

The Midlands Engine for Growth

Prospectus



Foreword



As a Midlands resident and MP, I know the importance of the region to the country's economy - the heartland of our manufacturing sector.

The Midlands has an economy of £222 billion each year and is home to over 11.5 million people. The area has played a strong role in the recovery of the UK economy - over the last year, private sector employment in the Midlands grew more than three times faster than London and the South East.

However there is more to do. I am very pleased that local leaders – private, public and educational – have accepted central government's challenge to boost the economy of the region. I look forward to working with them to achieve this ambition.

This Prospectus sets out a vision for an economy focused on productivity and driven by getting the most out of the Midlands' workforce, research and transport.

The Midlands is a great place to do business, to learn, to live and to relax and I am delighted to give my support, as the Ministerial Champion, to the Midlands Engine.

A handwritten signature in black ink, appearing to read 'S. Javid'.

Rt Hon Sajid Javid MP
Secretary of State for Business, Innovation & Skills

The Midlands Engine for Growth

This prospectus brings the Midlands Engine for Growth to life. It signals willingness from all regional stakeholders to work together more closely to achieve greater regional economic growth and productivity improvement. Developing the Midlands Engine brand will allow the region to promote itself to investors and trade partners, delivering more growth, exports and jobs.

The prospectus responds to Government ambitions announced earlier this year that the Midlands economy could grow by £34 billion by 2030, if it matched the predicted growth rate for the UK. A further 300,000 jobs could be created in the Midlands by the end of this parliament.

The Midlands Engine stakeholders, from its business base to its Local Authorities, have come together to discuss how to embrace these aims. The outcomes of these discussions are presented in this prospectus and demonstrate our collective wish to improve productivity, drive economic growth, create jobs and improve quality of life across the region.

Our Ambition

We will improve the economy of the Midlands and the UK, deliver an enhanced quality of life for our citizens and communities and become a globally recognised driver of the economy.

Improving productivity is crucial. The UK lags behind all but one of its G7 partners in this regard, and productivity in the Midlands Engine region is around 10% below the UK average.

Advanced manufacturing expertise is the bedrock of the Midlands economy and supports a host of other associated

industries and sectors. We will develop a Midlands Engine Productivity Improvement Plan that helps us grow our reputation further as a globally recognised centre of excellence in these sectors.

Working with Government, we will position the Midlands as a major UK and European gateway to unlock the region's potential and support growth across every sector. In the next year, we will undertake the first Midlands Engine trade mission and host the first senior Midlands Engine inward investment mission.

Connectivity across the Midlands is essential for supporting and attracting businesses as well as highly skilled workers. Midlands Connect will develop the vision for our regional connectivity and set out the long term transport strategy for the Midlands Engine.

The Midlands knowledge base will provide a significant role in supporting our ambitions. Our universities and research translation centres will work closely with businesses to bring forward a pipeline of initiatives to turn our world-class science into new technologies, materials and products, and in doing so create new business opportunities.

We will create a thriving environment for businesses to flourish. This will include improving the financing of businesses investment.

We will develop a more comprehensive, demand-led approach for skills development, initially focused on the manufacturing and engineering sectors. This will be based on increased provider collaboration and alignment as well as a review of best practice relating to employment and skills.

Now is the time to power up the Midlands Engine.



A 21st Century Economy at the Heart of the Nation

The Midlands Engine for Growth, located in the centre of the United Kingdom, is the heartbeat of the nation's economy. Built on a strong advanced manufacturing base and enhanced by a range of further sectoral strengths, the Midlands Engine is perfectly positioned to take advantage of the economic growth, productivity and skills opportunities we face as a nation.

The Midlands Engine Economy

The Midlands Engine stretches from Wales to the North Sea and the northern Home Counties to the Peak District. It includes 11 Local Enterprise Partnerships who together with their Local Authorities, businesses and the wider partners who have come together to respond to the Government economic and productivity challenges.

The Midlands Engine region makes a £222bn (14.6%) annual contribution in GVA to the UK economy and this has grown by 30% in the last decade. The Midlands Engine is home to a population of just over 11.5 million people (17.9%), of which 24% are under 20 years of age, offering a long term, sustainable workforce. Around 4.3 million people (15.7%) in the Midlands Engine region are in employment, with 38.3% judged to be in knowledge intensive sectors. Unemployment rates are 5.3%, marginally lower than the average for the UK.

The Midlands Engine is the place to do business. It is underpinned by a strong private sector base containing globally significant companies such as Jaguar Land Rover, Rolls Royce, and JCB. SMEs and micro-businesses are thriving, with nearly 460,000 SMEs and micro enterprises across the region, 8.7% of the UK total. Many of these are an essential part of the supply and service chains supporting the larger businesses.

The Midlands has a strong advanced manufacturing and engineering base which employs 637,400 people and accounts for 19.7% of the UK's manufacturing output. This is allied to key high-value wealth creating sectors such as: transport technologies; agri- food and drink production; healthcare, life sciences and translational medicine; and energy and low carbon technology. Underpinning much of our wider sectoral excellence is our creative, digital and design sector and strengths in business and professional services.

