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# Innovation in Worcestershire: Building a culture of innovation for growth – how should we go about this?

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*WLEP Board*

06 October 2023

# Session Purpose...



To explore and discuss ways we can elevate  
Innovation in Worcestershire to achieve our WLEP Plan for  
Growth 2040 Priorities

# What's Innovation..?



*"I believe you have to be willing to be misunderstood if you're going to innovate."*

Jeff Bezos (born 1964), Founder of Amazon

*"Innovation distinguishes between a leader and a follower."*

Steve Jobs (1955-2011), Co-founder of Apple

*"I have not failed. I've just found 10,000 ways that won't work."*

Thomas Edison (1847 – 1931), Inventor

*"Innovation is the central issue in economic prosperity."*

Michael Porter, (born 1947) Economist & Professor, Harvard & Princeton

**Innovation drives economic Growth and....  
its all about creating a new Culture**

# WLEP Board discussion around...



- What does ‘good’ look like for regional innovation that drive economics in the UK and elsewhere?
- What are some of the early **observations/issues for action**;
  - Assessment of Worcestershire’s innovation landscape i.e. SWOT Analysis and, we need:
  - Mission Statement & Vision Statement for WLEP Innovation Board
  - Terms of Reference for WLEP Innovation Board
  - New Innovation Board members/contributors that are *aligned to WLEP Plan for Growth 2040 Priorities*
  - WLEP Board Innovation Strategy, Plan, Roadmap & Funding linked to the WLEP Priorities
- ***We will need*** your engagement, people and collaboration to create, build and support our new “Innovation for Worcestershire” Strategy, Plan & Roadmap



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# What does good look like?

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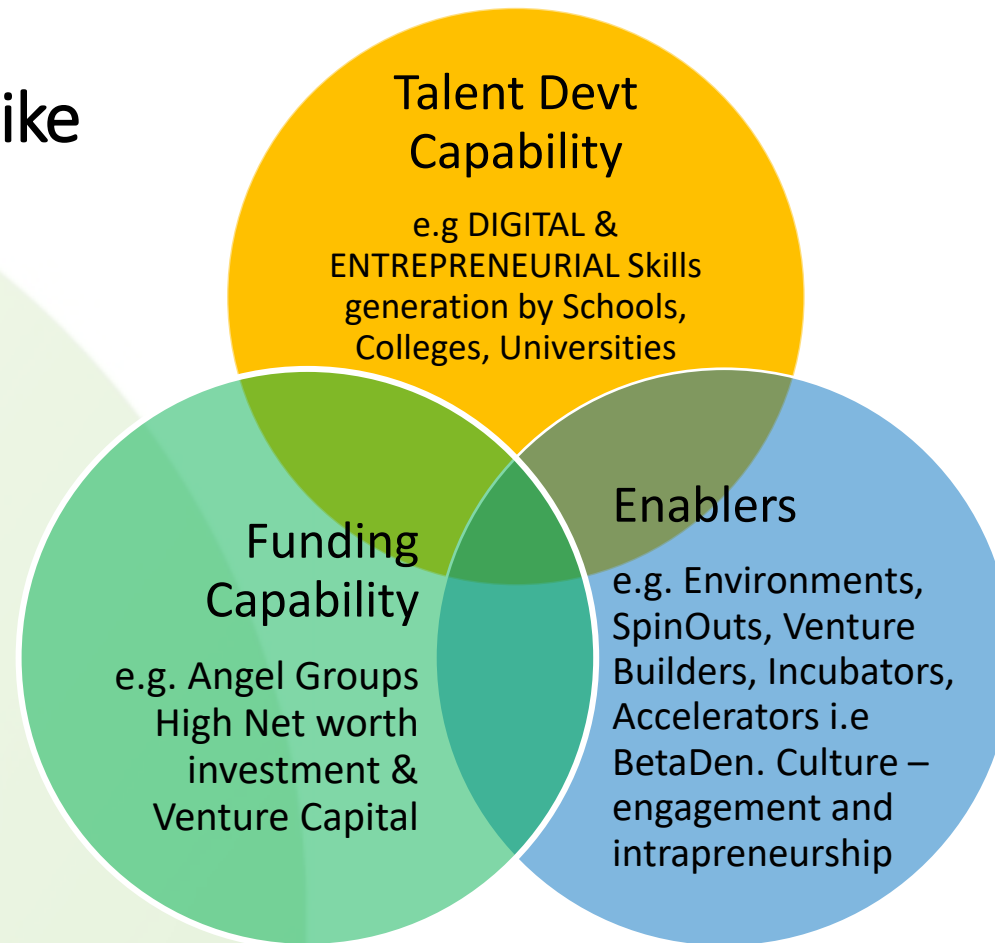
# The 'What'...



