

BUSINESS PLAN

2023-2026

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Ruth Carver – Chair of the Midlands Engine Partnership Board

Foreword

I am delighted to introduce the 2023–2026 Midlands Engine Partnership Business Plan. Co-created by partners, in a process overseen by the Partnership Board, it articulates how we will harness our collective strength to amplify individual partner efforts to drive inclusive and sustainable economic growth.

Our levers are advocacy, convening and evidencing, and our focus is on the strategic drivers for growth in our economy – productivity, global and investment, infrastructure and cross-sector innovation – in particular for the key regional sectors of clean growth, medtech and life sciences, advanced manufacturing, food and agri-tech, and for new market opportunities.

The approach set out in the Business Plan is policy-led and evidence-based. The national and sub-regional policy context provides the foundations for determining our priorities and assessing the added-value contribution that is being made to unlock regional growth opportunities.

The Plan reinforces that relationships sit at the heart of everything the Partnership does. Within the region, we connect partners and assets of regional importance across sectors and geographies. Externally, building relationships with government departments beyond the Department for Levelling Up, Housing and Communities is also a key aim – including greater collaboration with the

Department for Environment, Food and Rural Affairs, and the new Departments for Energy Security and Net Zero, and Business and Trade.

We will also explore how we can work with other regions, both within the UK and across the globe, to drive forward shared priorities and investment opportunities. When it comes to cross-regional trade opportunities or projects around assets that straddle regional boundaries, we will jointly advocate to bring mutually beneficial outcomes.

A hugely important part of this plan is enhancing opportunities for partner organisations to shape the work of the Midlands Engine Partnership. At a strategic governance level, this means refreshed Midlands Engine Executive and Partnership Boards. And via sector reference groups and a new Research, Intelligence and Policy Partnership, all partners will be better able to share information and insights, promote engagement on their priorities and facilitate thought leadership across our priority areas.

In summary, I believe this updated Business Plan is a comprehensive and innovative framework to support the continued growth of the Midlands economy, and I look forward to working with all our partners to ensure its success. ▴

RUTH CARVER

THE MIDLANDS

OUR PARTNERSHIP

435,000 businesses, over **99%** of which are SMEs

65 local authorities

1 Combined Authority (and a proposed new Combined Authority)

7 Local Enterprise Partnerships

102 members of parliament

1 Midlands Engine All-Party Parliamentary Group

1 Research, Intelligence and Policy Partnership

1 Midlands Engine Investment Fund

1 Midlands Engine Business Forum

2 prospective Investment Zones

2 freeports

OUR ECONOMY

11m people

£240bn economy

4.5m jobs

1 in 4 of England's energy and low carbon jobs

£90bn annually through international activities incl. trade

Biggest manufacturing output in UK, over **25%** of all England's manufacturing jobs

20% England's goods exports

3 of 20 UK net zero economy hotspots

UK's **largest Clinical Trials Unit**

44% of the value of UK vehicle production originates from our region

Almost a third of Innovate UK investment in 2020/21 and **1 of 3** UK Innovation Accelerators

OUR ASSETS

Spine of HS2

20 universities, **54** further education colleges

5 UK Catapult Centres incl. **2 of 7** High Value Manufacturing-focused catapults

92% of UK's population less than 4 hrs away

80% of UK freight passes through

Globally connected – **3** international airports and **2** international ports

3 of the country's leading contemporary art galleries

HQ of Great British Railways

Largest Space technology park in the UK

8 leading Medical Schools, producing over **20%** of the UK's medical students

UK's first multi-city **5G** testbed and **world's first 5G connected forest**

OUR ENVIRONMENT

Natural capital worth **£11.1bn** annually

11% of land covered by National Park and AONB

30% residents within **1km** of waterway

Home to National Forest – **leading UK natural recovery project**

462m annual green space visitors

6 Areas of Outstanding Natural Beauty

Midlands woodlands provide **30 million m³** flood storage

1 City of Culture and **1** Commonwealth Games host

Home to the world's **biggest offshore windfarm** in Lincolnshire

Emerging green clusters: **hydrogen, nuclear, wind**

Highest farmed area out of all English regions, and **highest** crop and livestock output

THE MIDLANDS ENGINE

Purpose

This is the Midlands Engine Business Plan 2023–2026. It has been developed by partners for partners. The purpose of the Business Plan is two-fold – to set out how Midlands Engine adds value to the efforts of individual partners to deliver regional inclusive and sustainable economic growth, and to establish a value proposition that runs like a golden thread through all of the Partnership’s activity.

The Midlands Engine

The Midlands is the largest regional economy in the UK outside London and the South East and home to 11 million people – more than the devolved nations of Northern Ireland, Scotland and Wales combined. It is a huge geography that spans the heart of the UK, with 435,000 active businesses generating 4.5 million jobs and an annual economic output of more than £240 billion.

Despite long-term underinvestment, the Midlands has consistently delivered and will continue to deliver for the country.

Our world-leading companies are building ever-greater strengths in the fundamentals for prosperity, including innovation, connectivity, business dynamism, inward investment and exporting. We are the fastest-growing UK region for goods exports. FDI projects in the Midlands have tripled in the last ten years. We are responsible for 20% of UK food production. And we are leading the way with diverse business growth in strategic assets and strengths in many sectors, including agri-tech, logistics, medtech and advanced manufacturing.