The Midlands Engine region is well linked internationally. Inward investment projects grew by 130% between 2011 and 2015 based on a compelling Midlands offer of commercial opportunity, affordability, connectivity and quality of life. In the same period, the Midlands Engine region attracted 880 Foreign Direct Investment projects creating over 48,000 new jobs and safeguarding a further 23,000. The region accounted for 16% of the UK's overall exports in 2013, selling to over 178 countries worldwide. Exports increased by 38% between 2010 and 2013.

The Midlands Engine is home to twenty-five Universities. They deliver excellence in teaching and learning, providing high quality education to almost 500,000 students, and are supported by a network of fifty Further Education colleges. The Universities' fundamental and applied research base, together with the research translation centres, drive innovation into our priority sectors. Research and Development (R&D) expenditure by businesses within the Midlands grew by 52% from 2010 to 2013.

The Midlands Engine links the UK to the rest of the world through its network of freight and passenger airports, and connects the country through road network and rail

We will work together to build on our strengths and grow the economy of the Midlands Engine and the UK





links. Government has committed an estimated £5.2 billion of investment to the Midlands to create a modern, interconnected transport network.

Further economic opportunities

There is still much to do to grow the economy and productivity of the region to ensure that the Midlands Engine meets its full potential as a driver of national economic success. The Midlands accounts for 15.7% of the UK's employed population but only 14.6% of the total economic output. GVA per worker is £46,310, some £7,000 below the national average.

There are some particular challenges. These are most notably around overall skills levels, the proportion of knowledge intensive business, the level of investment made by SMEs in innovation and aspects of connectivity with a history of underinvestment.

The overall rate of employment in the Midlands Engine is accelerating and some areas enjoy levels of employment that far exceed the national average, such as Worcestershire, Northamptonshire and the South East Midlands. Others, like the Black Country and Greater Birmingham & Solihull, still face the on-going challenge of pockets of entrenched high levels of unemployment.

We aim to seize the spirit of collaboration that is evident from the early Midlands Engine discussions to address these challenges. We will work together to deliver real economic benefit and shape the UK's future success.

Powering Up the Midlands Engine

Increasing collaboration and identifying our specific and unique strengths will be key to the success of the Midlands Engine. We will focus on driving the productivity of our existing key sectors, through business investment, research and development, innovation, skills and connectivity improvements. At the same time we will nurture high growth potential sectors and companies, through our growth hubs and in partnership with our universities and colleges.

The work of the Midlands Engine will be drawn from many elements. Much will take place on a day-to-day basis in our towns, cities and rural communities.

Our sectoral strengths and diverse business base are the foundations for success

Private sector growth and productivity improvement will drive the Midlands Engine. We will focus on both existing and emerging regional strengths. We believe these sectoral strengths give us the best opportunity to meet our ambitions for long term growth.

Our manufacturing output will continue to be driven by global companies like Alstom, Bombardier Jaguar Land Rover, JCB and Rolls-Royce. These companies also contribute strongly to the wider transport technology and engineering sectors, and their supply chains extend across the Midlands. This is a significant economic network.

Our strong supply chain base will be central to the success of the Midlands Engine. In aerospace alone, the supply chain consists of 400 core high-technology manufacturing companies and institutions, contributing over 40,000 largely highly skilled and high value jobs to the economy.

We will continue to be home to exciting, cutting edge high performance technology, and world-leading research translation facilities. For example, in the high performance motorsport sector, companies like Mercedes and Prodrive deliver cutting edge innovation supported by top class testing facilities located at the likes of Silverstone, Millbrook and MIRA.

The Midlands Engine's food and drink sector will evolve as the UK's larder. We are home to global brands and the sector is based on a thriving and complementary agricultural and agri-technology sector, contributing greatly to the nation's food security. Companies like Mondelez, Pepsico, Samworth Brothers, Branston and Weetabix play central roles in this.

The Midlands Engine will continue to rise to the global challenges in the energy sector. We are at the centre of an emerging £100bn offshore wind market, with the potential to create wholly new supply chains. We are home to the second largest chemical cluster in the UK, worth £6bn per annum, and the largest UK refinery cluster, totalling 27% of UK total capacity.

The Midlands Engine is home to the largest number of medical technology and device companies in the country. We have a strong life science pedigree that stretches from Nottingham, with its centre piece BioCity, to Birmingham, with the newly opened Institute for Translational Medicine

The region's growing Creative, Digital and Design sector will continue to underpin much of our wider growth, supported by world-leading smart technology. Our ambition to be creative leaders will be based on the success of our media centres, and hubs of artistic innovation and excellence.

Businesses will flourish with the Midlands Engine's connectivity, trade and investment links, innovation, financial support and skills pool.

With internationally significant attractions and museum collections and three of the country's leading contemporary art galleries, our cultural heritage is of global renown. All of this makes the Midlands Engine a magnet for tourists from the UK and overseas.

