



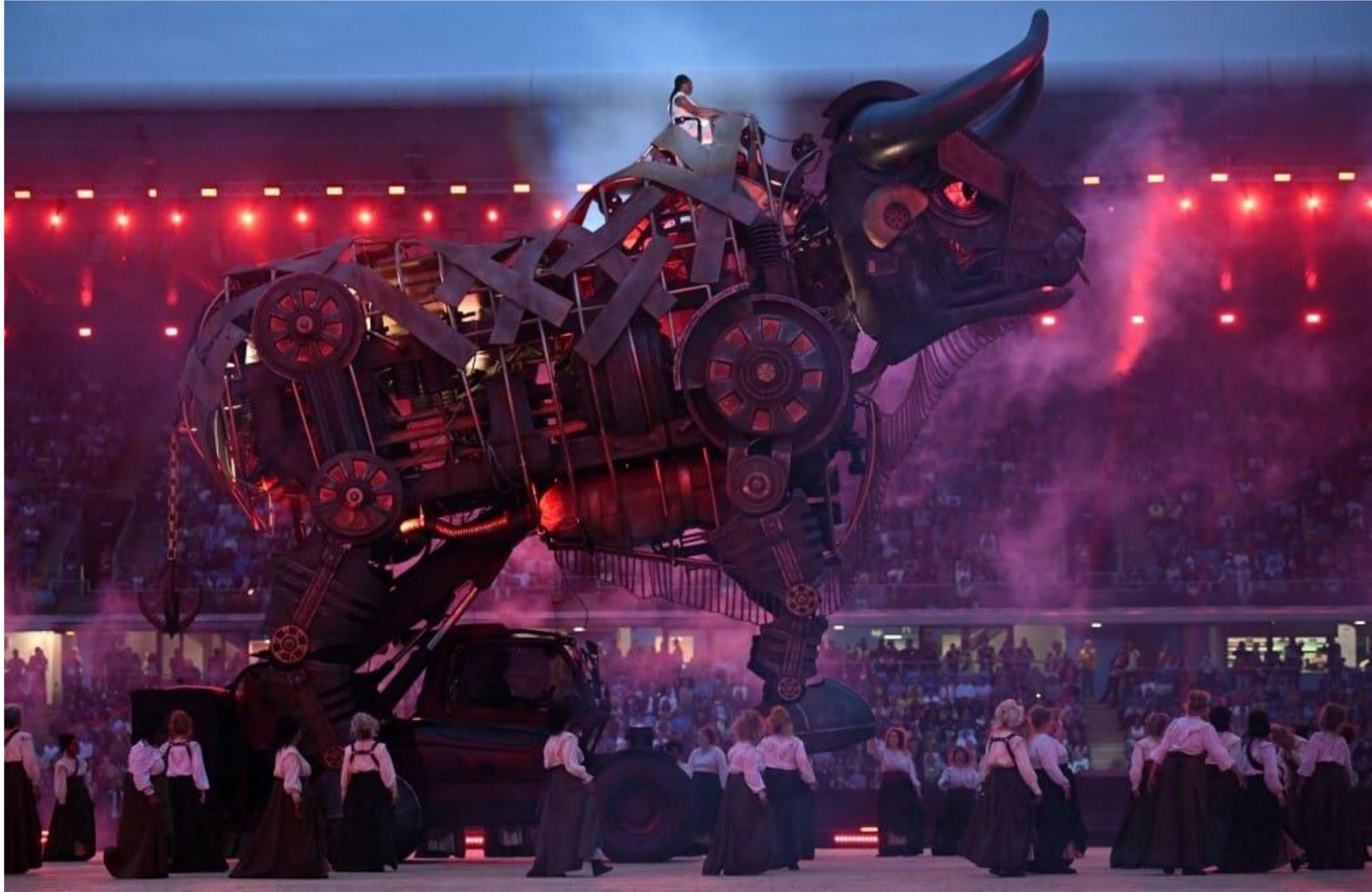
# West Midlands - the Commonwealth Advantage That Drives Success

Professor Martin Levermore MBE

March 1, 2023



# The Most Successful Commonwealth Games in 2022



- Our history tells the World we can truly build things.
- Our nature demonstrates that together we can be bold.
- We have the largest commonwealth diaspora in the region; a diverse and culturally rich population that has gained World attention.

# State of the Nation

In addition to these broader measures, BEIS will invest £100m between 2022-23 and 2024-25 to pilot **three new Innovation Accelerators**. These will be centred on Greater Manchester, the West Midlands, and Glasgow City-Region. All three have been selected for this pilot due to their R&D strengths, their robust

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## Levelling Up the United Kingdom White Paper

private and public innovation governance, and strong local leadership. They also include areas of economic strength and relative deprivation making them ideal candidates for the pilots. Innovation Accelerators will build on the R&D strengths of each area – from health innovation and advanced materials in Greater Manchester, to the future of mobility and data-driven population health in the West Midlands and to the growing Advanced Manufacturing Innovation District in Glasgow.

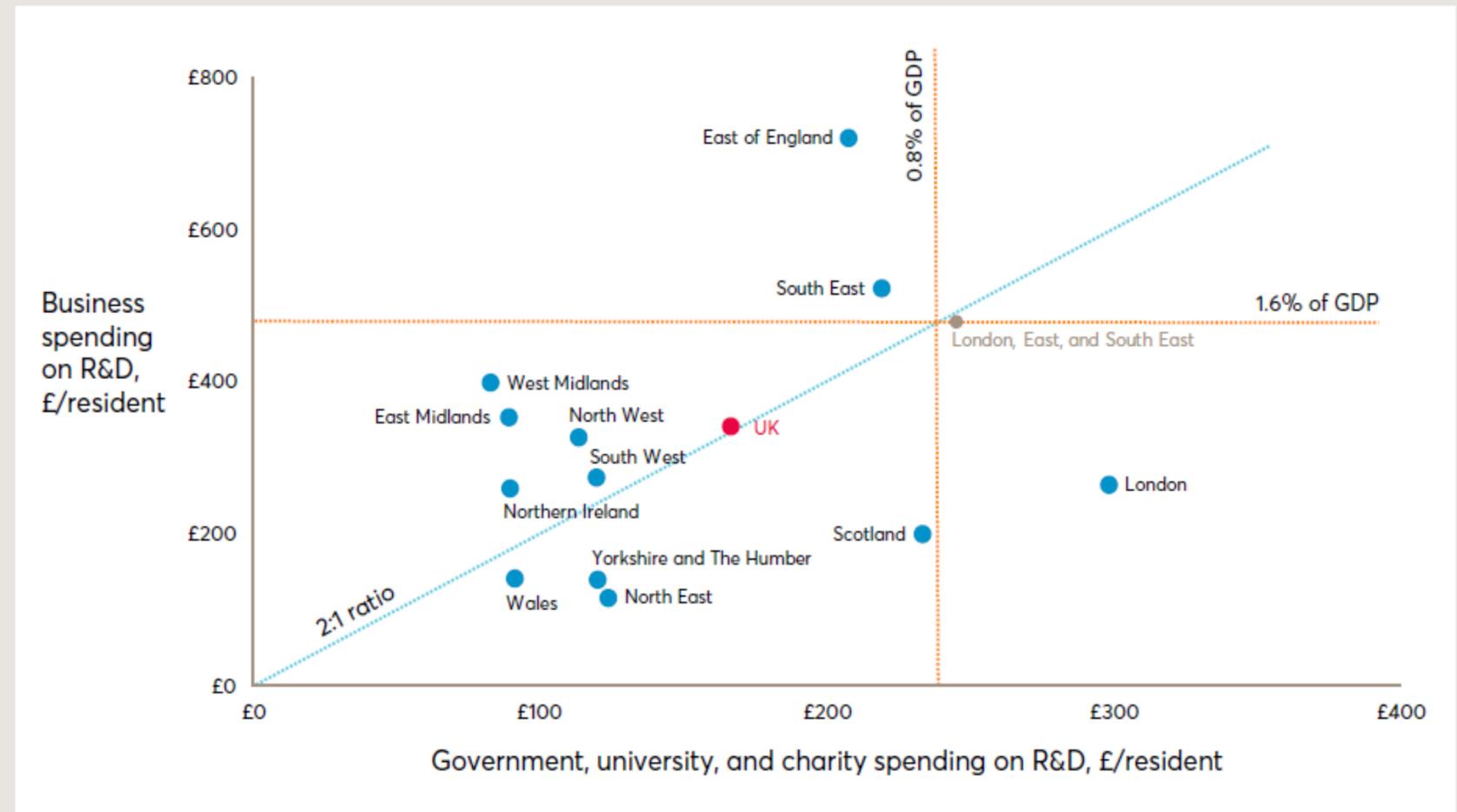
Innovation Accelerators will develop UK innovation clusters, boosting economic growth by investing in high-quality projects to grow R&D strengths, attract private investment, boost innovation diffusion, and maximise the combined economic impact of R&D institutions. They will empower local areas by bringing together national and local government, industry and R&D institutions in a long-term partnership. Each Accelerator will see local consortia developing a plan and identifying transformational projects to grow their