But, with a productivity gap of £84.6 billion below the rest of the UK, we are far from achieving our full potential. Now, the challenge and the opportunity is to translate our exceptional sector strengths into leading positions, building on the opportunities presented by the drivers of productivity and growth. This is our ambition, to close the productivity gap, create more high-skilled, high-paid, high-tech jobs for local people, increase the value of our exports and make a significant contribution to UK food and energy security. ▶



The Midlands Engine Partnership

The Midlands Engine Partnership is a unique and powerful collaboration, bringing together a breadth and depth of expertise, investment and commitment from across the region. Each partner is already focused on driving inclusive and sustainable growth of the regional economy.

The role of the Midlands Engine Partnership is to add value to and amplify this existing work, delivering even greater impact and value through the power of our Partnership.

Together, we make sure the Midlands voice is heard and act as a positive agent for economic, social and environmental change, to benefit every single part of our region. We do this through shared intent, collaborative investment and a strong, unified voice direct to private sector decision makers and investors – and to government and shadow government stakeholders whose priorities and agendas can create tangible opportunities for our region.

Produced by partners

The Midlands Engine Business Plan 2023–2026 is the result of a collaborative effort involving partners from every part of the region. It has been shaped by more than 300 individuals from the public, private, NGO and academic sectors.

This collective endeavour has brought us closer together, strengthened our Partnership and refocused our efforts on championing the region, driving positive change and achieving sustainable economic growth that benefits all our communities. It has identified a number of priorities which we will translate into action over the next three years, supporting the Partnership to deliver more, quicker.

Based on robust evidence and a deep understanding of the parliamentary and legislative environment we operate in, this Plan highlights the strength of the partnership between local and national stakeholders, recognising that working together allows us to achieve more than we could as individuals. ▶

GUIDING OUR WORK TOWARDS SHARED GOALS

Through this Business Plan, the Midlands Engine Partnership aims to promote long-term thinking focused on sustainable and inclusive growth across economic drivers, while considering our region’s national and global role.

This framework, shaping how the Partnership will work, is based on the guiding principles of supporting partners where required and channelling limited resources where they can be of most value.



How we will work

Partners have identified three key ways to add value through collaboration:

- **Advocating** – working with and between government, public sector and private sector decision makers to create the right policy and investment environment for growth
- **Convening** – bringing together organisations across sectors to collectively drive positive change
- **Evidencing** – gathering insights and intelligence, providing policy-led thought leadership on key priorities, and horizon scanning for future opportunities and challenges.

What we will do

Our Business Plan centres on four strategic drivers identified as the factors that are essential for the Midlands economy to thrive. Understanding these four drivers holistically will help us to focus the work of the Partnership on helping to stimulate economic growth, create jobs and improve overall economic wellbeing for our region.

1. **Increasing productivity** – unlocking inclusive economic growth, enhanced business competitiveness, private sector investment and local job creation
2. **Innovating across sectors** – understanding and tackling barriers to support businesses to access finance, skills development and collaborative opportunities
3. **Building infrastructure for growth** – supporting strong business cases for investment and innovation in critical transport technologies and digital and energy systems
4. **Increasing global and investment** – building a reliable evidence base for our region to present the region’s cumulative strengths and inform decision making.

Where we will focus

Taking into consideration up-to-date, real-world data, our comprehensive evidence base and potential to add value, the Partnership will strengthen links across regionally significant sectors in green growth, advanced manufacturing, food and agri-tech, medtech and life sciences, as well as cultivating wider emerging market opportunities for growth.

By doing so, we can ensure that the actions we take in partnership will feed into policy and investment priorities with the broadest regional benefits.

Annual Action Plan

This Business Plan is designed to provide a concise, overarching framework for our shared regional priorities.

The supporting Action Plan will provide more detailed information and performance indicators and will be revisited annually. It will set out specific activities for each year to advocate, convene and provide evidence in support of Partnership priorities. This will enable us to ensure that our work together remains focused, relevant and effective in achieving our shared goals.

Development of the Action Plan has been facilitated through sector reference groups and the new Research, Intelligence and Policy Partnership made up of regional experts from industry, representative bodies, NGOs, academics and public sector researchers and policy makers.

ACE: THREE WAYS OF WORKING IN PARTNERSHIP

Advocating: working with and between government, public sector and private sector decision makers to create the right policy and investment environment for growth.

Advocating

As an apolitical body working across sector, organisational and geographic boundaries in true pan-regional collaboration, together we ensure that our Partnership is visible, respected and influential, and that the voice of our region is heard where it matters.

Midlands Engine Champions, including our Chairman, Board Members and other key partners, are supported to act as ambassadors for our region and our Partnership. All influential voices in their own right, when they speak as one they become a compelling force for change and/or action.

Opportunities to advocate and influence are vital ways to share insights, achieve consensus and identify opportunities. External affairs engagement opportunities include: one-to-one meetings between our Chairman/ Ministers/ Shadow Ministers; roundtables with government departments; showcasing Partnership collaboration and impact to parliamentarians at party conferences and other parliamentary events; organising ministerial visits to our region; and engaging with civil servants.

The Midlands Engine All Party Parliamentary Group is a cross-party forum for MPs and peers to raise the profile of the Midlands in Parliament. It is a crucial vehicle for

parliamentarians to receive data and analysis of the economic performance of the region and to collectively raise the issues which matter most in delivering economic growth for the Midlands.

Sustained and consistent communications ensure that our Partnership priorities and ‘asks’ achieve cut-through with the intended audiences – and drive action. They include social and traditional media, publications held on our website, press releases, speeches delivered by our Chairman and other spokespeople, direct mail campaigns to parliamentarians, briefing notes and factsheets for MPs and civil servants, letters of support for partners submitting bids into government, and responses to government consultations and enquiries.

