



MIDLANDS ENGINE

Midlands Engine Executive Board Reports Pack

JANUARY 2023

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Midlands Engine Executive Board Agenda 25 January 2023

Time: 13.00 – 15.00 **Venue:** Microsoft Teams

Membership:	Sir John Peace (SJP) Chairman, Midlands Engine, Cllr Alan White (AL) Leader, Staffordshire County Council, Cllr David Mellen (DM) Leader, Nottingham City Council, Cllr Simon Geraghty (SG) Leader, Worcestershire County Council, Cllr Martin Hill (MH) Leader, Lincolnshire Council, Cllr Barry Lewis (BL) Leader, Derbyshire Council, Cllr Chris Poulter (CP), Leader, Derby City Council, Andy Street (AS) Mayor West Midlands Combined Authority, Cllr Abi Brown (AB) Leader, Stoke-on-Trent Council, Prof. Trevor McMillan (TM), Vice Chancellor, Keele University, Prof. Edward Peck (EP), Vice Chancellor Nottingham Trent University, Alun Roger (AR), Chair Stoke and Staffordshire LEP, Andy Reed (ARd), Co – chair Leicestershire and Leicester LEP.
Observers:	Shehzad Chaudhary (SC), Midlands Director for Marian Sudbury, HMG DIT Director for UK Regions, Rachel Dickinson (RD) Area Director, HMG Cities and Local Growth Unit. Alicia Law (AL), Assistant Director, HMG Cities and Local Growth Unit
Apologies:	Professor Trevor McMillian, Cllr Barry Lewis, Cllr Martin Hill, Andy Reed.
In attendance:	Professor Nishan Canagarajah, Vice-Chancellor of University of Leicester, for Prof Trevor McMillian, Roger Mendonca, (RM) Director of Delivery, Maria Machancoses (MM) Director, Midlands Connect,
Guests:	Jody Tableporter (JT), Director UK & Regional Funds, British Business Bank, Nick King (NK), Director Henham Strategies, Fran O`Leary (FL), Director Lodestone
Chairman:	Sir John Peace

Item	Timing	Topic	Paper No.	Lead
1.1	13.00 - 13.05	Chairman's welcome		Chairman
1.2	13.05 - 13.10	Declarations of interest and minutes of last meeting	EB23.1.1	Chairman
1.3	13.10- 13.25	Midlands Engine Chief Executive Report	EB23.1.2	RM
1.4	13.25 - 14.05	British Business Bank – MEIF update	Presentation	JT
1.5	14.05 - 14.50	Emerging Economic Policy	Presentation and debate	NK / FL
1.6	14.50 - 15.00	AOB and date of next meeting		Chair
Date of next meeting: 26 April 2023 13:00 - 16:00				

= Draft =

Minutes of the Midlands Engine Executive Board

Date - 20 July 2022

Venue - Via Microsoft Teams

Name	Position
Sir John Peace (SJP)	Chairman of the Board
Cllr Abi Brown (AB)	Leader, Stoke-on-Trent Council
Cllr Simon Geraghty (SG)	West Midlands Councils. Leader Worcestershire County Council
Cllr David Mellen (DM)	East Midland Councils. Leader, Nottingham City Council
Cllr Chris Poulter (CP)	East Midlands Councils. Leader, Derby City Council
Cllr Martin Hill (MH)	Leader, Lincolnshire Council
Andy Street (AS)	Mayor West Midlands Combined Authority
Cllr Bob Sleight (BS)	West Midlands Combined Authority. Deputy Mayor WMCA
Rachel Dickinson (RD)	Deputy Director, East Midlands and Midlands Engine Team
Grant Peggie (GP)	Director, UK Funding Team, British Business Bank
Jodie Tableporter (JT)	Director UK & Regional Funds, British Business Bank
Dr Helen Turner (HT)	Director, Midlands Innovation Universities
Roger Mendonca (RM)	Interim CEO, Midlands Engine
Delma Dwight (DD)	Director, Midlands Engine Observatory
Rachel Shaw (RS)	Director External Affairs, Midlands Engine