# The public-private R&D balance

- Per capita, the West Midlands attracts £398 in private R&D spend, compared with only £83 in public R&D spend<sup>1</sup>
- The ratio makes West Midlands an outlier in UK and European terms.
- Evidence is clear that public R&D funding can help ‘crowd-in’ private investment

Figure 3: Spending on R&D by NUTS1 region within the UK, 2016 (split by market-led (business) and non-market-led (government, university and charity))



Regional distribution of UK R&D spending by NUTS1 region, expressed per resident for the market-led and non-market-led sectors.

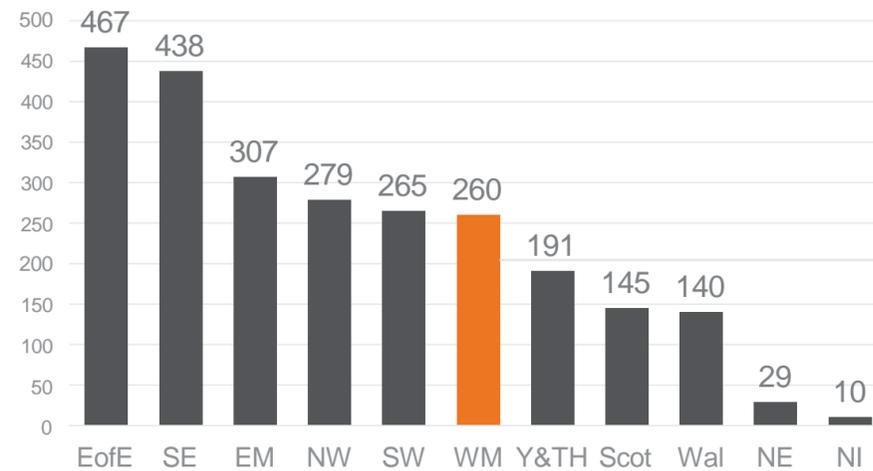


# FDI and venture capital investment remain low

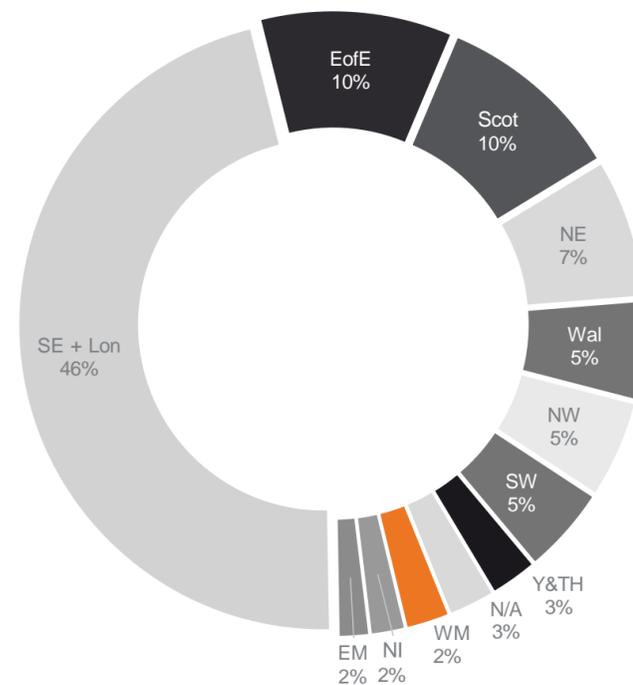
## Venture Capital

- The West Midlands received £260m in venture capital investment since 2020 in biotech and healthcare
- The East and South East are historically dominant in the life sciences, and in recent years Scotland and the Northern Arc (Manchester, Leeds, Newcastle) is showing growth in science-related capital. The West Midlands has no prominent place in this scene.

Regional biotech & healthcare venture capital, £m, 2017-2020



% of life sciences FDI per region, 2010-2020



## Foreign Direct Investment

- 1,146 new jobs created in the West Midlands from FDI over the last 10 years, with 834 jobs in Biotech & Pharma.
- Since 2010, the West Midlands has accounted for less than 3% regionally of foreign projects, jobs, and investment in the life sciences.

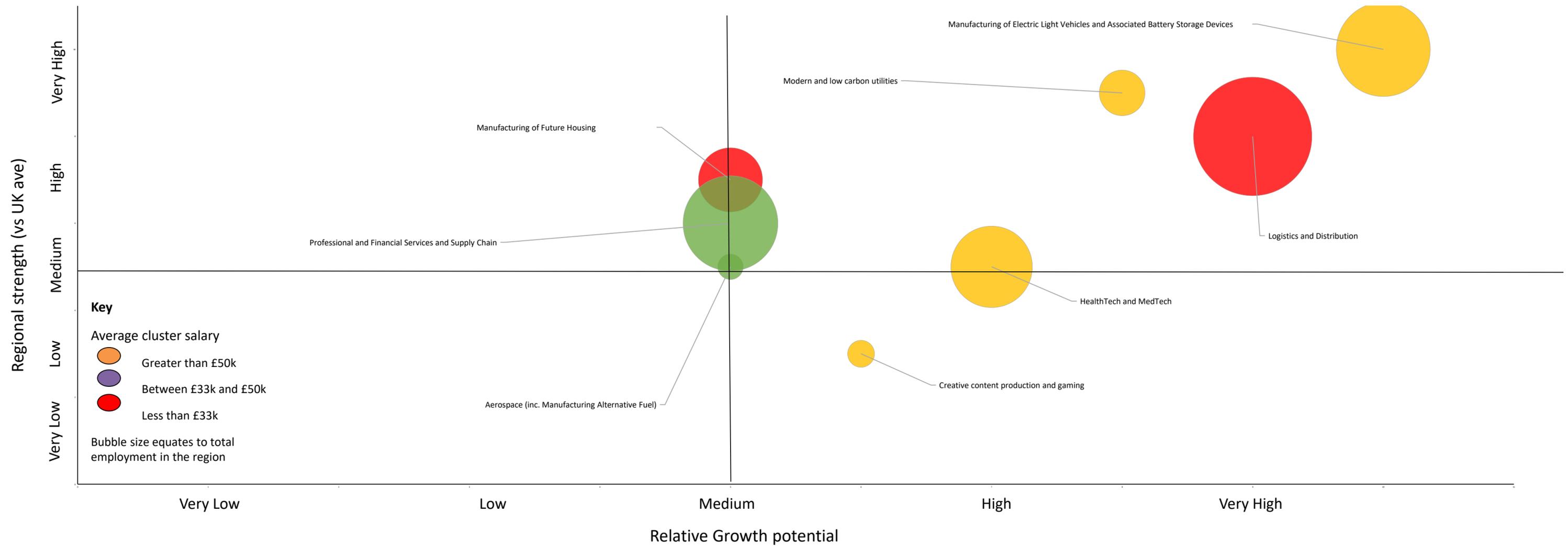
UK life science corporate investment deals, 2020