Creating and maintaining direct and indirect channels of communication is essential if we are to influence external decision makers to choose policy and investment decisions that enable the inclusive and sustainable economic growth of the Midlands. Therefore, at the heart of all our work there is a focus on making and capitalising on Partnership connections through shared, evidenced, action-oriented narratives delivered to the right people at the best time via the most impactful channels. This work will be guided by a new External Affairs Strategy. ▴

Activity will include:

- A targeted programme of **ministerial and civil servant engagement and network building** throughout the year
- Producing and disseminating a steady stream of **high-quality content and publications**
- Shining a spotlight on the region at **UKREiiF, UK Global Investment Summit and MIPIM**
- Developing a programme of activities with the **Midlands Engine All-Party Parliamentary Group**
- Championing the region’s business community at the **Midlands Economic Summit**
- Holding and attending fringe events and receptions at **Party Conferences**.

Convening: bringing together organisations across sectors to collectively drive positive change.

Convening

The Midlands Engine Partnership brings collective capability and amassed scale to underpin recovery, prosperity and economic growth. Encompassing the public sector, private sector, NGOs and universities – together we work to champion our region with government and private sector decision makers.

The Midlands Engine Executive Board is the main decision-making body of our Partnership, providing leadership and strategic direction focused on the four strategic drivers for economic growth. It meets three times a year, with membership comprising senior leaders from partner organisations and an Independent Chair.

The Partnership Board is a key convening body of the Midlands Engine, with a membership of senior officers from partner organisations, responsible for developing the Midlands Engine Business Plan. The Board meets four times a year and fosters collaboration between partners by coordinating sector-led reference groups and task and finish groups to ensure successful delivery.

Partner events are vital for bringing people together to showcase the Midlands’ strengths and opportunities; to develop thought-leadership and better ways of doing things;

and to share insights and expertise. They include conferences, summits, symposia and receptions; forums, networks and roundtables; launches and briefings; webinars and workshops.

Sector-focused reference groups bring together industry, business, researchers and technologists, policy makers and others to identify Midlands opportunities and what is needed to realise them. Private sector partners, including major multinational businesses, an innovative community of SMEs and entrepreneurs, and their representative bodies, bring a critical commercial perspective to our Partnership. Through the Midlands Engine Business Forum we are able to bring a strong business voice to inform our work and government policy.

Convening across geographies that share common interests with the Midlands is key to achieving a greater impact for the benefit of the region and the wider UK. For instance, we will jointly advocate for cross-regional trade opportunities and assets that span boundaries. We are also exploring opportunities to collaborate on issues that are of mutual interest, such as attracting investment, developing supply chains, or sharing insights and learning about common challenges. ▶

Activity will include:

- Convening three Executive Boards and four Partnership Boards annually
- Championing region’s business community at an annual Midlands Economic Summit
- Bringing together expert reference groups around Partnership priority areas
- Holding four meetings of the Midlands Engine policy commission
- Amplifying and supporting individual partner events and projects.

Evidencing: gathering insights and intelligence, providing policy-led thought leadership, and horizon scanning for future opportunities and challenges.

Evidencing

Our approach will be policy-led using real-time evidence of the challenges across our economy, the issues facing our businesses and the experiences of our communities as the basis for determining our priorities and assessing our value-added contribution.

The Midlands Engine Observatory is an important alliance of leading academic researchers and economic and industry experts. It is the only pan-regional observatory in England, gathering data and intelligence to shape policy and target investment for economic recovery and growth.

The Observatory's evidence base is continuously expanding and deepening, and it is available to government and all partners to provide a better understanding of the issues impacting the Midlands economy. Daily intelligence briefings provide real-time insights to inform contemporary decision-making, through activities such as roundtables and strategic debates.

The Midlands Engine Intelligence Hub is a single, interactive portal that offers all of our economic and policy intelligence in one place. This enables the Partnership to create stronger business cases for investment, access white papers that focus on crucial issues for the region, and make use of robust comparisons, megatrends and forecasting to support policy recommendations.

Horizon scanning is crucial to ensure that we are aware of upcoming and evolving opportunities to achieve our Partnership objectives. It is essential for identifying parliamentary hooks, upcoming legislative milestones, APPG and Select Committee opportunities, and staying in tune with Westminster trends. By effectively mapping these opportunities, we can concentrate our priorities and workstreams to gain the maximum possible impact for our work in collaboration. This allows advocacy on pertinent issues, creates opportunities to convene in support of specific areas of interest and, through our white papers, evidences the need for intervention.

The Research, Intelligence and Policy Partnership is a new platform that brings together intelligence, research and economic policy experts from across the Midlands to facilitate thought leadership and the development of new ideas across sectors and drivers for economic growth. It conducts an annual research and policy programme including deep dive research and white paper commissions to develop Midlands Engine policy thinking and proposals to government across the four strategic drivers. This includes long-term foresight research into global megatrends and the implications for the way we live and do businesses in the Midlands. ▴

Activity will include:

- **Nine in-depth research** pieces yearly on four enablers and five sectors to inform policies, white papers, and regional needs
- **Ten Regional Impact Monitors** to track economic progress
- **An annual State of the a Region report** with an accompanying event
- **A flagship spring policy report** highlighting ways to unleash the region's economic potential with an accompanying economic summit
- **Four Quarterly Economic Briefings** to share insights and updates
- **Three policy, research, and intelligence roundtables** to facilitate discussions and collaborations.

ACCELERATING ECONOMIC GROWTH IN THE MIDLANDS

The Partnership activity that flows from this Business Plan will be focused on four key strategic drivers. Underpinned by contemporary evidence, they have been identified by leaders and businesses from across the region, and in close consultation with government.

Our Business Plan’s four key strategic drivers

These four strategic drivers and key strategies for addressing them are summarised in the table below, followed by a deeper dive into each driver.