The region's business growth needs a joined up professional, scientific and technical services sector. The Midlands Engine region is showing significant growth, on a par with that of London, in these sectors, and we will continue to promote the opportunities available to companies in the region.

This combination of sector strengths and a diverse business base will see the Midlands Engine become the destination of choice for inward investors and visitors alike.

Supported by progressive Local Authorities, dynamic LEPs, and emerging Combined Authorities

The Midlands Engine will embrace the changing public sector landscape and make use of increasingly devolved powers and funding from national government. Our public sector bodies are crucial to the success of the Midlands Engine. Together they will drive forward the skills and innovation agenda, support the growth ambitions of business, and work with Government and private sector partners to deliver the transport ambitions of Midlands Connect. With public bodies as brand ambassadors, the Midlands Engine will be promoted nationally and internationally, and provide a platform for investment attraction.

The emerging Combined Authority models and the devolution deals that come with them provide further opportunities for experience and partnership. For example,

learning from the West Midlands Combined Authority Productivity Commission will support the development of clearly focussed plans to address the productivity gap across the wider Midlands Engine region.





And partnerships with skills and innovation providers

Our universities, translational research centres, further education colleges and other specialist skills and innovation providers are committed to driving the skills and innovation ambitions of the Midlands Engine. Our student base is diverse and our Colleges and Universities play a vital role in their communities.

Schools, Colleges and Universities will increasingly provide students with an experience that is tailored to their needs, linked to work experience and the needs of employers. Further Education providers are already working closely with the employer base to ensure that student skills are matched to the employer needs and to ensure opportunities to re-tune skills of existing employees are provided in a flexible manner. Devolution of adult skills planning and funding will allow the Midlands Engine to focus training even more sharply on the needs of the regional economy.

Our universities will continue to provide enterprise and innovation expertise that supports the needs of large multi-nationals and local SMEs; utilising a world class research and innovation infrastructure including science and technology parks and business incubation facilities, alongside the delivery of knowledge exchange programmes. Our Universities and Colleges will continue to provide specialist business and innovation support alongside higher level skills, whilst supporting communities and social cohesion.

The Midlands has a rich set of research and innovation assets. The 2014 Research Excellence Framework found world-leading research in 281 university departments. Two of our universities rank in the UK top 10 for research

power. Partnerships such as Midlands Innovation, across six universities, and Universities West Midlands, will boost collaboration.

- **Collaboration in strategic areas**

There are five key themes where Midlands Engine stakeholders have agreed to collaborate formally to achieve our aims more rapidly.

- **Promotion**

The Midlands Engine will promote the region's strengths, assets and opportunities actively to key target domestic and overseas audiences. Our work will focus on sectors that provide the greatest opportunities for the region for inward investment.

Alongside this, a consumer-focused campaign for the visitor economy will promote the highlights of the region, specifically around areas including heritage, culture, sport and food and drink. An efficient transport infrastructure will be vital for our business and leisure tourism.

- **Midlands Connect**

The connectivity of the Midlands Engine will be central to its success. To address this, Midlands Connect will set out a credible long term transport investment strategy for the Midlands Engine. We will identify early investment to improve road and rail networks and explore how new technologies can increase capacity of existing transport networks.

- **Innovation**

The Midlands Engine will drive up business innovation, improving business productivity and competitiveness. Our universities and business will work together pan-regionally to bring forward innovations that support our key sectors and drive this through the supply chain. We will work with Government to identify where opportunities exist to further our innovation activity across the Midlands Engine.

- **Finance for Business**

Supporting our SMEs to grow will increase employment right across the Midlands and help to diversify our business base. SMEs can be a key source of innovation, and medium sized enterprises are crucial to developing local supply chains that support global brands. High levels of new company formation and survival are indicative of a strong entrepreneurial culture and ethos within the business and wider community.

Access to appropriate sources of finance is essential for businesses to reach their full growth potential and to facilitate the survival of new business start-ups. The Midlands Engine will address this by offering a single and substantial access to finance proposition.

- **Skills**

The availability of a strong talent pool is crucial to enable employers to improve their productivity and grow more quickly. In response to this, the Midlands Engine will work to ensure that the employer base links closely with skills providers and skills provision is tailored to employer demand. This also includes helping our future workforce understand the nature of upcoming employment opportunities and the skills levels these demand.

Building on established partnerships and creating new ones, the Midlands Engine will encourage employers and employees to work closely with skills providers. This will enable clearer skills pathways to develop, and we will encourage more people to take up an apprenticeship and more businesses to take on an apprentice. The Midlands Engine will support and promote best practice across the region.



Promoting the Midlands Engine

We will develop a regional branding proposition based on the Midlands Engine for Growth with the aim of strengthening our reputation across global markets and, in doing so, support UK economic growth prospects within an internationally competitive environment.

The Midlands Engine region is one of the most important economic hubs in the UK. Developing a strong Midlands Engine brand based on our track record of delivering inward investment and trade development will help the UK maintain its overall competitiveness.