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## *The Innovation Model*

What does 'good' look like to drive **Innovation** and economic value in Worcestershire?



# Ecosystem Maturity...

The different city regions' maturity reflects in their needs and priorities for innovation

	Emerging	Growing	Developed	Mature
	Liverpool	Glasgow Birmingham Leeds	Manchester CC Alderley Park	Cambridge Oxford
Key driver	Creating start-ups	Driving scale-ups	Attracting Enterprises	Addressing overheating
Sector Specialism	General	Broad sectors	Sub sector clusters	World class specialisms
Investment Priority	Securing grants	Angel networks Attracting VC	Anchor VC fund(s) Recycling investment	Foreign Investment Late stage funds
Space requirements	Flexspace Open access labs	Flexspace & Open Access Serviced labs & offices	Full stack	Full stack Specialist shared facilities
Infrastructure Investment	Innovation centres Entrepreneurial skills	Innovation districts Tech/Science skills	Inward investment	Fixing pressure points (e.g. transport)
Talent Priority	Student retention	Attracting Founders	Reskilling	Engaging wider society

# Innovation Services Evolution...



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The innovation support needs to evolve as an ecosystem matures

	Emerging	Growing	Developed	Mature
	<b>Initiating</b>	<b>Delivering</b>	<b>Curating</b>	<b>Facilitating</b>
Business Support	Start-up navigation Marketing for identify Coaching/Mentorship	Business Growth navigation Marketing for investment Investment, Go to market,	Headcount growth navigation Marketing to attract talent Talent, peer group networks	Supplementary navigation Marketing for differentiation International support
Programmes	Incubation Accelerators/Bootcamps Investment showcases	Peer group scale-up Soft Landing Corporate innovation	Thematic programmes delivered by 3rd party providers where possible	Supplementary programmes delivered by 3rd party providers where possible
Access to Finance	Grant support Pitch preparation	Angel network facilitation	VC Fund set up facilitation	PE Fund set up facilitation
Access to talent	University liaison	Building Recruiter/Headhunt networks & partnering with Training/Alt talent providers	Skills ecosystem mgmt People Service providers Diverse talent providers	Feeding back shortages and Influencing talent providers
Vibrancy	Ecosystem development (placemaking)	Campus community dev (collaboration)	Employee benefit focus (retention)	Employee benefit focus (retention)
Science Services	Local science asset liaison (Manual)	Open access lab Mgmt Platform for services	Curated open access lab with sponsored assets	Hosting 3rd party service service providers
Ecosystem Curation	Cornerstone ecosystem player attracting high potential founders	Joining up the ecosystem players to attract high growth businesses	Curating the established ecosystem players to attract corporates	Curating the established ecosystem players to attract foreign businesses





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# What does Worcestershire look like?

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# Current SWOT Analysis...