	1 Increasing productivity	2 Innovating across sectors	3 Building infrastructure for growth	4 Increasing global and investment
Partnership focus	<div>Understand essential factors for productive business growth</div> <div>Explore drivers and barriers for low productivity firms</div> <div>Unlock investment opportunities</div>	<div>Grow our innovation evidence base</div> <div>Map cross cutting capabilities</div> <div>Champion the Midlands innovation strengths</div>	<div>Capitalise on physical infrastructure opportunities</div> <div>Understand the Midlands role in 21st century energy</div> <div>Unlock digital opportunities</div>	<div>Build a reliable evidence base</div> <div>Unlock potential</div> <div>Unlock investment opportunities</div>

These are the factors that are essential for the Midlands economy to thrive. Although they vary depending on the sector or industry, understanding and addressing these drivers will help to stimulate economic growth, create jobs and improve overall economic wellbeing for our region.

While we have broadened our horizons to consider a wider context and longer-term timeframe, our Partnership's response is still tailored to the unique circumstances and requirements of our region's economy and partner priorities – focusing on areas where we can make valuable contributions in collaboration. ▴

We will use research and evidence to identify specific issues facing Midlands businesses and advocate to bridge gaps in policy and investment changes.

INCREASING PRODUCTIVITY

Recent growth in the Midlands economy has been mainly associated with an increase in jobs rather than productivity. In fact, the productivity gap between the Midlands and the UK has worsened. Although the Midlands is home to some highly productive clusters, such as advanced manufacturing, most sectors and parts of the region are underperforming.

Productivity

Context

Based on the essential drivers of productivity – agglomeration, innovation, connectivity, firm start-ups and experience effects – a 2021 report by the Productivity Institute concluded that the region's productivity should be better than it is. In order to fully close the productivity gap (ie match UK productivity levels by 2030), the Midlands' productivity performance would need to increase at a rate of more than 2% per year, meaning the region would need to return to (and exceed) productivity growth rates previously seen in the 1980s and 1990s.

The Midlands Engine Independent Economic Review found that, over time, shifts in the sectoral structure have influenced productivity in the Midlands, with too few jobs in higher productivity sectors. However, productivity performance within sectors

(driven by tasks, functions, specialisation and markets) is much more important in explaining the region's productivity gap.

Productivity is relatively low within some of the region's priority sectors that are in/affiliated to its key strengths, as well as many of the region's business-to-business services. The evidence points towards challenges in starting and growing a business in the Midlands, with parts of the region having some of England's lowest incidences of High Growth Firms, and low in-firm productivity. ▴

Partnership approach

Addressing the productivity challenge will cut across all aspects of the work of the Midlands Engine Partnership. It is also an area where partners are already working hard, piloting new approaches in areas such as business support, cluster development, access to finance and skills. We will use research and evidence to identify specific issues facing Midlands businesses and advocate to bridge gaps in policy and investment changes.

In addition to strategies detailed elsewhere in this document, as we explore how best to support this work through advocacy, convening and evidence, we will:

- **Develop an understanding of the essential factors for productive business start-ups and growth**
 - Develop our understanding of innovation clusters in our region, including where we can share learning and the role of universities in driving investment
 - Monitor and highlight issues around access to finance and business support and advocate for and facilitate an effective public policy response, building on the learning through the Midlands Engine Investment Fund – the second phase of which will see £400m for the Midlands Engine region and is due to launch in Q3/4 2023
 - Amplify the voices of Midlands businesses and inform policy responses, including advocating for effective business support,
- attracting investment and finance into our region and presenting regional sectoral strengths to support partner's investment propositions.
 - **Explore drivers and barriers for low productivity firms to inform future opportunities and investment**
 - Dig deeper into our regional understanding of the drivers and barriers to productivity for our low productivity firms including contributors such as skills, supply chains and health inequalities
 - Use this deeper understanding to shape our thinking on future opportunities, as the basis for further advocacy, policy and investment asks, and to support partner propositions for increased devolution to local areas. ▴

Strengths

- **Significantly sized economy** (£240bn+)
- **Continuous productivity growth**
- **Continuous active enterprise growth** (2.2%)
- **High business birth rates** (12.9%)
- **Professional services** leading sector (£65.3bn).

Challenges

- **Growing productivity gap** (£84.9bn)
- **Poor key contributor performance**
- **Spatial inequalities**
- **Decreased GVA** (-3.6% annual)
- **Insufficient skills levels.**

INNOVATING ACROSS SECTORS

The Midlands is home to an inter-connected hotbed of innovators across 20 universities and thousands of pioneering businesses, supported through three catapults and 21 science and innovation parks.

Innovating

Context

Brought together through mission-driven networks such as Midlands Innovation, the Midlands Aerospace Alliance, Medilink, the Energy Research Accelerator and many more sectoral knowledge exchange partnerships, the Midlands has world-leading expertise in areas ranging from medtech and energy to agri-tech and the creative industries. Some places and sector clusters in the Midlands are leading the way in fostering innovation activity. However, in order to close the productivity gap more places and businesses must be supported to innovate. Nationally, there is an imbalance in creation of productive and thriving high-tech industries across the country. The Levelling Up White Paper sets out a mission to start to address this, committing to spend at least 40% more on public R&D outside the Greater South East by 2030.

However, the Midlands has seen years of below average public sector investment in research and development funding and the region continues to receive a disproportionately low amount from Research Councils and Research England. Addressing

this is vital to create a step change in innovation activity across the region. Progress is underway, with the launch of the West Midlands Innovation Accelerator – one of only three Accelerators nationally – announced in the White Paper. The Accelerator will focus on assisting clusters with comparative advantage, supporting cross-sector R&D and articulating the West Midlands as an attractive destination for innovation FDI.