Adopting a wide-ranging approach to promotion

Midlands Engine partners will work with Government agencies to create joint promotional content and collateral. We will deliver a host of marketing activities targeted at home and abroad to attract visitors, business and investment to the Midlands Engine.

Collectively, we will attend international exhibitions and business tourism events using the Midlands Engine brand. These will generate leads that will drive overseas business footfall and visitor expenditure.

In partnership with Government, we will undertake a series of trade missions to target geographies under the Midlands Engine banner, to send the message that we are good for the UK and good for business. We are ambitious and want this activity to begin in April 2016. Overseas markets with the greatest potential include China, India and the USA.

Effective stakeholder management is crucial to the success of these initiatives and we will deliver briefing and thought leadership events hosted by public and private organisations within the region.

Targeting promotion on key markets and industries

Complementary branding and promotional activity will be focused on knowledge-based industries where the region already boasts considerable expertise, such as: advanced manufacturing; transport technology; food and drink; healthcare and life sciences; energy; creative, digital and design; as well as business, professional and financial services. Export and investment activity will be aligned clearly on these key sectors.

Working with UKTI RIO to bring investable sites to market

We propose to develop a pitch book of investable sites across the Midlands Engine region working with UKTI RIO. This will see a range of sites being brought to market collectively at the global property fair MIPIM in March 2016. This will showcase the scale of activity and highlight our ambition, whilst firmly placing the Midlands Engine on the map.





The Midlands Engine for Growth will be promoted as an economic driver, at home and overseas, to increase trade, export and investment, and attract increasing numbers of visitors

Building a regional business visitor and tourism offer that can deliver increased economic growth

The Midlands Engine will develop a more collaborative and competitive approach to business visitor and tourism programmes. The promotional theme will focus on an attract-and-disperse strategy by leading on areas of global appeal. These include the resting place of King Richard III in Leicester, the legend of Robin Hood and a UNESCO World Heritage Site at Ironbridge.

This approach will also evolve a cross-regional profile of the range of world class events and conference venues as well as promoting our international-standard hotels and wider accommodation.

Promoting the Midlands Engine airports as key gateways to the UK

Making best use of the Midlands' airports, and their latent capacity, will be important and we look to work with Government to address this issue. Birmingham Airport could increase its passenger number, including long haul, by eight million with no additional infrastructure costs. East Midlands Airport can deliver growth within the short haul market and support exports by providing additional freight connectivity.

Building new partnerships

We will aim to develop greater partnership working at regional, national and international level. Proposals include:

- Working with UKTI and VisitBritain to deliver a powerful pan-regional message to take the Midlands Engine to the world.

- Working with Midlands Connect to ensure the needs of investors and visitors to the UK and the region are taken into account with the development of their strategy.
- Exploring how the Drive West Midlands programme, a multi-partner initiative supporting the indigenous automotive supply chain to improve competitiveness, can be rolled out across the Midlands Engine region.
- Exploring benefits for out of region visitors via a "one travel pass", which we anticipate would have significant demand within the business and group tourism sectors.
- Enhancing our market intelligence capabilities across the region will develop our competitive position and inform strategic and tactical efforts. This will support planning and delivery across all themes.

Midlands Connect

Midlands Connect, the transport partnership for the Midlands Engine, will enhance connectivity within, to and from the Midlands. Improving transport links to speed up journey times across the Midlands could potentially boost the regional economy by more than £1 billion per annum, create 300,000 additional jobs and save businesses nearly £500 million.

The Midlands Engine benefits from a central position of strategic importance to the UK transport network

The Midlands Engine will take advantage of our location at the heart of the UK. It provides unparalleled opportunities for connections to existing and new markets. Our strategic road and rail networks such as the M6, the M1, the West Coast Mainline, the East Coast Mainline and the Midlands Mainline are all of national importance. They are used to transport people and goods across the Midlands as well as across the country.

The Midlands Engine will link the UK to the rest of the world. Birmingham Airport handles more than 10 million passengers and East Midlands Airport is the second largest freight airport in the country. Luton airport is the fastest growing in the UK, and the airport at Cranfield University is favoured by business jets owing to its location north of London and close to the M1.

The Midlands is also served directly by several ports including Grimsby and Immingham and Boston. It is linked to wider national locations including the Haven Gateway, Felixstowe, Southampton, Humber, the Mersey Ports and Holyhead.

Working in Partnership - One Voice for the Midlands to boost the economy

Midlands Connect, formed in 2014, is a partnership of twenty-eight local authorities, Network Rail, Highways England, Government and the business community. It operates across the eleven LEP geography of Midlands Engine.

Midlands Connect will operate on a "One Voice" approach which will ensure we reach a unified position on strategic transport investment. It will use an evidenced approach focused on clearly articulating the transport needs, opportunities and investment priorities for the region.





Midlands Connect – Powering the Midlands Engine for Growth

Midlands Connect will exploit the opportunities of High Speed 2 Rail (HS2)

HS2 will place the Midlands at the centre of a new national high-speed rail network. It will provide much needed rail capacity and enhanced connectivity between Britain's major cities. Plans will be put in place to ensure that the Midlands Engine capitalises on the economic benefits associated with its transformational connectivity improvements.