“ There are locations across the UK where the density of corporate [life sciences] investment is significant. Today, the notable exception is in the Midlands of the UK, where capital raising has been relatively muted. However, with high-quality teaching and research hospitals, as well as major universities, this will change over the next few years, and it is a region to watch. - Savills, 2021 ”

Sources: British Private Equity & Venture Capital Association, fDi Markets; Savills; Savills; WMGC analysis

# West Midlands areas of focus



# What success looks like

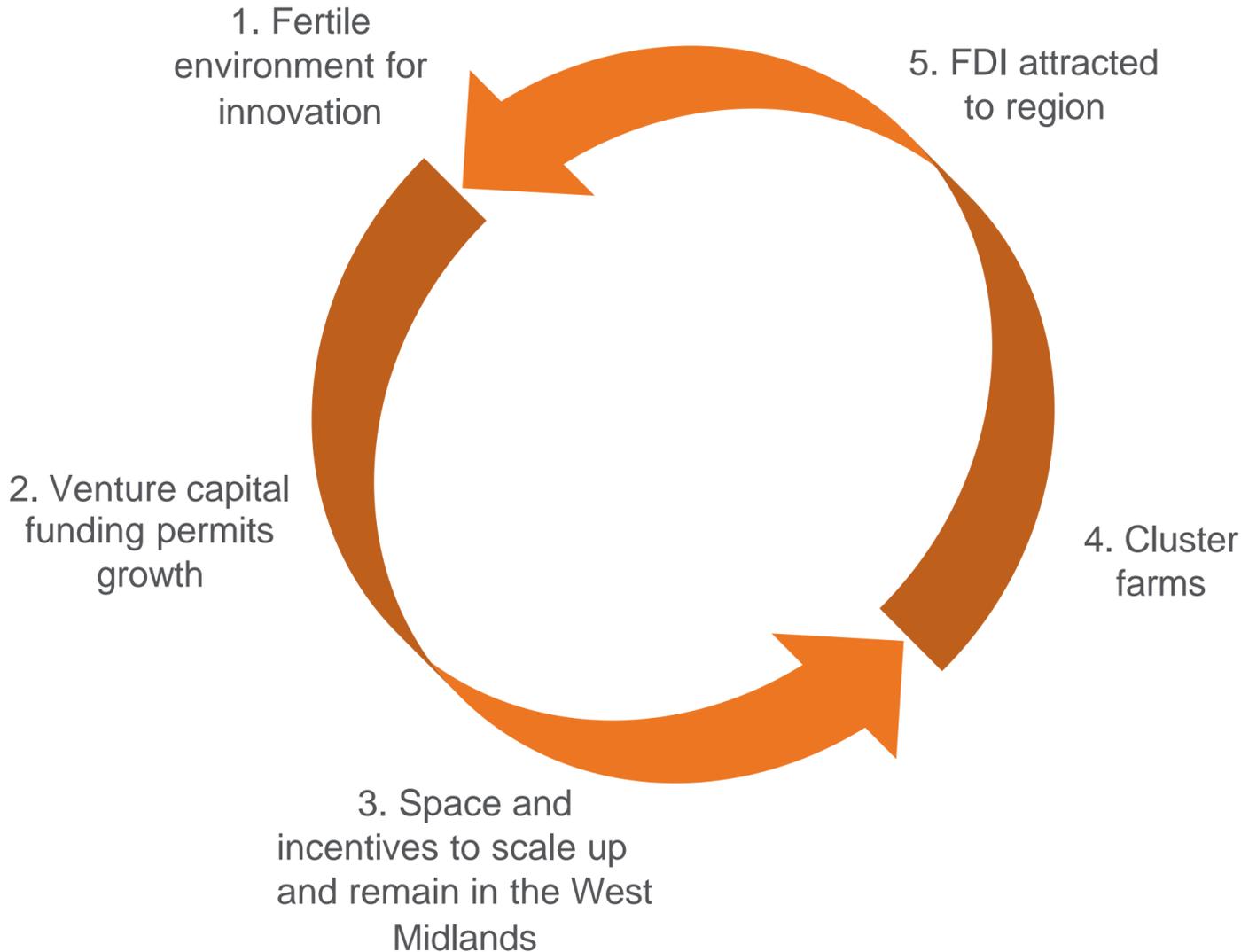
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## Objectives:

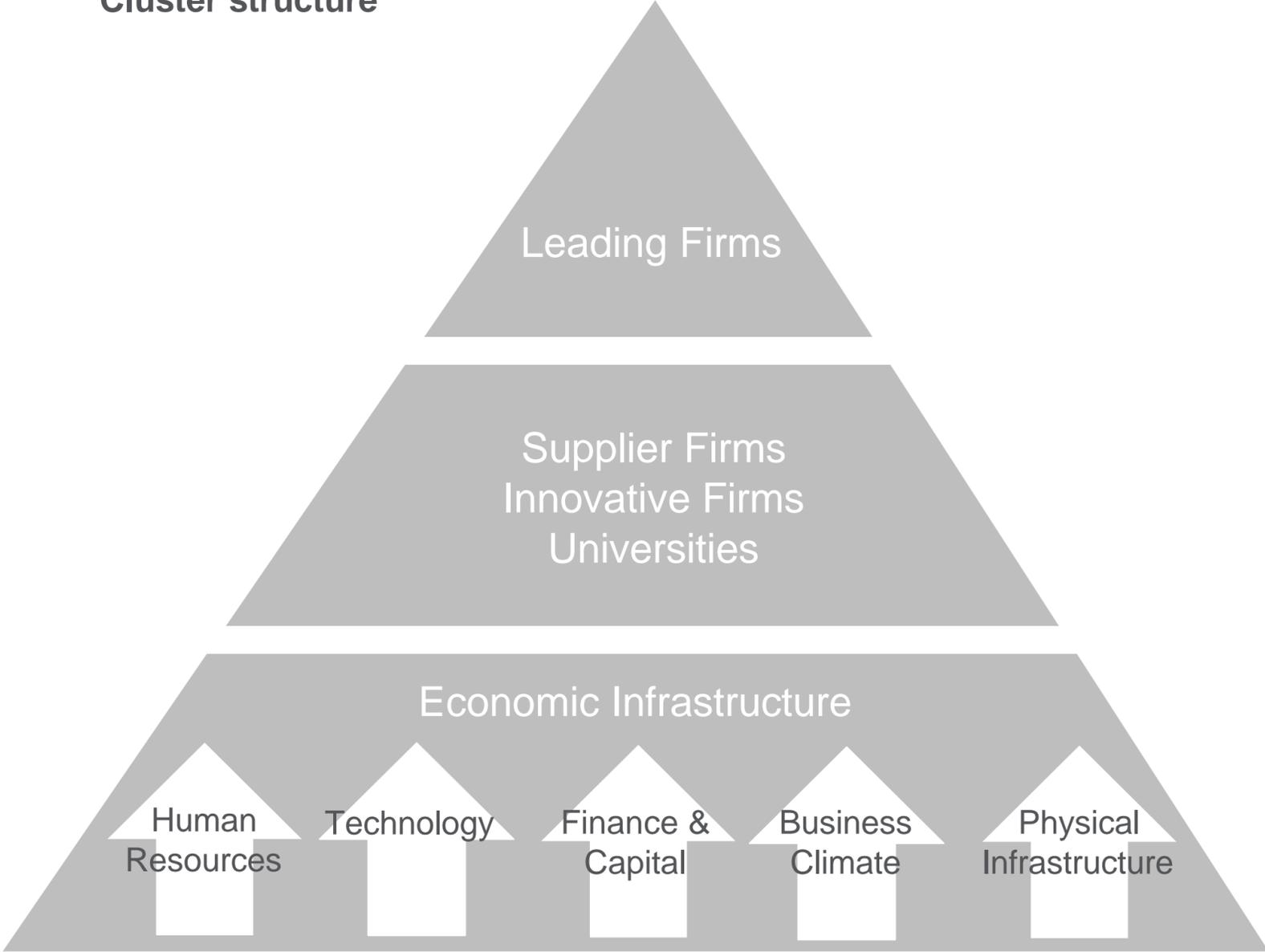
- Increase the critical mass of applied and translational R&D capacity in the region related to commercial opportunities in the target clusters
  - Crowd-in private sector investment to commercialise the benefits of R&D to catalyse additional growth in priority clusters
  - Strengthen the capacity, capability and coherence of the West Midlands to co-design publicly funded R&D investment decisions
  - Strengthen private leadership of target clusters
  - Stimulate more cross-cluster networking and application of technologies across sectors
  - Drives levelling-up between and within region and societal benefits
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# Cluster formation requires cooperation across many areas