The Midlands has made significant progress in closing the gap in R&D intensity since the early 2010s, but there is more to do as the region continues to under-perform against the England minus London benchmark. However, knowledge generation and R&D spend is often concentrated in a small number of highly innovative firms and leading research institutions, and Midlands-level averages mask considerable variation in performance within the region. There is an opportunity for more diffusion of innovation and knowledge from research assets to the wider business base, with university spin out numbers low in most parts of the region. ▴

Strengths

- 21 high tech Innovation Parks
- 20 universities
- 8 Enterprise Zones
- High levels of Innovate UK funding (29% national)
- £1.06bn total UKRI spend
- Great levels of innovation active businesses
- Highest investment in machinery and equipment.

Partnership approach

Innovation drives productivity. This means we need to understand and tackle the barriers to innovation, such as access to talent, funding, and technology, and foster a supportive environment across sectors. There is already happening in places, with Innovation Boards, businesses and universities driving forward activity. Advances in one sector or place may well benefit another and we will facilitate Midlands wide conversations and knowledge sharing amongst partners.

As we explore how best to support this work through advocacy, convening and evidence, we will:

- **Grow our evidence base**
 - Develop a greater understanding of the drivers of innovation within the Midlands, working to foster a complementary environment across the Partnership by advocating for the policies and collaboration necessary to support all partners
 - This will include growing the evidence base around these drivers, such as regional skills and funding needs. Together we will address challenges around diffusion, adoption and commercialisation of knowledge, ideas and technologies for economic and social benefit
 - Build the case for more public R&D investment in the Midlands, in new products and process, linking this to the productivity gains greater investment can bring
- **Work with the region to champion Midlands innovation strengths**
 - Understand the barriers facing new entrepreneurs and existing businesses in incremental and revolutionary innovation.
 - Monitor trends and emerging technologies – through universities, businesses and others within the Partnership – to build awareness and collective realisation of the opportunities they present for the Midlands
 - These are expected to include developments in green growth and other cross-cutting themes, furthering the regional investment and export propositions
 - Support the work of the region's innovation networks and Boards as they look to increase collaboration and business engagement amongst the region's broad business base. ▴

Challenges

- Underperforming R&D intensity
- Concentrated knowledge generation and R&D spend
- East Midlands disproportionately affected by pandemic
- Multiple perceived barriers to innovation.

BUILDING INFRASTRUCTURE FOR GROWTH

By road and rail the Midlands is well connected to the rest of the UK, though rail connectivity within the region is poor on key corridors. Less is spent per head on public transport infrastructure and services compared to the national average and the road network suffers from high levels of congestion.

Infrastructure

Context

Modern, high-quality physical connectivity is essential for the region's success, impacting productivity and supply of labour. But discussions around investing in and improving the transport infrastructure must consider it as part of a whole integrated system including digital and energy infrastructure and technology.

The Midlands is home to a vibrant automotive and logistics sector. As its focus changes towards electric vehicles and other alternative fuels, it requires new refuelling and recharging infrastructure. Growing this aspect of the emerging green economy is not only essential to high-quality jobs, but also key to promoting a more local, sustainable economy.

When it comes to digital innovation, the Midlands is a centre of excellence. Home to the UK's first multicity 5G testbed, enabling 5G connectivity alone is worth £5 billion to the Midlands economy over the next five years and a further £15.9 billion over the

subsequent five years. Whilst the region has higher overall levels of superfast broadband provision than nationally, this is not consistent across the region – particularly in rural areas.

In the field of low carbon energy generation infrastructure, the Midlands currently lags behind the rest of the country, partly because, outside Lincolnshire, the region lacks coastal sites historically ideal for large-scale generation. However, new large-scale energy solutions are emerging, including the recently confirmed STEP prototype fusion power plant in Nottinghamshire.

In a region with a high proportion of energy-intensive businesses, the pressures from rising energy prices are significant. A secure (and greener) energy supply alongside a roll-out of smart energy solutions and a clear roadmap to decarbonisation would support the resilience and global competitiveness of the region's industries and help secure inclusive economic growth. ▴

Partnership approach

Midlands Engine partners particularly Midlands Connect, the WMCA and the proposed EMCCA (and any other future Combined Authorities), have played and will continue to play a leading role across the breadth of physical and digital infrastructure.

As we explore how best to support this work through advocacy, convening and evidence, we will:

- **Capitalise on transport infrastructure and innovation opportunities**
 - Work across our Partnership and with national stakeholders to ensure the Midlands receives the maximum benefits from landmark transport infrastructure, such as HS2, combined with freeports and existing connectivity strengths that present an opportunity for business growth, investment and modern freight solutions
 - Gather evidence of need to enable advocacy on future opportunities in infrastructure innovation, eg Coventry's Very Light Rail project and opportunities to secure gigafactories in the Midlands
 - Work across our Partnership and with Midlands Connect to support the development of strong business cases for transport investment and new, innovative forms of mobility in the Midlands that build on and demonstrate the Midlands' technology and science strengths.
- **Understand the region's role in new low carbon physical and digital infrastructure to build an energy system for the 21st century**
- Bring together the wide range of expertise in the region to deliver sustained investment in innovation and infrastructure
- Provide policy certainty to mobilise the market around key projects such as STEP with the aim of supporting a system where our inland and coastal locations can both access a secure, green and affordable energy supply.
- **Support the advancement of digital connectivity in the Midlands**
 - Build on previous innovation to support the Midlands to continue as a digital connectivity testbed, with the potential to focus on rural connectivity pilots which could be rolled out nationally. This will include our role in leading on a regional gigahubs pilot and supporting partners' work around 5G testbeds
 - Promote the Midlands as a testbed for future telecommunications and evolutions of the infrastructure for digitised data and communications. ▴

Strengths

- **Great superfast broadband** availability (96.2%)
- **Extensive** local and national transport links
- Upcoming **HS2** and **A46 corridor**
- **92%** of UK population within 4 hours
- **Innovative energy assets**
- **Energy assets**
- Home to **innovative energy solutions**.