Apologies:

Professor Trevor McMillan (TM)	Chair, Midlands Innovation Universities. Vice Chancellor, Keele University
Professor Edward Peck (EP)	Chair, Midlands Enterprise Universities, Vice Chancellor, Nottingham Trent University
Cllr Alan White (AW)	West Midlands Councils. Leader, Staffordshire County Council
Cllr Barry Lewis (BL)	East Midlands Councils. Leader, Derbyshire County Council
Maria Machancoses (MM)	Programme Director, Midlands Connect
Marian Sudbury (MS)	Regional Director, HMG DIT

Item	Narrative
1	Introduction & apologies
	<p>1.1 Chairman’s welcome</p> <p>The Chairman welcomed Members to the meeting. The Chairman noted that Anthony May has taken on a new role and expressed his gratitude for his support to the Midlands Engine and Chairmanship Midlands Engine Operating Board over the past five years.</p> <p>The Chairman advised that investment is key in the future and needs to cover companies- supply chains, overseas trade and develop a clear strategy to improve figures due to Covid and Brexit.</p> <p>1.2 Apologies – Noted above.</p>
2	Declarations of Interest, Minutes of last meeting and matters arising
	<p>2.1. No declarations of interest recorded.</p> <p>2.2 The Board approved the minutes from the meeting held 27 April 2022.</p>
3	Update Midlands Engine Investment Fund
	<p>The Chairman invited JT and GP to update Board Members on the future of the Midlands Engine Investment Fund.</p> <p>GP and JT delivered a presentation on the recent activity of the MEIF. JT confirmed that the new MEIF fund is £400m and included SEMLEP for the Midlands Engine with the Northern Powerhouse allocated £660m.</p> <p>MEIF 2 launch Q2 2023. Closes Q1 2024 and the MEIF are keen to work with Midlands Engine to ensure they work with firms across the patch.</p> <p>Observations from members of the Board included:</p> <ul style="list-style-type: none"> - SJP looking for investors and firms. Expect to increase this fund in the future. - AS advised, there is a crisis on venture capital funding: £8billion in London, £8million in the Midlands. - GP advised that there is a need to level up funds across the country as funds are heavily bias to Southeast. - SJP advised there is a significant issue and need to bring in more financial actors to enable firms to access funds. - Poor support/availability outside of major urban centres. Very narrow doorway access to these funds. - SJP asked how these funds could be scaled up. - Concerns raised on university spin outs need venture capital and are having to go to Cambridge to secure it. Northern Gritstone is a new investment company based in the north of England, founded by the Universities of Leeds, Manchester and Sheffield has been established to looking at this university spin out issue. <p>Action: GP to consider comments from Board member and meet with RM to discuss opportunities.</p>