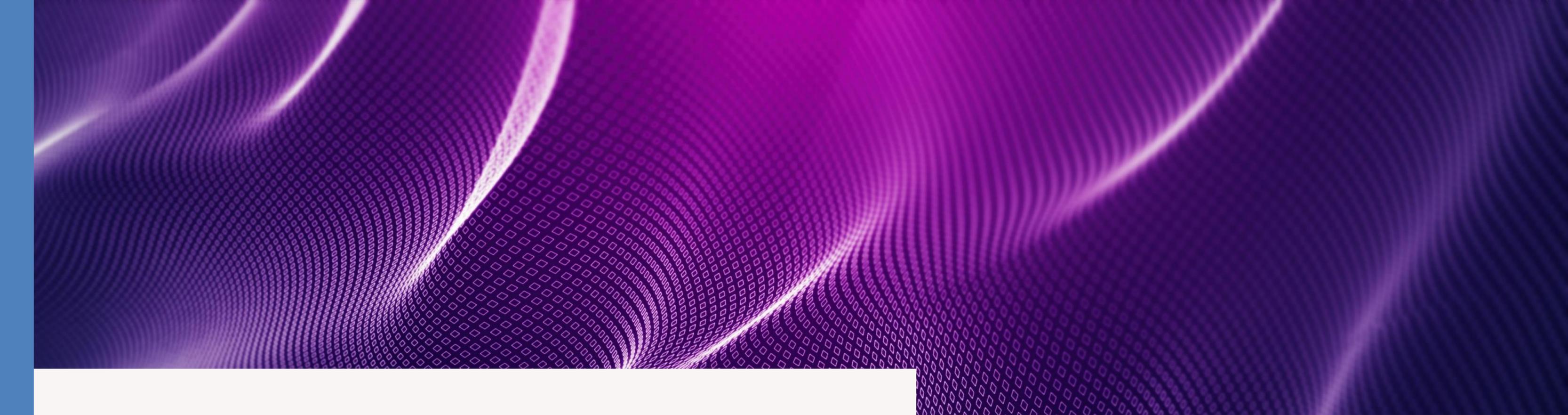
## Growth Cycle



## Cluster structure



Sources: [The Economic Competitiveness Group](#); [BCI Global](#); [Harvard Business Review](#); WMGC analysis

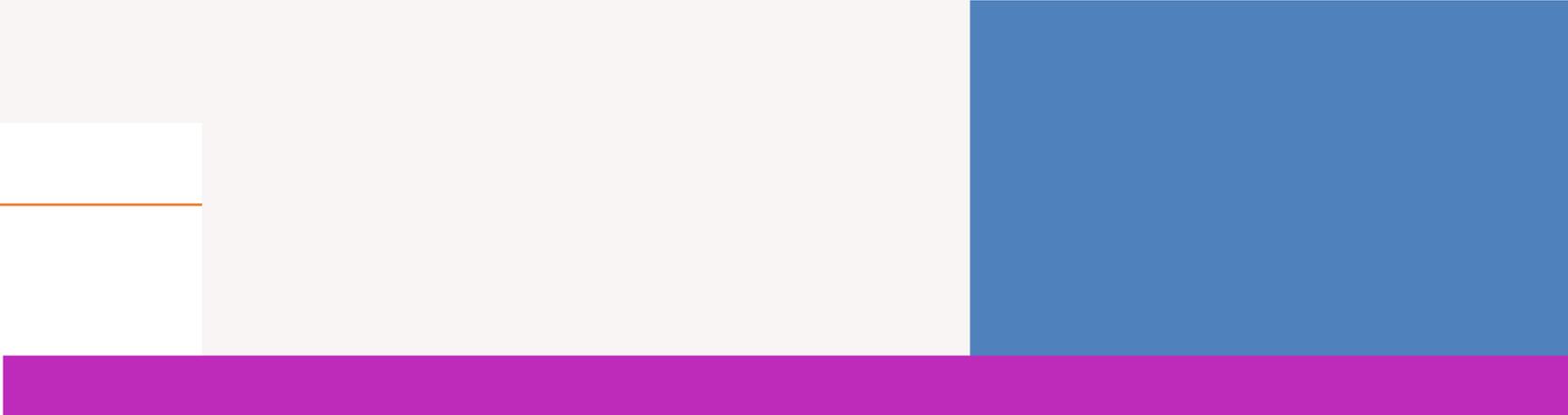


**Innovate UK**

**Investing in business innovation**

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**West Midlands Regional Manager**  
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# Inspire

Make the opportunity  
visible and compelling



# Involve

Bring relevant organisations  
and people together



# Invest

Convene the resources  
needed, including our own

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# Building the Future Economy

## Plan for action for UK business innovation



We have launched a [plan for action](#) to explain how we will deliver the [Government's UK Innovation Strategy](#), with the vision for the UK to become a global hub for innovation by 2035.