Challenges

- **Lags** on public EV charging points (12.4%)
- **Higher risk** of energy costs
- **Slow and infrequent** rural/urban connectivity
- **Poor** East/West Midlands connectivity
- **High levels** of road congestion
- **Energy costs** (10%) handicap exports (4-9%).

INCREASING GLOBAL AND INVESTMENT

Growing the global footprint of the Midlands and increasing investment is key to levelling up. The region is an attractive investment proposition with an established services sector and major exportable strengths across advanced manufacturing, agrifood, life sciences, cyber and more.

Global & investment

Context

These are complemented by significant innovation strengths across thousands of businesses, 20 universities and dozens of special science and enterprise zones – all assets that make the Midlands a major player in the UK’s Science Superpower ambitions. Beyond this, the region is home to two freeports, including the only inland freeport, and more than 90% of the UK population can be reached within four hours.

However, recovery from the pandemic and EU-Exit has not been as hoped. Foreign direct investment (FDI) projects are down 10%, amid a wider context of 17% fewer FDI projects into the UK, and goods exports decreased by 18% from 2019 to 2021. These challenges are exacerbated by a complex landscape of stakeholders, policy and support for sub-national investment, trade

and visitor economy activity, and uneven capacity across partners to deliver on ambitions in this space.

Regions provide geographic scale to convene and demonstrate economic opportunity. Through them, we can also act internationally, building the region-to-region relationships that support investment, trade, cultural and diplomatic ties. Presenting the cumulative strengths of the Midlands will not only reinforce the propositions of our partners by providing insight beyond local authority borders but could also grant access to global opportunities only accessible at a certain scale and significance. ▶

Strengths

- Strong exporting economy (£45.6bn)
- Unrivalled export performance in machinery and transport
- Automotive and aerospace key sectors
- Service trade surplus (£18bn)
- Attractive investment destination – 15% of all FDI project related jobs
- 242 Foreign Direct Investment (FDI)
- Attracted £34bn investments (5-yrs).

Partnership approach

The Partnership will continue to make the case for the Midlands as a destination for investment and work to address challenges facing the region’s exporters and visitor economy. Policy changes in recent years and extant gaps in reporting on investment and internationalisation metrics have limited our insight into regional trends, and the associated challenges and opportunities. We will address this and use evidence as a foundation to support all partners to achieve their international ambitions.

As we explore how best to support this work through advocacy, convening and evidence, we will:

- Build a reliable evidence base
 - Working across the Partnership and with the Midlands Engine Observatory, we will build a reliable evidence base for our region to facilitate informed advocacy and decision making.
- Unlock potential
 - Advance thinking and practice on opportunities to drive investment and trade, focusing on clusters and innovation strengths.
 - Work with Midlands Innovation and Midlands Enterprise Universities to develop regional innovation propositions.
- Provide a global platform for the region
 - Provide an even and balanced platform for partners to present priorities, and support this through the Midlands Trade and Investment Advisory Forum community of practice.
 - This will involve aggregating investment propositions to a regional level and convening collective action where this adds value, such as for major events and in communicating pan-regional strengths internationally. ▶

Challenges

- Brexit and Covid-19 impacted export performance (~£10bn goods)
- Slow export recovery in advanced manufacturing
- Goods trade deficit (£14.9bn)
- Decrease in demand
- Imbalanced FDI (50% London vs. 9% Midlands).

STRENGTHENING PARTNERSHIP LINKS ACROSS SIGNIFICANT REGIONAL SECTORS

The Partnership’s priority is to add value wherever it can. This means we are flexible to pivot as the evidence indicates and opportunities arise. There are four sectors where we will work first. These are: advanced manufacturing, green growth, food and agri-tech, medtech and life sciences. Alongside that, we recognise that there are emerging market opportunities in a wide range of niche and growing sectors and we will support these to embed and grow in the Midlands.

The focus on each sector will flex throughout the lifecycle of this Business Plan according to when and where we can best add value and impact as a Partnership, recognising that we work best when we are agile and use our limited secretariat resources in the most impactful way.

Green growth

Green Growth	Advanced Manufacturing	Food & Agri-Tech	Med-Tech & Life Sciences	New Market Opportunities
<div><h3>Green growth</h3><p>For the Midlands Engine Partnership, green growth means encouraging business growth and investment in economic sectors and natural assets that help decarbonise our region and build a sustainable, resilient economy. Green growth is a sector and a strategic driver underpinning all of our work. For growth to be truly successful, it must support the country’s drive to net zero while having a positive impact on our planet.</p><p>The Midlands Engine Partnership has already delivered much against our 2021 Ten Point Plan for Green Growth, facilitating investment for the region in hydrogen for transport, nature’s recovery and nuclear fusion. We recognise, however, that the context has shifted since 2021, with the energy crisis, war in Ukraine and continued policy uncertainty creating a challenging environment for business confidence and growth.</p></div> <div><h3>Partnership added value</h3><p>A sector-led group of partners will lead on activity to:</p><ul style="list-style-type: none">– Convene partners to revise and focus the Ten-Point Plan for the next 3 years– Advocate the unique offer and potential of the Midlands clean and green growth opportunity to government and investors– Evidence the potential of the Midlands to support regional and national energy, food and climate security– Advocate and convene around the development of the Midlands Forest Network and STEP fusion power plant– Map the Green Skills Future for the region– Identify opportunities to build on regional smart energy strengths and to focus on heat decarbonisation– Support initiatives for inland and coastal industrial decarbonisation– Work with partners to facilitate growth of our hydrogen economy– Highlight the region’s renewable energy manufacturing strengths– Work with private sector and environmental stakeholders to unlock natural capital investment.</div> <div><h3>Key sector statistics</h3><div><ul style="list-style-type: none">• 3 out of 20 UK net zero economy hotspots• £148,000 GVA per employee• 2.5x more productive sector than the regional average<ul style="list-style-type: none">• Generates £26.6bn GVA per annum• £11.1bn worth of natural capital assets.</div></div>				