4	Executive Directors Report
	<p>The Chairman invited Roger Mendonca to provide Board Members with an update on recent activities across the partnership and an update on governance of the Midlands Engine.</p> <p>The Midlands Engine Secretariat are expecting confirmation from the Department of Levelling Up Housing and Communities in early August 2022. This will be a grant settlement of £1.5m per year for 3 years.</p> <p>No objection received in respect of the draft budget recommended by the Ops Board and the draft budget was therefore approved.</p> <p>Mental Health and Productivity Pilot has been extended with an additional grant of £2.997m which was welcomed by the Board. SJP extended thanks to Gayle Aughton for all her hard work in securing the funds.</p> <p>The Midlands Investment portfolio has been launched since the last meeting and has secured interest from Aviva who have been put in contact with appropriate regional partners.</p> <p>Regional GigaHubs project for £300k over three years. Will go to Operating Board /Finance, Audit and Risk Committee for approval in September.</p> <p>Observations from the Board included:</p> <ul style="list-style-type: none"> - SJP was speaking to universities to add their requirements to the investment portfolio. There is need to access to significant amount of capital to make things happen. - AS advised that regional export performance is dire. West Midlands gone from best to worst Q3 2021 with an £8b contraction. Board Members agreed we need to work together with DIT and seek out opportunities. - SJP need growth companies cross the region although powers around export for the growth company are limited. <p>The Chairman thanked RM for the update on recent activities and invited RM to provide Board Members with an update on governance of the Midlands Engine.</p> <p>RM requested Board Member agreement for the pre circulated paper outlining the revised governance for the Midlands Engine Partnership.</p> <p>Revised arrangements will ensure the work of the partnership will be front and centre clarity of purpose for membership to the Boards including:</p> <ul style="list-style-type: none"> - New Finance , Audit and Risk Board, drawn from Executive Board Membership - The Executive Board to meet three times per year (April, October and January) - Three new vice chair roles, public, academic and business sectors for the Executive Board who will form the Nominations Committee - Additional Executive Board Members from the private sector to be agreed through the Nominations Committee - Partnership Board will meet four times a year and will recommend an annual business plan ahead of April each year <p>Board members approved the revised governance - subject to BS receiving approval from the WMCA.</p>

5	AOB
	<p>There were other items of business.</p> <p>The Chairman thanked participants and offered best wishes for the Commonwealth Games and closed the meeting. Moving the new governance arrangements the next meeting of this Board will be 27 January 2023.</p>
<p>Date of next meeting: The next meeting of this Board is scheduled for 25 January 2023.</p>	

Action log:

Item	Action	Status
1	GP to consider comments from Board member and meet with RM to discuss opportunities.	Complete

Security Level:	Confidential	Restricted	Unclassified <input checked="" type="checkbox"/>	Commercially Sensitive
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Meeting & Date:	Midlands Engine Executive Board – 25 January 2023		
Subject:	Midlands Engine Chief Executive Report		
Attachments:	None		
Author:	Chief Executive, Midlands Engine	Total no of sheets: (incl. cover sheet)	5
Papers are provided for:	Approval	Discussion	Information <input checked="" type="checkbox"/>

Summary & Recommendation:

This paper updates the Executive Board on activity undertaken by the Midlands Engine Partnership since July 2022.

Recommendation

Executive Board members are asked to note the paper, and to put forward names for the Vice Chair positions and Nominations Committee.

Public Affairs

The political environment has been ‘fluid’ since the last meeting of the Executive Board. A wider discussion on the implications of this for the Partnership is the subject of a later agenda item. In the short term, the approach has been to maintain and build relationships with key decision-makers and influencers, including Ministers, Shadow Ministers and senior civil servants. The Chairman will be meeting the Secretary of State for Levelling Up, Housing and Communities, Michael Gove, at the end of January. He has also written a series of welcome letters to new Cabinet Ministers, and to Sir Keir Starmer and Gordon Brown following the launch of Labour’s A New Britain report.

Following the Midlands Engine All Party Parliamentary Group (APPG) AGM, Jane Hunt MP has been confirmed as the new Co-Chair alongside Lord Ravensdale. An APPG meeting on the Midlands Visitor Economy, chaired by Lord Taylor of Holbeach, took place on 22 November. Notes can be accessed by following this link: <https://midlandsendengine.inparliament.uk/>. An in-person APPG focused on the Midlands Rail Hub will be held, in conjunction with Midlands Connect, on 8 February. If members would like to attend, please contact Rachel.Shaw@midlandsendengine.org

On 6 February, the Business Finance for Midlands Engine Business Forum pan-regional event takes place at Rolls-Royce in Derby. The purpose is to bring together, for the first time, key business partners, selected by Business Forum member organisations, from across the region to share their issues, opportunities and challenges.