Our actions will be guided and prioritised by the following:





## Strategic Theme

# Future Economy

- The future economy will be very different as we improve the quality of life for all, protect the environment and conserve Earth's resources
- To help UK business realise the opportunities, we will deliver ambitious and purpose-driven programmes in 4 areas:



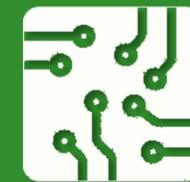
### Net Zero

Innovations in energy, transport, agriculture, buildings, manufacturing and more



### Health & Wellbeing

Innovation in diagnostics, medicines and novel therapies, connected health, diet and more



### Technologies

Developing 7 technology families to help solve the world's biggest problems and grow the UK economy



### Foresight

Horizon scanning to enable an agile and intelligent respond to disruptive, emerging technologies



## Strong Foundations

# Place and Levelling up

- Vibrant local business clusters attract investment and talented workers and help companies to grow
- Helping businesses in a local supply chain to innovate and do things differently can improve productivity and enrich local economies
- Supporting innovation in places will help to build strong national capability and support levelling up across the UK

### Connecting National to Local

Making it easier for businesses to find the best support, whether local or national

### Driving local impact

Tailored support to clusters of innovative businesses to improve local economies

### Strengthening UK Capability in Places

Investing in local strengths that are critical to building and maintaining overall UK capability

# Government R&D Place mission

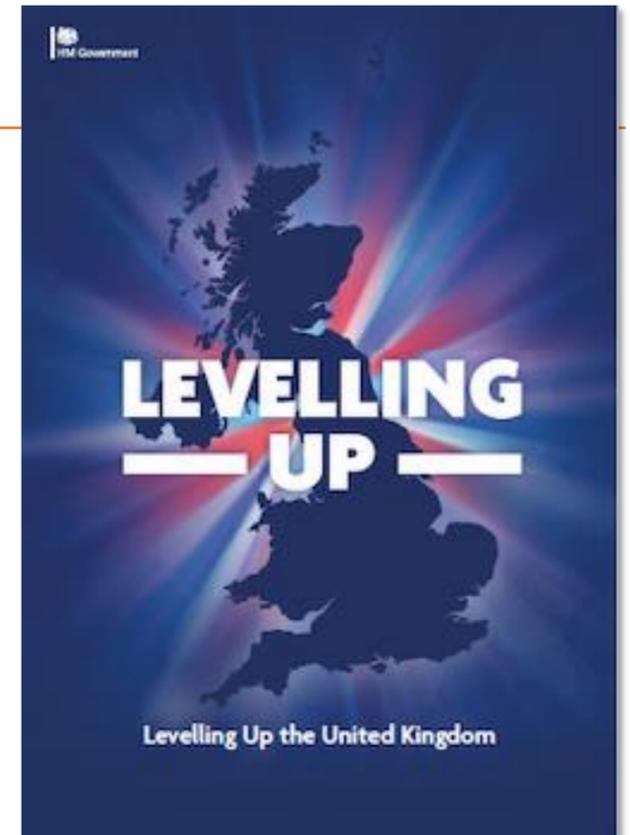
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Spending Review commitment – *“The government will ensure that an increased share of the record increase in government spending on R&D over the SR21 period is invested outside the Greater South East, and will set out the plan for doing this in the forthcoming Levelling Up White Paper.”*

Levelling up white paper – *“BEIS will aim to invest at least 55% of its R&D funding outside the Greater South East by 2024-25.....  
£100m for 3 pilot city-region Innovation Accelerators*

**UKRI, a new organisational objective** to *“Deliver economic, social, and cultural benefits from research and innovation to all of our citizens, including by developing research and innovation strengths across the UK in support of levelling up”*

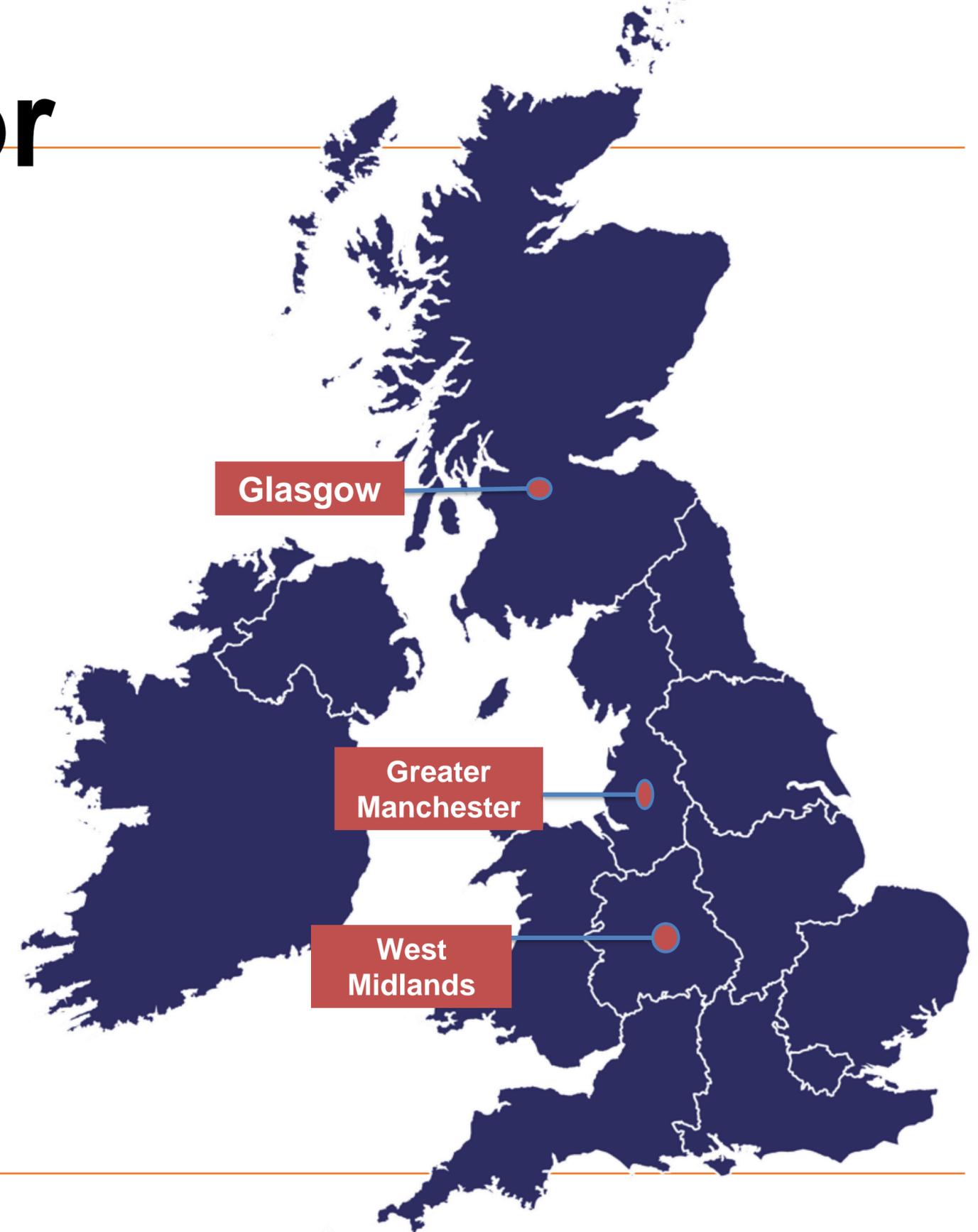
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# Innovation Accelerator

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- 1/3 of £100m will be apportioned to the West Midlands region
- Innovate UK is the delivery partner for the funding in co-creation with the WMCA
- Innovation board of WMCA identified key sectors of focus for the West Midlands:
  - Clean Tech and
  - Health Tech and Med Tech
- Government announcement of successful applicants early spring 2023.