Advanced manufacturing

Green Growth	Advanced Manufacturing	Food & Agri-Tech	Med-Tech & Life Sciences	New Market Opportunities
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Advanced manufacturing

Spanning aerospace and defence, automotive, food and drink, medical devices, metals and materials, and more, Midlands manufacturing comprises globally significant businesses and clusters. Firms such as Rolls-Royce, Jaguar Land Rover, Mondelez/Cadbury and JCB provide skilled jobs in a variety of specialisms and the region is home to some of the largest rail and aerospace clusters in Europe which underpin local supply chains. These interconnected supply chains form a network of companies all working together in collaborative and innovative ways to manufacture products for our everyday use.

Innovation is key to advancements across the manufacturing sector and the region is well served by leading innovation assets, including two of the UK's seven High Value Manufacturing Catapult Centres – Manufacturing Technology Centre near Coventry and WMG, University of Warwick – and three additional Catapult Centres. The Partnership will work to encourage entrepreneurialism and commercialisation to translate the knowledge and expertise held in these centres into new technologies in our manufacturing sector.

Partnership added value

Work with industry and representative organisations on activity to:

- Convene major manufacturing businesses, supply chain SMEs, innovation centres, education and skills providers to raise the visibility of careers in advanced manufacturing
- Advocate across the three new government departments for policies that will support the growth and enhancement of the sector
 - Supply chain
 - Net zero
 - Energy security
 - Export
- Convene partners and businesses to define a vision for the future of manufacturing and what is required to achieve this
- Engage with businesses, including SMEs, to test requirements for innovation and advanced technologies.

Key sector statistics

- Second largest Midlands sector – **16%** of total economy
- **25%** of all manufacturing jobs in England
- **£37.8bn** GVA
- **513,005** jobs
- **High productivity sector** (£73,635 GVA per worker).

Food and agri-tech

Green Growth	Advanced Manufacturing	Food & Agri-Tech	Med-Tech & Life Sciences	New Market Opportunities
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Food and agri-tech

The regional food and agri-tech sector is of major significance, not just for the Midlands, but also for the wider UK economy. As the UK's Food Valley, the Midlands is at the heart of future food security, automation and net zero cultivation and production.

In 2021, 21% of total jobs in agriculture, food and drink manufacturing and packaging in Great Britain were in the Midlands; this correlates to approximately 17% of regional employment. The sector's value is driven by a mature supply chain network of large companies, such as Unilever and Mondelez, and SME suppliers who are supported by world-class research institutions.

The Midlands' food and agri-tech sector currently faces a number of challenges around trade, labour supply, enabling infrastructure and a changing climate. However, the opportunities for the sector far outweigh the challenges. Intelligence by the Midlands Observatory recognises the opportunities presented by innovative automation and digitalisation technologies to boost sectoral productivity, the market potential of changing dietary behaviours, and the sector's ability to lead the Midlands' green growth agenda.

Partnership added value

A sector-led group of partners will lead on activity to:

- Convene and provide an inclusive platform for sector partners to present their priorities
- Connect agri-tech research with regional food and drink large and small businesses to ensure that sector supply chains are able to fully utilise the benefits of emerging innovations
- Advocate for the strategic value and potential of the Midlands food and drink clusters for food security and to encourage increased inward investment and FDI policies to support success in this globally-significant sector
- Develop the region's understanding of the barriers for businesses in the food and drink sector to capitalise on emerging sector opportunities such as the green growth agenda, changing dietary demands and automation. This would include insights on comparative productivity rates, innovation adoption capabilities and supply chain integration
- Inform a joint white paper with leading businesses on the region's role in UK food security and sustainability.

Key sector statistics

- Food chain – estimated **£32bn GVA**
- **857,000** food chain jobs
- **70%** England's fish through Grimsby
- **7** food enterprise zones
- **2nd highest exporting** region for food
- **Highest farmed area of all English regions**
- **Highest** crop and livestock output out of all English regions
- **UK and European leader** for agricultural robotics and automation
- **Significant agri-tech expertise** and developments: NI-Park, Harper Adams, Lincoln.

Medtech & life sciences

Green Growth	Advanced Manufacturing	Food & Agri-Tech	Med-Tech & Life Sciences	New Market Opportunities
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Medtech and life sciences

Employing over 32,000 people in total, the Midlands life sciences sector leads the way nationally, ranking in the top two performing regions over the past decade for the number of life science businesses – and as a very high productivity sector, it punches above its weight in economic contribution. There is a huge opportunity to capitalise on our region's existing and emerging strengths in the sector to the benefit of local and national health services and the health outcomes of Midlands communities.

As the UK's population ages, the Midlands has the potential to be the testbed for new diagnostics, devices and trials, capitalising on our world-leading, NHS-embedded infrastructure, including the UK's largest Clinical Trials Unit, three Biomedical Research Centres, two Applied Research Collaborations, the Centre for Ethnic Health Research, the School for Primary Care Research and a Patient Recruitment Centre.