Thirteen letters of support have been provided to partners on a range of projects. These include:

- Midlands Forest Network partners - the National Forest, Woodland Trust and Midlands Engine Observatory - in their bid to secure National Lottery Heritage funding for a two-year project that will be of exceptional regional significance.
- University of Birmingham – to lead on the bid to UKRI for the Local Policy Innovation Partnership for the West Midlands
- Leicestershire LEP – for their Launchpad application around the Space and Advanced Manufacturing Cluster
- Cadent Gas – in support of Hydrogen Valley

Governance

Changes to the running of the Partnership are in the process of being implemented following the approval of the Governance Review by Executive Board in July 2022.

- The Partnership Board has been established to replace the Operating Board. Ruth Carver (Greater Lincolnshire LEP) chairs the new Partnership Board, assisted by three Vice Chairs – Stuart Young (EM Councils), Neil Rami (WM Growth Company) and Helen Turner (Midlands Innovation Universities). The Board has focused its attention on the development of the Partnership’s Business Plan (more details see below), establishing a Task & Finish Group to support the process. Members of this group are Gary Woodman (Chair – Worcestershire LEP), Ed Cox (WMCA), Andrew Pritchard (EM Councils), Helen Turner (Midlands Innovation Universities) and Helen Donnellan (Midlands Enterprise Universities).
- Executive Board meetings will now take place three times a year. The next meeting is in April 2023 and we are currently reviewing whether this can take place in person.

- Confirmation of all Executive Board member nominations from local authorities, universities and LEPs have been received.
- Volunteers for the role of Vice Chair are required. There are three Vice Chairs – one each from local authorities, universities and the private sector. **Action: Executive Board members are invited to volunteer for the Vice Chair positions**
- Volunteers for membership of the Nominations Committee are required. It is proposed that the Chair and three Vice Chairs will form part of the Committee, alongside any other interested members. **Action: Executive Board members are invited to volunteer for the Nominations Committee.**
- Discussions are ongoing with the business sector about the appointment of three private sector representatives and their vice chair position. Final appointments will be subject to review by the Nominations Committee and ratification by the Executive Board.
- The structure and composition of the Finance, Audit and Risk Committee is in discussion with the Accountable Body. Final appointments will be subject to review by the Nominations Committee and ratification by the Executive Board.

Business Plan 2023 – 2026

The Executive Board agreed that the development of a new partnership-led Business Plan for 2023-2026 would be overseen by the newly constituted Partnership Board. The Plan would define the specific role of the Midlands Engine – both partners and secretariat - and clarify exactly how and where it would add value.

As part of the process, we have sought to deepen our connection to partners to better understand and support their priorities and where we can add value. This partner facing process has included:

- Meeting with partners to understand key projects, challenges and priorities: plans are in place for continued visits to key strategic sites across our region (hosted by partners), ministerial visits and conversations; parliamentary events including roundtables and APPGs and a series of partnership events.
- An examination of existing Midlands Engine strategy alongside contemporary evidence/intelligence and partner case studies to pinpoint the areas with high potential to increase regional GVA and attract domestic and inward investment in the short and long term. This work is being externally validated.

The emerging proposition is centred around the Partnership's purpose in amplifying the efforts of partners to sustainably grow the economy of the region. Three key roles have been identified:

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

These roles are focused on four main drivers/enablers for raising the region's share of GVA:

- Increasing trade and investment both domestically and locally
- Fostering cross-sector innovation from research through to commercialisation both within and across sectors
- Addressing the productivity challenge

- Creating infrastructure for growth, both physical and digital

The Partnership will work on any projects where it can add value, but five sectors have been identified where data suggests intervention would add most value. These are:

- Advanced manufacturing
- Clean growth
- Food and agri-tech
- Med-tech and life sciences
- New market opportunities

The next stage of the process is to identify specific outcomes and outputs, and allocate resources. The Partnership Board will consider a final draft on 16 March, with a view to the final document being presented to Executive Board in April for approval.

Finance

A formal Grant Determination letter has been received from Government (DLUHC) to confirm funding of £1.5m for each of the next three years, subject to business case approval. Both tranches of £750,000 for 2022/23 have now been received due to the successful progress against the agreed milestones and a successful mid-year review with the DLUHC.