Midlands Connect will develop measures for wider strategic connectivity from the Midlands Engine to proposed HS2 Hub Stations serving the Midlands. These include the development of HS2 Phase 2 proposals.

Midlands Connect will set priorities for maximising released capacity from the classic rail network, particularly for areas not served directly by HS2. We will also ensure complete integration with existing and future HS2 Growth Strategies.

Road and rail networks must be prepared for new and on-going transport challenges

Midlands Connect will address our wider road and rail networks challenges that impact on the competitiveness of both the Midlands and the wider UK economy. Midlands Connect will address the congestion, slow journey times and unreliability on the Midlands' rail and road arteries. This impacts on national trade and productivity, through disruptions to North-South connections via the Midlands. A further barrier to further economic agglomeration and passenger/freight movements East-West can potentially be created here.

Midlands Connect will develop the vision and set out the long term Transport Strategy for the Midlands Engine

Midlands Connect will use the £5 million it received from Government to develop the vision and strategy for transforming transport connectivity across the Midlands Engine region. It will set out a credible long term transport investment strategy to build the Midlands as an Engine for Growth.

The Midlands Connect Transport Strategy will develop and examine options for:

- Measures that maximise economic growth from HS2
- Reduced journey times and improved reliability between key centres
- Addressing the interaction of national, regional and local movements within key strategic transport hubs in the Midlands
- A long term solution to the congestion and unreliability of movements within and through the region.
- Regional and national interventions that connect the Midlands to international gateways.

The strategy will be launched by March 2017.

Innovation

The Midlands Engine will encourage businesses, Universities and the research translation centres across the region to work more closely together to create propositions for innovative working in our priority sectors. This will be aimed at delivering a pipeline of new products, process and market opportunities as well as stimulate a greater uptake in the innovative practice across the whole business base.

Evolving the key sectors of the Midlands Engine to improve international competitiveness

The Midlands Engine's world-class research and technology base will work closer together to support the drive to increase productivity and competitiveness in our business base. The aim will be to address gaps in national capability, drive business retention and inward investment, safeguard and increase employment, and equip UK businesses to lead globally in response to the rapidly evolving demands of customers.

Work will focus on the following key sectors:

- Manufacturing, Engineering and Transport Technologies – Linking assets such as the four Rolls-Royce University Technology Centres, Warwick Manufacturing Group and the Manufacturing Technology Centre that reside in the region. These and others such as the Advanced Propulsion Centre, MIRA, the National Rail Research Centre, and the National Automotive Innovation Centre will host engagement work with businesses such as Arup, Atkins, Bombardier, GKN Land Systems, Jaguar Land Rover, JCB, Rolls Royce, Siemens, Bombardier and Thales as well as their supply chains.

- Agri-food and drink manufacturing and production – Building university-business consortia to allow the exploitation of opportunities in advanced food manufacturing and farming. The agri-food sector and its production chains integrate strengths in food production technologies, agricultural engineering, nutrition and health outcomes, product development, design and marketing. With research-intensive companies including 2 Sisters, AGCO, Mondelez, PepsiCo, and SAB Miller all located in our region, we are ideally placed to improve productivity across the food cycle, from farm to fork. The Midlands Engine has discussed a substantial project in this area with government to encourage this wider development.
- Healthcare, Life Sciences and Translational Medicine – Building on regional assets such as six Medical Schools and a range of associated Health and Life Science resources, we aim to become the natural test-bed for research exploitation as well as a meeting point between patients, the NHS and our clinical, biomedical, engineering and health expertise. The Midlands Engine will aim to become one of the leading places in Europe to conduct clinical trials and accelerate translation of research from laboratory bench to bedside.
- Energy and Low Carbon Technologies – We will use the University-based Energy Research Accelerator (ERA) to deliver a step change in the impact of energy research in the UK. This will also form the basis of encouraging further collaboration between the likes of the Energy Systems Catapult and the Energy Technologies



25 UNIVERSITIES

2 SCIENCE CITIES



2 KNOWLEDGE INNOVATION COMMUNITIES

BRITISH GEOLOGICAL SURVEY



23 SCIENCE PARKS



845 GRADUATE STARTUPS SURVIVING THREE YEARS

2 ACADEMIC HEALTH SCIENCE NETWORKS



4 ROLLS ROYCE UNIVERSITY TECHNOLOGY CENTRES

6 ENTERPRISE ZONES

OVER 66,000
GRADUATES
A YEAR



3 CATAPULTS

Our excellent universities and research translational centres will work more closely with the regional business base to further stimulate the uptake of innovation.

Institute with regional companies such as GE, Siemens, British Gas, Cofely-GDF Suez, E.On, Intelligent Energy, National Grid, and Worcester-Bosch. Government committed £60 million for the initial first phase of ERA. Further commitment from government will develop the next phase of these important energy research and demonstration assets.

