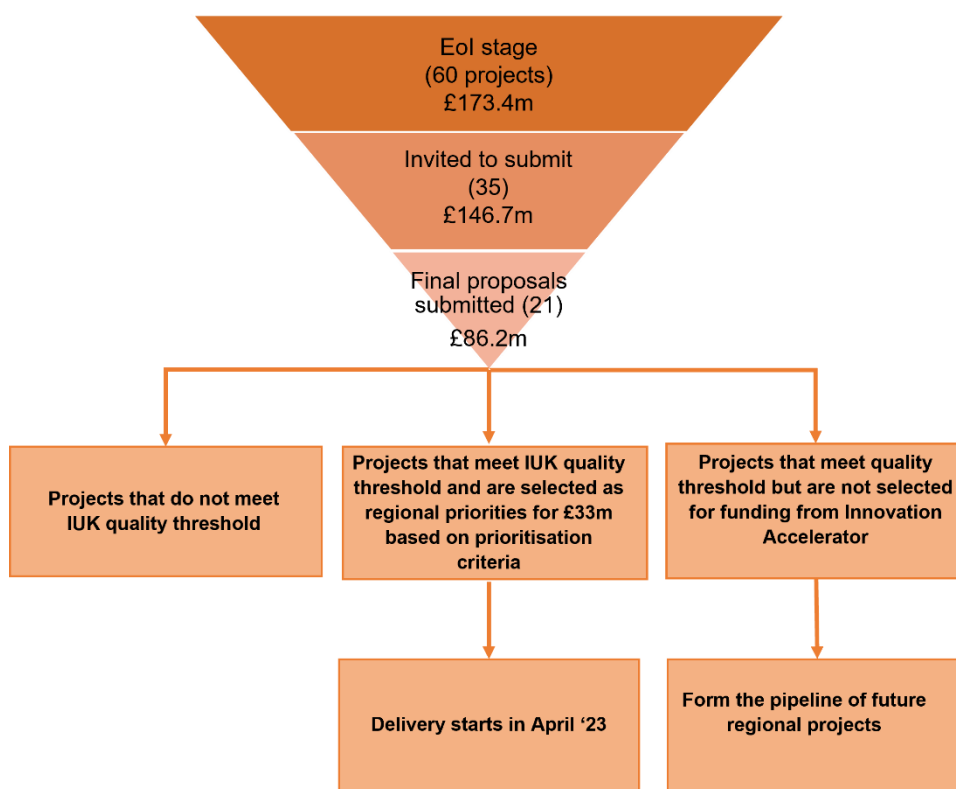
West Midlands Prioritisation Criteria set by Innovation Board and EGB:

- Strategic Fit and Policy Alignment (total 60%)
  - Regional Economy (40%)
  - National Economy (10%)
  - Societal Challenges Across the Region (10%)
- Sustainability (20%)
- Collaboration (20%)

**c) Project development and submission**

2.4 Project leads of the 35 Expressions of Interest received by the WMCA and which passed the first stage gateway were asked to submit fully costed business plans by 2nd November through the Innovate UK portal.

2.5 A schematic of the overall project selection process is shown below, along with the three potential outcomes of those 21 projects that submitted fully costed business plans.



2.6 In all 21 proposals were received with a total ask of £86.2m, Table 1 shows the breakdown of proposals by area of focus. It is worth noting that the number of proposals and overall ask is commensurate with the Glasgow and Greater Manchester City region programmes.

*Table 1: Proposal Submission – Summary*

<b>Total IA Ask</b>	<b>£86,249,801</b>
<b>Total Proposals received</b>	21
<b>Max ask</b>	£14.5m
<b>Min ask</b>	£440k
<b>Healthtech/MedTech Proposals</b>	8
<b>Cleantech EoIs</b>	11
<b>Cross Cluster Capacity Building EoIs</b>	3

- All of the region's Universities are involved as a partner in at least one proposal.
- Across the 21 proposals, 30 businesses are listed as partners with more as subcontractors.
- Four Catapults are involved in bids including the HVMC, Satellite Applications Catapult; Energy Systems Catapult and the Connected Places Catapult.
- Partnerships also include public sector and membership organisations such as MediLink Midlands Limited and the Midlands Aerospace Alliance; WM5G, Birmingham City Council and the WMCA.
- Highlighting the importance of the NHS involvement in the development of the HealthTech and MedTech Clusters we have four NHS trusts listed as partners.

**d) Project selection**

2.7 Project selection covers a two-part process, running in parallel and with a clear role for the Innovation Board and WMCA Board on final project selection.

- Innovate UK will assess each proposal for deliverability and value for money as part of the co-design process. This provides assurance for HM Treasury and regional partners of high-quality projects.
- In parallel, the WMCA Assurance team will assess against the regional prioritisation criteria summarised in para 2.3 and set in September.

2.8 Based on those assessments, decisions will be made by:

- a. Advice from an expert **Selection Panel** (15<sup>th</sup> December): The assessment data will be presented to a regional panel, chaired by the Mike Wright, Chair of the Innovation Board. the other members are:
- Mike Wright: Chair of the Innovation Board
  - Matthew Rhodes: Innovation Board Cleantech Champion
  - Martin Levermore: Innovation Board Healthtech Champion
  - Dr Julie Nugent: Executive Director - Economic Delivery, Skills and Communities, WMCA
  - Laura Collings: Head of Policy and Strategy at City of Wolverhampton Council

The Selection Panel, supported by Innovate UK will recommend a balanced portfolio of projects to the Innovation Board that makes up £33m of available funding. In order to reach an even £33m portfolio and that enables a cohesive set of projects to come together, flexibility in the amount of grant offered to projects will need to be considered throughout the portfolio selection process and be able to be considered and agreed through this.

- b. **Innovation Board** (20<sup>th</sup> December) to provide a recommendation to the WMCA Board. The Innovation Board will meet to discuss the recommend portfolio of projects and will provide a recommendation to the **WMCA Board** for ratification on the 13<sup>th</sup> January. Decision-making is sought from the WMCA Board rather than the EGB because this relates to funding decisions and successful applicants will be needed to be informed before the end of January to allow enough time for IUK due diligence to take place prior to the 1<sup>st</sup> April start.
- c. January – March 2023: Due diligence and contracting between successful projects and Innovate UK.
- d. 1 April 2023: Successful projects expected to begin delivery.

**e) Oversight of impact and maximising investment**

- 2.9 Projects selected by the WMCA Board on 13 January will be contracted directly by Innovate UK. There is a commitment from Innovate UK that regional partners, particularly the Innovation Board, will be involved in the ongoing view about how projects are strengthening the capacity for applied and translational research across the region. This is also an important connection as it helps the region to connect projects to complementary interventions around skills, inward investment, land supply and business support which are important elements of the region's innovation framework.

**3. Financial Implications**

- 3.1 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, however the WMCA has received £329k in 2022/23 to support the identification and development of project proposals and support capability and capacity across the region.

**4. Legal Implications**

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

**5. Equalities Implications**

- 5.1 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.

**6. Inclusive Growth Implications**

- 6.1 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.



**West Midlands**  
Combined Authority

**7. Geographical Area of Report's Implications**

7.1 The report refers to the 3 LEP area.

**8. Other Implications**

8.1 None