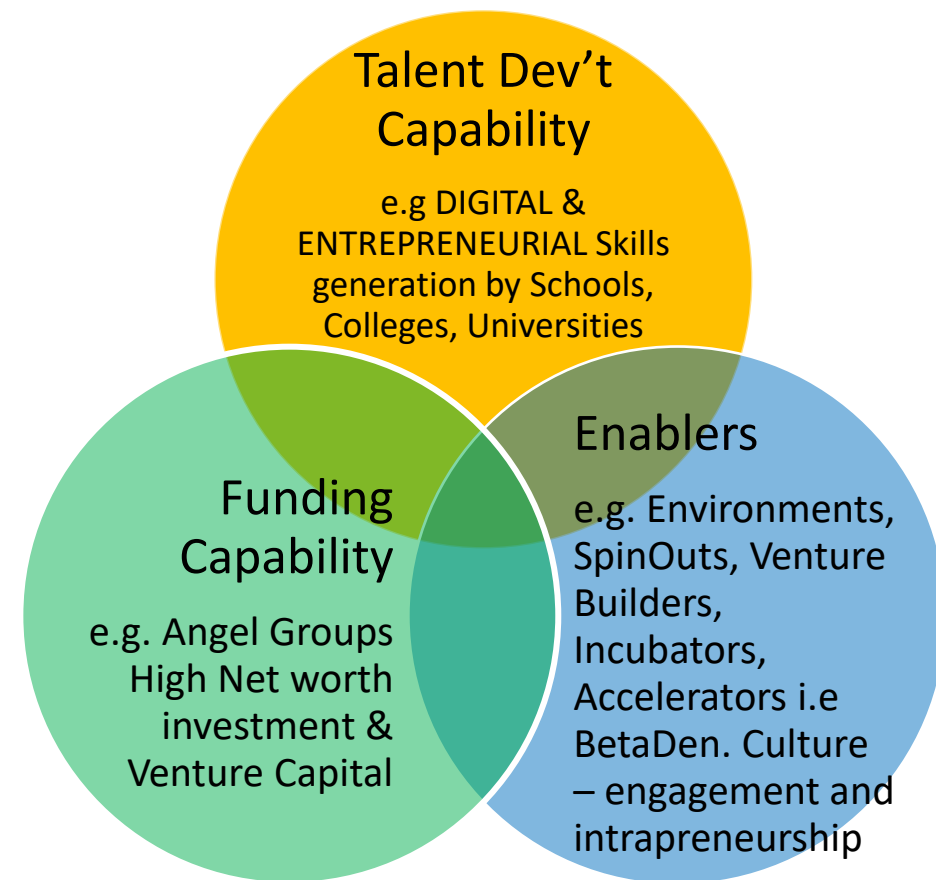
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## Strengths and Opportunities


- BetaDen – developing an emerging tech community (S / O)
- nexGworx and 5G testbed learning (O)
- Established Science Park in county with high-value cyber cluster (S / O)
- University of Worcester plans around Health & Care offer (O)
- RBC plans to develop Manufacturing Innovation Centre via Towns Fund (O)
- Hartpury University College and Harper Adams University proximity to support Agri-Tech focus, alongside Pershore College Agri-Tech Research Centre (O)
- Midlands Cyber initiative and increasing 'reach' (O)
- Increasing number of co-working spaces across county (O)
- River Severn district heat network potential (O)
- Build on school's engagement strengths – digital skills (O)


## Weaknesses and Threats

- Absence of Worcestershire Innovation Strategy – no real single focus or strength (W)
- Lack of available dedicated funding to support R&D / innovation (W / T)
- Lack of knowledge about business base assets re: innovation (W)
- Lack of active investment networks operating within Worcestershire (W / T)
- Low levels of incubator / accelerator activity within county (W / T)
- Lack of active academic institution with commercialisation of IP focus in county (W)