The life sciences and medtech sector contributes an estimated £6bn in GVA to the region, but it opens up a much broader opportunity through wider healthcare (a part of the economy worth over £30bn in the Midlands), while supporting a reduction in health inequalities.

Partnership added value

A sector-led group of partners will lead on activity to:

- Build a Midlands specific medtech and life sciences proposition that builds on our strengths and focuses on innovative growth opportunities
- Provide a platform for partners to present priorities and showcase the strengths and opportunities for the sector and to nurture collaboration between sectoral stakeholders
- Promote the Midlands medtech and life science assets to government and the Midlands as a major medtech cluster, highlighting the opportunities of the Science and Technology framework and where Midlands' businesses can support national ambitions
- Build on the Health Inequalities Commission with a white paper on health inequities in the Midlands and where medtech can support people and raise healthy life expectancy
- Research into Midlands medtech supply chain to assess the challenges and opportunities in reshoring/ internalisation.

Key sector statistics

- **Top performing region** for life sciences
 - **£6bn in GVA** but interdependent with a wide **£30bn GVA** health economy
 - **High productivity sector**
 - **World-class research** and NHS infrastructure
- **Leading trials**
 - **6** (soon to be 7) leading medical schools, producing over **20%** of the UK's medical students
 - Contains **1 of 2** UK sites manufacturing the AstraZeneca Covid-19 vaccine.

New market opportunities

Green Growth	Advanced Manufacturing	Food & Agri-Tech	Med-Tech & Life Sciences	New Market Opportunities
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New market opportunities

There will always be new opportunities for growth and part of the role of the Midlands Engine Partnership is to identify and work with nascent sectors to support them to thrive in the Midlands, as well as capitalising on cross-cutting growth opportunities such as those offered by the Government's Science and Technology Framework.

We will continue to undertake research to map the region's modern, emerging and innovative economy and seek to identify opportunities to showcase them as part of our wider diverse economic offer as well as promoting them to investors and national policy makers to ensure they are supported to grow.

SUPPORTING THE MIDLANDS ENGINE PARTNERSHIP

The Midlands Engine secretariat is a small team that includes the Midlands Engine Observatory. Its primary purpose is to support and enable the Partnership to deliver on its priorities, as outlined in the Business Plan and agreed upon by all partners.

To accomplish this, the secretariat carries out three main functions:

1. Connecting and convening the right partners at the right time to identify and act on opportunities that benefit everyone
2. Maintaining communication channels and advocacy between partners, government, and investors to accelerate investment and shape regionally relevant government policy
3. Maintaining an ongoing regional policy and research programme to identify barriers to growth and highlight opportunities for powerful interventions

The day-to-day management of programme monitoring and reporting is undertaken by the Midlands Engine Corporate Affairs team

who ensure activities undertaken comply with the Public Sector Equality Act 2010, Midlands Engine Scheme of Delegation, Midlands Engine Governance and Assurance Framework¹, and Government Grant funding conditions.

The Midlands Engine Finance, Audit and Risk Board maintains the strategic oversight of all Midlands Engine-led expenditure and investment, and is responsible for advising and reporting to the Midlands Engine Executive Board on the integrity of the Midlands Engine budget, risk management and the work of the external auditors. The Board meets three times annually with membership by recommendation from the Midlands Engine Executive Board. ▶

BUDGET 2023-2024/25

The Midlands Engine receives capacity funding from the Department of Levelling Up, Housing and Communities to support the delivery of agreed activities that complement and add value to the work done by partners across the Midlands, subject to the submission of an annual business case.

Capacity Funding

Main objective

To achieve this objective, the conditions on which capacity funding is provided require the Midlands Engine to evidence match funding from local partners, provide assurances through quarterly returns to the sponsoring department and undertake a mid-year and annual performance review against agreed delivery milestones.

To achieve this objective, the conditions on which capacity funding is provided require the Midlands Engine to base its activity on the following:

- Operate at scale across our geography through using networks to convene partners, encourage collaboration amongst partners and agree shared priorities which are then typically delivered through partners
- Grow the global footprint across the Midlands, with a particular focus on activity that will support and amplify the trade and investment activity of partners
- Develop the regional evidence base which can be used by partners to support local and regional growth. ▶

Funding for 2023 – 24 and 2024 – 25 is subject to annual business case approval by the sponsoring department and the Midlands Engine successful progress against the agreed milestones.

Details	Planned Spend 2023/24	Planned Spend 2024/25
Staffing SCC	£1,139,350	£1,183,366
Staffing Seconded Contracts	£235,430	£242,493
Staffing Grand Total	£1,374,780	£1,425,859
Corporate Service Contracts	£411,000	£416,300
New planned expenditure (programme activity)	£1,000,000	£1,000,000
Grand Total	£2,785,780	£2,842,159

Income

Midlands Engine Income		
DLUHC Grant	£1,500,000	£1,500,000
Partner Contributions	£340,000	£340,000
Possible carried forward* (FORECAST)	£655,977	£200,000
Programme Continuity Reserve	£289,803	£802,159
Total	£2,785,780	£2,842,159

* The exact amount of carry-forward for 2022 – 2023 will be determined once the accounts are closed at the end of March 2023.
¹<https://www.midlandsendengine.org/who-we-are/governance/>



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The Midlands Engine is a coalition of local authorities, local enterprise partnerships, universities and businesses across the region, actively working with government to build a collective identity, to enable us to present the Midlands as a competitive and compelling offer that is attractive at home and overseas. Copyright © 2023 The Midlands Engine, All rights reserved.

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