- Creative, Digital and Design Sector - We will look to exploit fully the interplay between the creative, digital and design sector and those sectors above. This will range from design capability linked to prototyping and product design, including using innovate techniques like additive manufacturing, to exploiting initiatives such as the anticipated Centre for Digital Integrated Systems, part of the West Midlands Combined Authority proposals.

Enhancing the exploitation of our assets

The Midlands Engine values the opportunity to enhance the exploitation of our assets as a result of the Science and Innovation Audits currently proposed by Government. We believe that these will showcase our sector innovation strengths and the link that already exist between business, universities and the translational research centres that operate in our region.

Partners are exploring with Government how best to develop a coordinated model that either revolves around a single Midlands Engine level audit or ensures that the outcomes of multiple audits are aligned to the benefit of the region. This will build a layered and cohesive approach across the Midlands Engine region.

Midlands Engine successes will further be underpinned by excellence in professional and financial services as well as in enterprise. The Universities have a strong network of business schools that supply economic intelligence and support businesses. They also provide a rich supply of spin-out companies and our students are some of the most enterprising in the country.

Creating a Higher Education Forum

Our Midlands Engine universities have agreed to work together to create regional Higher Education forum. This will allow partners will have regular dialogue with them on regional matters. The forum will also allow increased fore-sighting activity undertaken to support future Midlands Engine proposals.

Creating a stronger network of science parks and innovation centres

There are twenty-three science parks operating in the Midlands Engine, with most having incubation facilities. By working closer together, they will multiply the effects of targeted interventions to promote growth. Future activities under consideration include a targeted innovation voucher scheme and use of the latest communication technology to increase engagement of our knowledge base by supporting SMEs more efficiently.

Finance for Business

We recognise that the range of business types, the sectoral strengths of the region and its economic growth ambitions will call for a broad and sophisticated range of financial support mechanisms. Midlands Engine partners will work together to simplify and streamline the funding landscape, integrating recyclable funds across the debt, equity and mezzanine spectrum.

Midlands Engine will develop a comprehensive fund-of-funds

To support business growth and survival, Midlands Engine partners will develop a £180 million region-wide fund-of-funds utilising the EU Joint European Resource for Micro to Medium Enterprises (JEREMIE) programme. This fund will combine ERDF funding with matched lending from the European Investment Bank (EIB) and legacy returns from previous programmes. This will establish a comprehensive range of sub-funds designed to support the SME growth ambitions of the region. The funds will deliver access to finance solutions on a scale and ambition that has until now been unknown in the Midlands Engine region.

Government has been invited to be to be a formal partner in this pan-regional fund-of-funds programme and the Midlands Engine is already working with the British Business Bank to facilitate this.

The £180 million JEREMIE fund-of-funds represents just the start of our plans. By working in partnership, we have identified a need for greater scale, coordination and cooperation in the work we do across the region; a need for greater integration with other aspects of the business support environment; and greater devolvement of national support initiatives.

Midlands Engine has the ambition, scale and flexibility to support a range of new financial mechanisms vital to supporting business growth, job creation and productivity

The Midlands Engine partners aim to use the governance infrastructure that will be built to deliver this fund-of-funds to help deliver additional financial supports.

These additional financial instruments will be designed to complement national offerings, collaborate with and leverage funding from national providers or schemes, and deliver flexibility and responsiveness to local markets, growth plans, conditions and demands. For example:

- An Urban Development Fund will enable sustainable investment in infrastructure projects, heritage or cultural sites and brownfield sites. It will enable the creation of new commercial floor space, which would otherwise not be affordable due to cash flow issues.



s Loan

- A Regional Digital Media and Content Fund will attract TV and film makers into the region, promote the visitor economy, support growth in the creative sector, create jobs and generate a recyclable legacy return.
- A Regional Loan Guarantee scheme will underpin the region's manufacturing export growth ambitions by encouraging loans from new entrants into the SME loan marketplace, including peer-to-peer lenders. The regional scheme will complement the national Enterprise Finance Guarantee scheme by focussing upon SMEs and sectors that are not typically covered by that scheme.
- A structure at this spatial scale allows greater flexibility and responsiveness to changes in local economic needs. This will also enable the Midlands Engine to work effectively with Government and respond quickly to address any future economic 'shocks' that may be experienced.

Finance for Business as part of an integrated Business Support offer

The Midlands Engine finance for business offer will include a database of national and regional fund managers and financial products. This will be used to train and inform local Growth Hubs and their supporting partners as well as inform local web portals and other signposting services.

The regional access to finance offer will also integrate regional grant programmes. In doing so, this will help to ensure that: research and development projects have access to commercialisation funding; start-ups and early stage businesses have access to an escalator of finance products; recyclable funds are deployed alongside grant offers; and

The business base in the Midlands Engine is a vital component of our economic success and needs access to appropriate finance to flourish.

the right blend of funding is deployed in all cases.