# Place is Key to Innovation

Our regional managers work to:

- Strengthen relationships with regional stakeholders
- Understand areas of strength and opportunities across academia/industry
- Ensure coherent innovation strategy and investment across the UK
- Work with stakeholders so that no grant applicant is disadvantaged because of their geography



# Innovation Support West Midlands

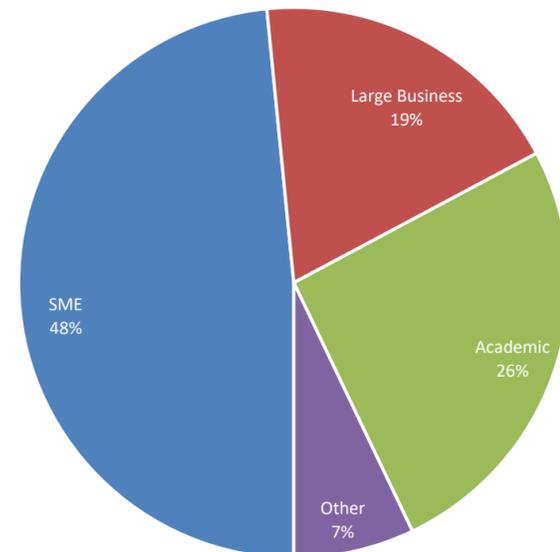
Total Innovate UK spend since 2007

Total Grant Value:

# £484,481,969

Number of Participants:

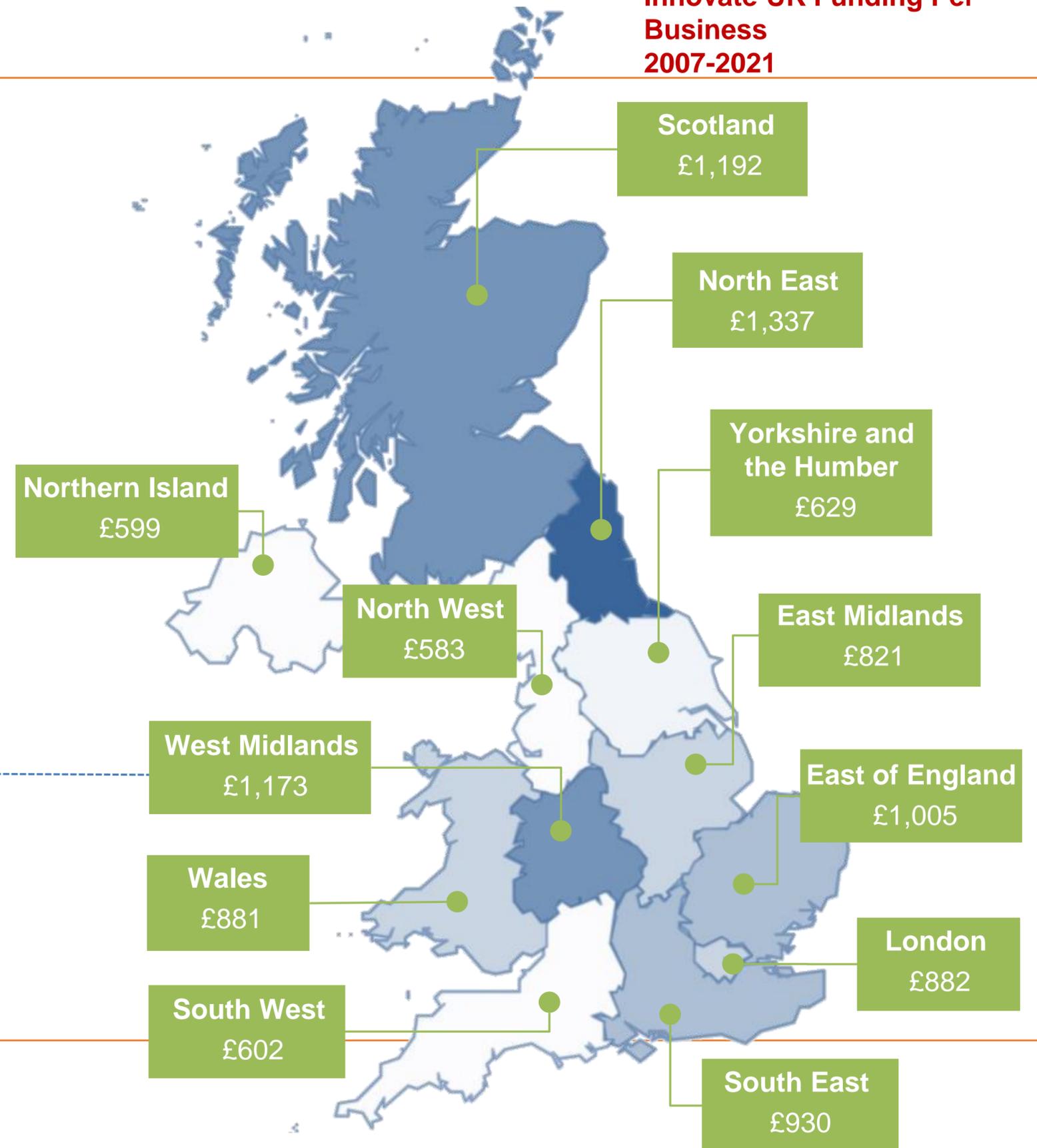
# 2,269



'Other' includes Catapults, Public Sector and Research technology Organisations.



## Innovate UK Funding Per Business 2007-2021

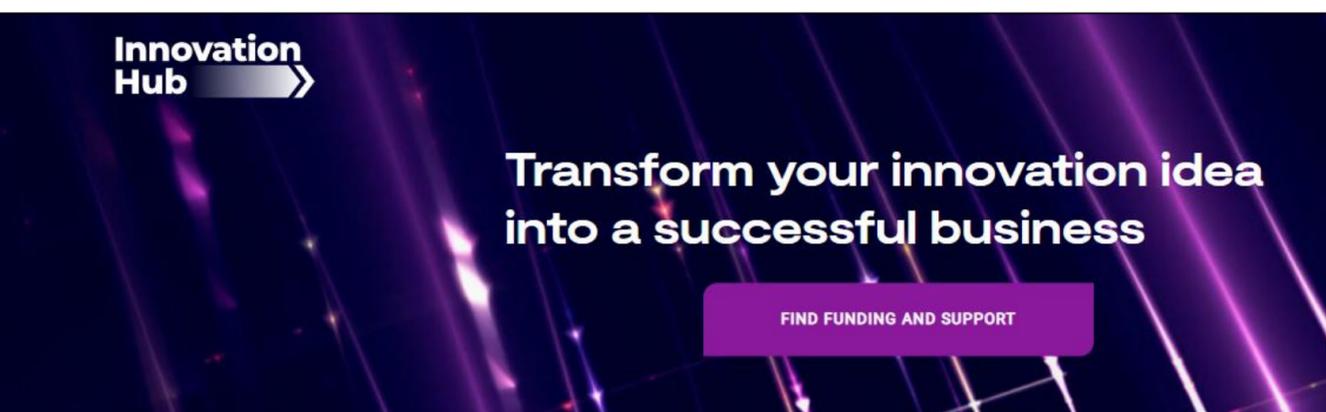


# Innovation Hub | Connecting businesses to funding and support

The Innovation Hub **brings together** all support backed by the UK's governments into **one place**  
The aim is to help first-time entrepreneurs and innovators **navigate** the funding and support landscape

In **three simple clicks**, users will be provided with a selection of content cards relevant to them, with **direct URL links** to each opportunity

By making the innovation ecosystem more **accessible**, the Innovation Hub will extend the reach of government backed support opportunities, helping the UK become a **global innovation hub** by 2035



<https://ukinnovationhub.ukri.org/>

**Women in Innovation**  
Women with exciting, innovative ideas who will inspire others can apply for an award including a £50,000 grant and bespoke business support.