Requests for partner contributions have been sent to 27 partners and we are in receipt of £331,000. To date 20 partners have paid or payments are in train, and 7 remain outstanding.

The Midlands Engine Partnership has a draft total budget of £4.579m for 2022/2023 which includes DLUHC funding, programme-linked continuity spend/carry forward from 21/22, partner contributions and sponsorships. Of this, £3.194m has been allocated for 22/23 activities. The remaining balance of £1.385m relates to deferred projects/underspends from previous years which will be transferred to a reserve to ensure programme continuity in future years.

The Partnership currently has a balance on reserve of £90,000 which is a provision for redundancies. The forecast predicts a net underspend against the budget for the financial year of £0.250m. This is due to savings on salaries for vacancies unfilled, and expenditure originally budgeted but no longer required on recruitment and accommodation.

The Mental Health and Productivity pilot extension funding of £2.977m to continue work to March 2024 has received its first payment of £2.3m (November 2022) with the remainder to be paid in April 2023.

Observatory

The Annual State of the Region report has launched focusing on the economic performance of the region in 2022. The report is available [in full here](#). There is also an [executive summary](#) and a short [video available here](#) setting out the key messages. The report will be the focus of our first in person Quarterly Economic Briefing on the morning of the 3 February at the Exchange building in the Birmingham City Centre. It will include a keynote presentation by the Bank of England and Deloitte, followed by a panel focusing on the opportunities

for growth going forward in light of the current economic climate. If members would like to attend, please contact Gayle.Aughton@midlandsendine.org

On 9 November, the Midlands Engine Smart Energy report was launched, in collaboration with the University of Birmingham, Siemens and ERA. This was followed in December with the launch of the Green Innovation Network and report. The Midlands Engine Nuclear report will be published in January ahead of Nuclear Week in Parliament. This will include a physical mailing to key MPs/Ministers.

Our research programme for the remainder of the financial year is focused on understanding what is driving productivity across the Midlands including:

- A deep dive into understanding trade performance across the Midlands Engine - in partnership with Aston University.
- Research into R&D in the Aerospace supply chain - in partnership with the Midlands Aerospace Alliance.
- The role of cities in driving productivity - in partnership with the Centre for Cities
- The impact of physical health on productivity

Global and Investment

Work continues on the pilot study into the role of Universities as drivers of trade and investment, which is being taken forward in partnership with the region's Universities. The R&D Investor Insight report has been completed and is being used to support the next stage of the project an audit of investment-relevant R&D assets. The project team have successfully secured £100k from BEIS to expand and amplify the project – in particular to produce market-ready materials that could be used in our target markets; and £260k from UKRI/DCMS to expand the pilot to the digital and creative sectors. A joint EOI, with Manchester and the Scottish Government, has been submitted to the RED fund for £5m to extend the pilot to the national level. The project team will be at the UK Embassy in Berlin on 25 January leading the first in-market workshop, which will be followed by consultation and engagement with the Baden-Württemberg regional government.

The Investment Portfolio continues to evolve to provide a more effective shop window for the region's major opportunities. We are currently exploring options to bring a private sector perspective to the Portfolio ahead of UK REIF in May. To provide further insight to develop and frame the Portfolio, additional work has been commissioned to map and articulate the investment potential of the region's key clusters. A list of 30 metrics has been created to evaluate the investment potential of each cluster, and a scorecard has been developed to present a detailed picture of each pan-regional cluster, providing insight as to future investment potential through the demonstration of growth, comparative advantage, or disproportionate market share of investment, across these metrics.

Discussions with DIT on closer working to promote the region's trade and investment are ongoing. We are reviewing the possibility of hosting a joint trade and investment conference during the Spring, and whether the April Executive Board could be hosted by a Minister at DIT's London office.



**MIDLANDS
ENGINE**