Devolving financial instruments to the Midlands Engine will help align them with the business base they are targeting

The Midlands Engine will work with Government and the British Business Bank to review devolving some of the national access to finance programmes such as the Start-Up Loans scheme. This will allow regional providers to focus these schemes on local priorities and needs. It will also ensure that such schemes become embedded in an integrated and collaborative escalator of finance products capable of supporting at every stage of their development.

Skills

Businesses need talented people to enable growth and productivity improvement. In the manufacturing and engineering sectors there are concerns regarding an aging workforce and insufficient skilled people. Government has suggested that the Midlands should undertake work to address these issues. The Midlands Engine will drive action to respond to this challenge.

Skills Development is not keeping pace with demand in key sectors such as manufacturing

Midlands Engine skills partners recognise that there is substantial strength in the education and skills provision across the Midlands in disciplines that support our key sectors, particularly advanced manufacturing and engineering. However, current delivery models and infrastructure do not provide sufficient numbers of appropriately qualified people to keep pace with demand from these sectors as the economy grows. In 2013, there were around 25,000 vacancies in the Midlands that were hard to fill due to a lack of suitably skilled applicants. This represents around a fifth of all such skills shortages in England. Our future competitiveness is at risk.

The Midlands Engine presents an opportunity to join up Central Government departmental funding with local provision and services, build on freedoms and flexibilities agreed in local Growth and Devolution Deals, and improve knowledge of new educational approaches. This will support individuals along a clear pathway to get into work and progress as well as local businesses to grow more quickly.

Producing a supply of newly trained and re-tuned employees with advanced manufacturing skills to meet growth needs

Midlands Engine partners will work closely to address these issues, particularly within the manufacturing and engineering sectors. This will build on progress that has been made in bringing education providers and businesses closer together through our universities, colleges and our STEM-based University Technology Colleges. These are supported by Catapult Centres, private sector training providers and others.





Employer-led skills pathways will be developed to support learners into and through employment via apprenticeships and other qualifications at all levels.

Our Midlands network of Further Education colleges will initiate a unique partnership of institutions to deliver a step change in our approach to skills, by being focussed on employer needs and engagement. The Midlands Engine partners will pool resources and delivery around our major manufacturing companies where the colleges already have a strong provider role. They also have the ability to make a big impact on the supply chain base, by offering coordinated collective capacity and expertise to address some of the known training needs. A bespoke delivery plan will set out how colleges will work together to deliver a single solution to these businesses and their supply chains.

A Midlands Engine region network of Specialist Advanced Manufacturing Hubs, based on the concept of Institutes of Technology, will be formed to deliver feeder routes from the wider body of colleges into the new Hubs. In parallel, there will be more employer-led technical curriculum development, including virtual learning, teacher exchange, mentoring and professional development.

A high profile employer-led apprenticeship marketing programme will be built around academic and vocational education linked to employment opportunities in the sector. This will deliver better quality training and an increased supply of recruits into advanced manufacturing jobs. Our activity will ensure the Midlands Engine supports the Government's core economic target of delivering an additional three million apprenticeships.

This apprenticeship marketing programme will be supported by the development of a comprehensive careers education initiative which will integrate every element of the journey, providing a pathway through further education, higher education, apprenticeships and workforce development.

Developing high-level technical and engineering skills for the advanced manufacturing sector

The Midlands Engine partners are also committed to developing a comprehensive provision of Degree and Higher Level Apprenticeships. This will provide a combination of academic and vocational learning in a progressive framework, from school through to postgraduate level.

This employer-led, advanced manufacturing skills pathway will in time give breadth and depth to our labour pool and will build on the excellent practice which already exists in many of our universities in collaboration with the private sector.

Sharing Best Practice

Much work to improve skills levels and employment rates has taken place locally across the Midlands, whether pre-employment, or in-work up-skilling to match changing employer needs. The Midlands Engine is committed to evolving and sharing best practice in this field in order to accelerate addressing these issues, and we have invited Government to work with us to facilitate this and to build on existing excellent joint work such as the industrial partnerships

The Midlands Engine for Growth - Next Steps

The initial work to develop this Midlands Engine prospectus and present it to Government has been overseen by a senior Steering Group. This has comprised LEPs and Local Authorities working together alongside experts in the themes identified for initial collaboration. Significant momentum has been generated by the process of delivering the prospectus.

It is crucial that we continue this momentum and implement the proposals contained within this prospectus. This will be achieved by the Midlands Engine stakeholder base working closely with Government. Both parties must promote the use of the Midlands Engine to its fullest in order to start to deliver the economic and productivity gains anticipated.