INCLUDES  
Recognition awards, Grant, Collaboration, Business Expertise

MAX FUNDING, MAX %	CLOSING DATE, TIME
£50,000 100 %	19th October, 2022

TYPE  
Single Participant

FUND  
£2,000,000

MANAGED BY  
Innovate UK

**Smart Grants**  
Smart is Innovate UK's 'open grant funding' programme. Innovate UK is investing up to £25 million

INCLUDES  
Grant

MAX FUNDING, MAX %	CLOSING DATE, TIME
£2,000,000 70 %	5th January, 2022 11:00 am

TYPE  
Flexible

FUND  
£25,000,000

MANAGED BY  
Innovate UK

**Intellectual Property Office**  
Official government body responsible for intellectual property rights in the UK

INCLUDES  
Business Expertise

ING APPLICATION

CLOSING DATE, TIME
Not applicable

MANAGED BY  
Innovate UK

Innovation Hub

# Thank You

 @InnovateUK

 Innovate UK

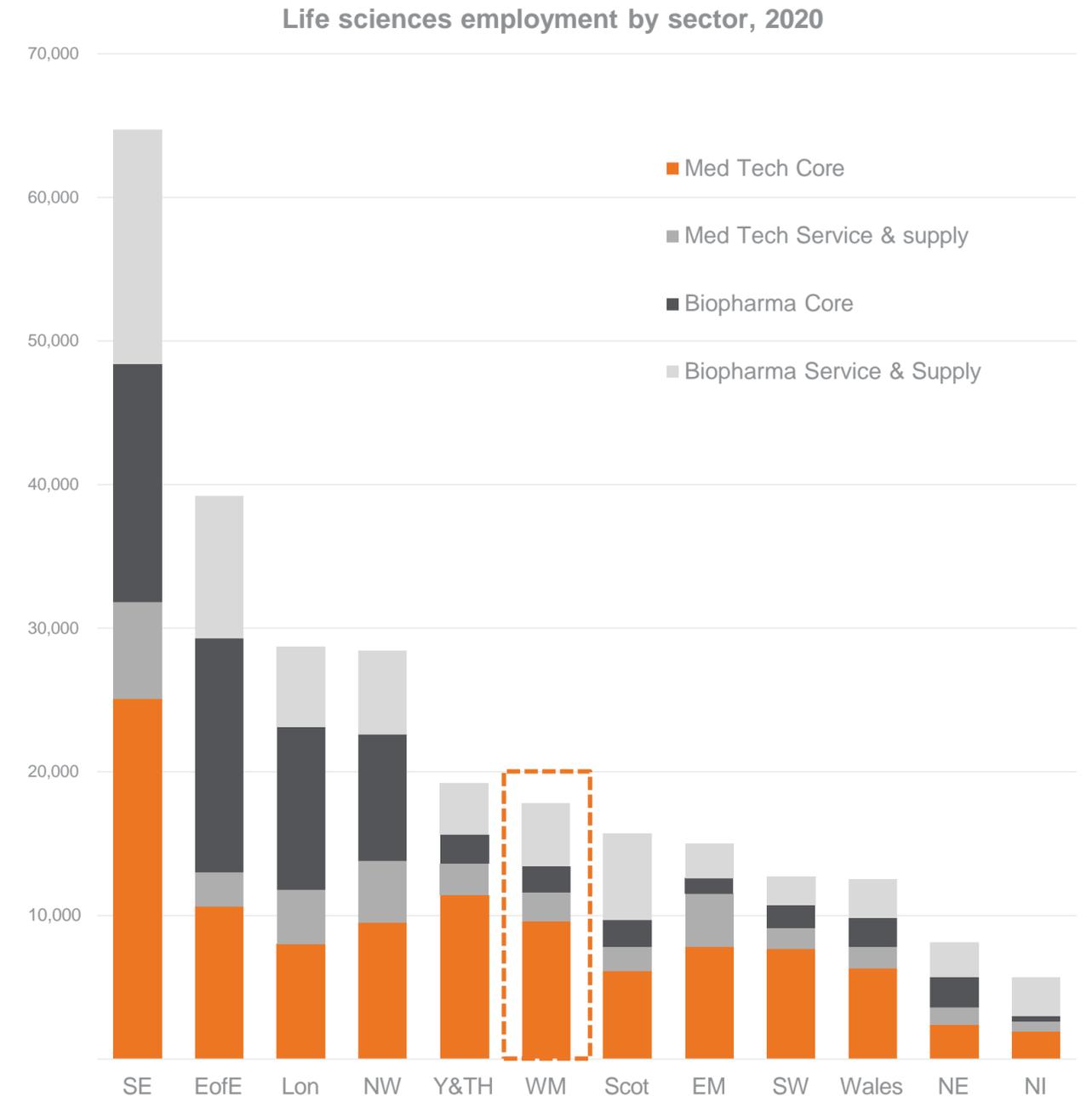
 Innovate UK

 @weareinnovateuk

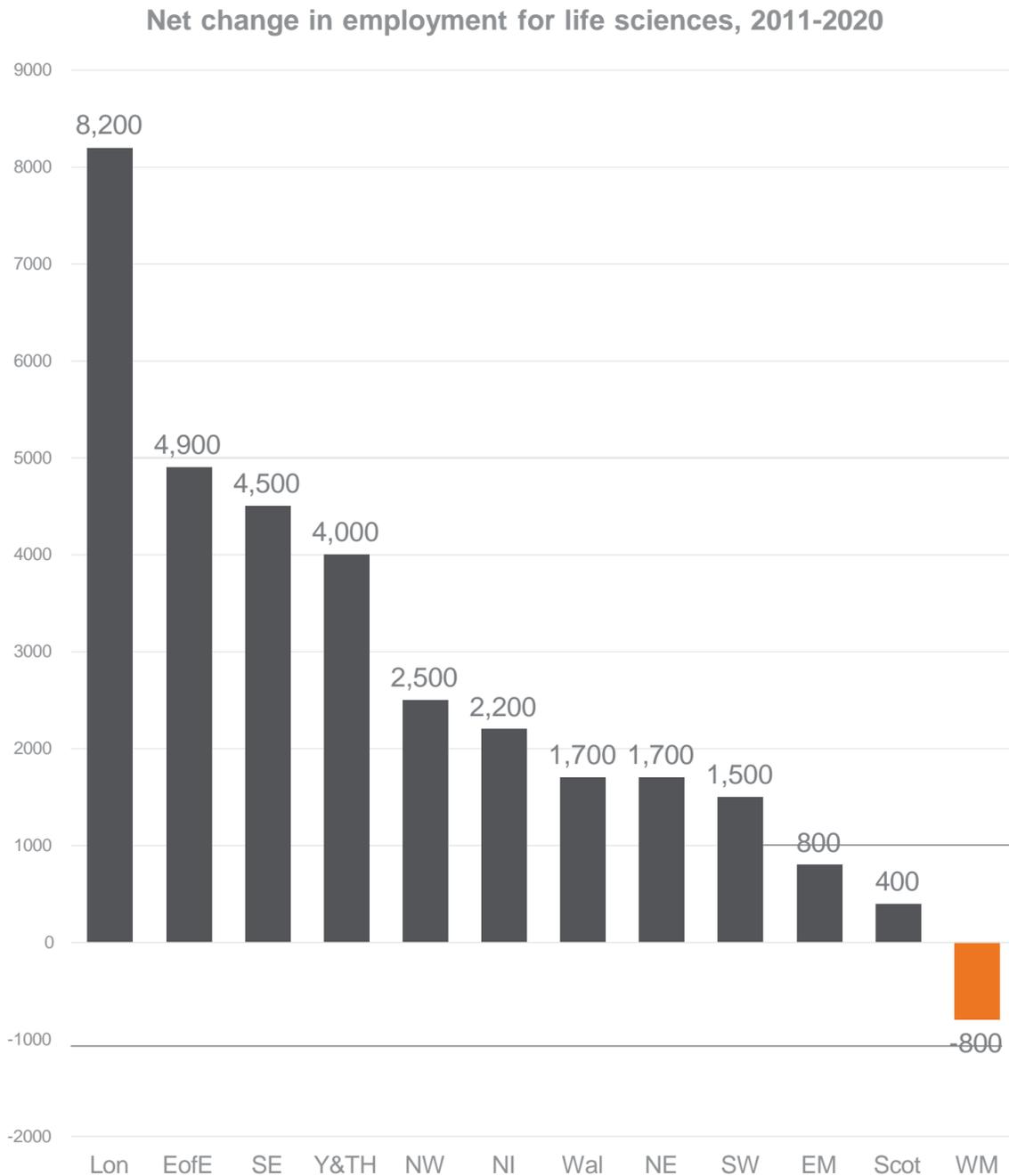
# The West Midlands has a solid life sciences foundation