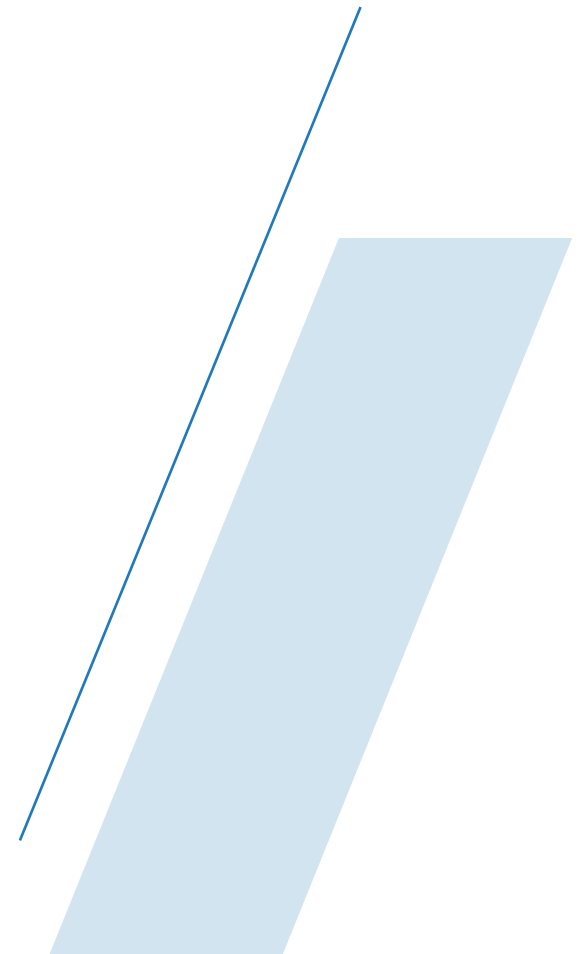
Midlands Engine Implementation Planning

A detailed Midlands Engine implementation plan will be developed to take forward the key proposals contained within this prospectus. This will include the following core elements:

- Completing a more comprehensive analysis of the Midlands Engine economy. This will be used to update the aim and objectives for the Midlands Engine.
- Developing a Midlands Engine Productivity Improvement Plan, based on best practice recommendations currently in development within parts of the region.
- Undertaking the first Midlands Engine trade mission and hosting the first senior Midlands Engine inward investment visit.
- Developing an investment pitch book of investible propositions for use at MIPIM 2016.

- Building a regional business visitor and tourism offer.
- Developing the vision and strategy for transforming transport connectivity across the Midlands Engine region through Midlands Connect.
- Evolving phase two of the Midlands Innovation led Energy Research Accelerator and a pipeline of further similar propositions, including a likely Agri-food sector proposition.
- Building a stronger network of regional science parks as well as a higher education forum.
- Developing a JEREMIE based fund of funds to finance business better together with evolving discussions with the British Business Bank regarding further regional finance mechanisms.
- Developing a more comprehensive demand led approach for skills development in the manufacturing and engineering sectors, based on increased provider collaboration and alignment.
- Undertaking a review of best practice relating to employment and skills. This will be used to accelerate the take up of new and innovative ideas.

Oversight of the Implementation Plan will be provided by a permanent senior leadership group that will hold the Midlands Engine partners to account for its delivery. It is proposed that the group has strong engagement with a senior Government minister, who will also be the Government champion for the Midlands Engine, including leading trade missions and other relevant activity.



It is likely that a number of sub-groups will be formed to support the senior leadership, where they do not exist already. These are likely to be linked to the five themes that have emerged in the prospectus. A separate economic intelligence sub-group may also be formed.

The private sector has shown interest in developing a business advisory group to support the wider leadership group. This will encourage wider business participation in Midlands Engine activity and be on hand to promote its work.

Resourcing of delivery of the implementation plan should be reviewed. Midlands Engine partners will work with Government to facilitate this.

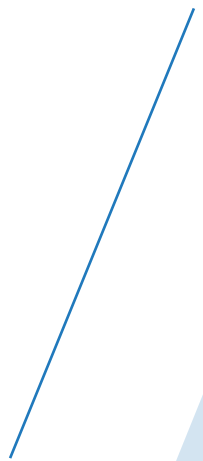
Spending Review and Autumn Statement 2015

Regional partners welcome the support for the Midlands Engine for Growth contained within the recent Spending Review and Autumn Statement. The specific references to the creation of a new Midlands Connect Strategic Board, the recognition of the new Energy Research Accelerator and new round of European financing for smaller businesses across the Midlands, and the £5 million provided for a Midlands Engine Trade and Investment Plan all match closely with the contents of this prospectus. We look forward to working with Government to deliver these proposals.

Communicating success

This prospectus will be made available to all stakeholders in the Midlands Engine region. In time, it will be supported by a dedicated web platform to allow update on the progress of the implementation plan and promote Midlands Engine activities and success.

We also propose that regular summits are held regarding the progress of the Midlands Engine. This would allow wider involvement and participation from Midlands' stakeholders.



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Greater Lincolnshire LEP

Leicester and Leicestershire LEP

The Marches LEP

Northamptonshire LEP

South East Midlands LEP

Stoke-on-Trent and Staffordshire LEP

Worcestershire LEP

Acknowledgements

This prospectus has been produced in conjunction with a wide cross section of stakeholders from the Midlands Engine region. Their cooperation and support has been invaluable and their initial work will provide the foundation for the delivery of the aims contained within this document.

We would also like to acknowledge the work of those who have led on the production of this prospectus, namely:

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