- The West Midlands is middle of the pack in life sciences employment and the fourth largest region in the Med Tech Core area.
- Relative to other city regions outside the South East, the West Midlands has the largest pool of graduates in health tech.
- 606 life sciences companies in the 3 LEP area in 2020, increase of 129 from previous year
- The West Midlands accounts for 8% of UK turnover in the MedTech segment with a turnover of £1.7bn.
- The biopharmaceutical service and supply segment brings in £4bn making it the second highest turnover region in this segment.

GRADUATES 19/20	Greater Birmingham Region	Leeds City Region	Greater Manchester Region	Glasgow City Region
Medicine & dentistry	1,105	750	850	760
Subjects allied to medicine	6,220	4,000	4,354	3,685
Biological & sports sciences	1,850	1,915	1,350	1,180
Psychology	1,940	1,485	1,295	795
ALL Medical & Biological	11,115	8,150	7,860	6,420
Mathematical Sciences	1,030	265	700	365
Engineering & Technology	5,130	2,210	3,610	2,540



# Yet the life sciences industry in the West Midlands is not commensurate with its potential



- Despite its strengths in the life sciences, the West Midlands is falling far short of its potential, as seen by concurrent growth in other regions.
- The West Midlands is the only UK region with a drop in life sciences employment in the last 10 years.
- The stymied growth can be attributed to a range of factors:
  - Lack of external funding (venture capital and FDI)
  - Lack of space and incentives for growth
  - Fragmented ecosystem
  - Skills shortfall
  - No big brands



*The fall in employment in the West Midlands is due to a mixture of causes. These include movement of businesses to other UK regions and acquisition of businesses by overseas owners leading to restructuring.*

*- Office of Life Sciences, 2019*



## Key Contributing Factors



**Lack of external funding**



**Lack of space for growth**

# West Midlands Innovation Accelerator: Life Sciences Launchpad

## Key regional business barriers:

Access to/readiness for finance

Targeted skills support at scale

Availability of growth space

Regulatory approval hurdles

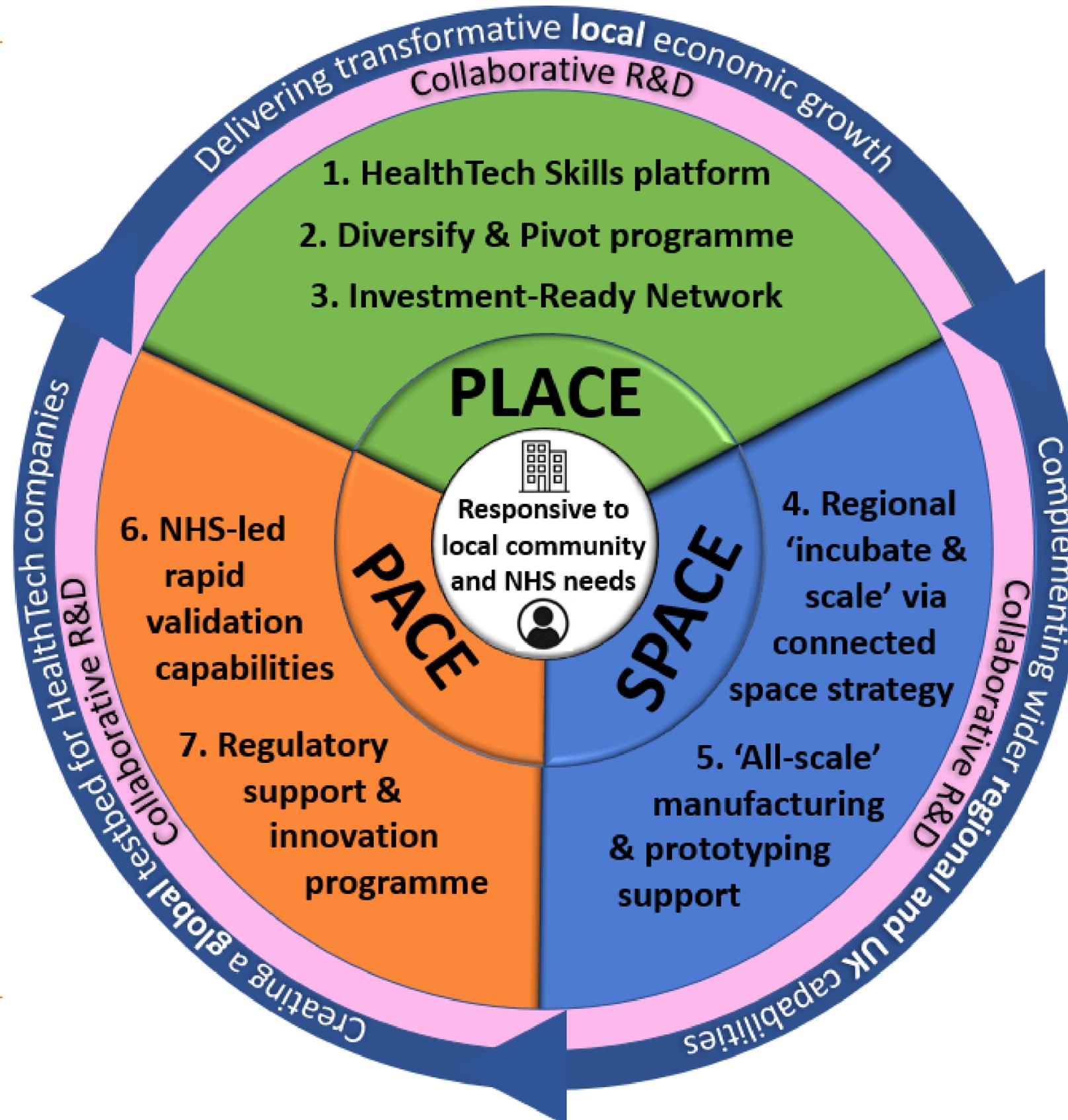
Fragmented local ecosystem

## Key political challenges:

Diversification of economy

Security of UK health supplies

Sustainability incl. Net Zero



## Short/medium-term outputs:

Direct GVA ~£230million

Support >2,000 jobs

>£1billion R&D&I/FDI funding

Unified regional ecosystem

## Long-term outcomes:

Global HealthTech leader

Reduced local health disparities

Increased local prosperity

Regulatory pioneer

# We can build a thriving life sciences cluster in the West Midlands

## What we're doing

- Focusing investment efforts on companies working in medical devices, diagnostics, digital and data.
- Focus manufacturing of devices, diagnostics (cell and gene therapy) to take advantage of WM industry strengths
- Raising profile overseas & nationally through external activities
- Working with stakeholders in the region to develop a supportive environment

## What we need

- A culture of sharing and collaboration among stakeholders in the region
- Prioritise capital investment in life sciences
- VC/Angel Investment
- Active marketing feed about activities in the region