 Talent Dev't Capability

 Funding Capability

 Enablers

# Business Expenditure R&D...



- Between FY2018/19 and FY2022/23 **Worcestershire businesses received 87 Innovate UK grants worth £13.5m**. This represents 0.2% of Innovate UK grants and compares with Worcestershire's 1.3% share of the business base.
- **1,150 Worcestershire businesses claimed R&D tax credits in 2019/20 against R&D expenditure of £245m** (*upward trend from 2018/19 = 785 businesses against R&D expenditure of £185m*)
- The value of tax credits claimed in Worcestershire was lower than in most comparator areas – a pattern of low(er) value claims. This matches our knowledge of the local economy – more small(er) companies claiming small(er) amounts

The 2021 UK Innovation Survey (2018-2020):

- 15.0% of Worcestershire business undertook internal R&D - below the England average of 16.5%. Worcestershire ranked 30th of the 38 LEPs (*downward trend from 2018 results – 24.7% of business = 3rd/38 vs nat avg of 17.3%*)
- 42.5% of Worcestershire businesses were 'Innovation Active'\* , below the England average of 45.7%. Worcestershire ranked 25th of 38 LEPs
- Worcestershire's new to market goods and services as a percentage of turnover was 3.5%, below the England average of 8%. Worcestershire ranked 33rd of 38 LEPs

# Engaging our businesses...

- What do our businesses think – **primary research required** to help inform priorities...
- What are the challenges and opportunities around innovation for our businesses – and what is their appetite for innovation?
- How do we engage and influence large/corporate companies to **embrace local SMEs in innovation supply chain**?
- Greater clarity required on **sector prioritisation** – we CAN'T do it all - so what do WE want to be famous for and to **DIFFERENTIATE** ourselves that will create **inter-regional collaborations** with our neighbours and even international partnerships?
- **Entrepreneur skills development** programmes & support with **R&D tax support**?



HOW DOES WLEP ADD VALUE TO OUR BUSINESSES WITHIN THIS AGENDA???



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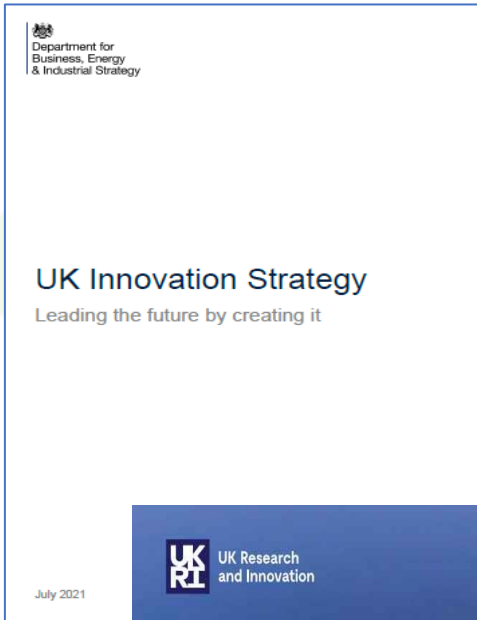
# Addressing the gaps...

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# National Context...

**UK Innovation Strategy** published in July 2021 aims to:

- Increase annual public investment in R&D to £22 billion
- Develop online finance and innovation hub between Innovate UK and the British Business Bank (due by Summer 2022) to simplify funding option information – The Innovation Hub now live
- Establish a UKRI-wide Commercialisation Funding Framework to simplify the process of commercialising ideas



## UKRI Strategy 2022-2027

- UK Research and Innovation (UKRI) is a non-departmental public body sponsored by the Department for Science, Innovation and Technology
- Aims to harness the full power of the UK's research and innovation system to tackle large-scale, complex challenges.
- Five strategic themes identified – *(1) building a green future, (2) building a secure and resilient world, (3) creating opportunities, improving outcomes, (4) securing better health, ageing and wellbeing, and (5) tackling infections*



# Strategic Alignment with UKRI...

## Size of the Prize

- UKRI intends to support an ambitious portfolio of programmes that include new interdisciplinary activity and work to amplify and connect existing UKRI investments relating to each theme.
- The anticipated budget is approximately £75 million for each theme over five years.

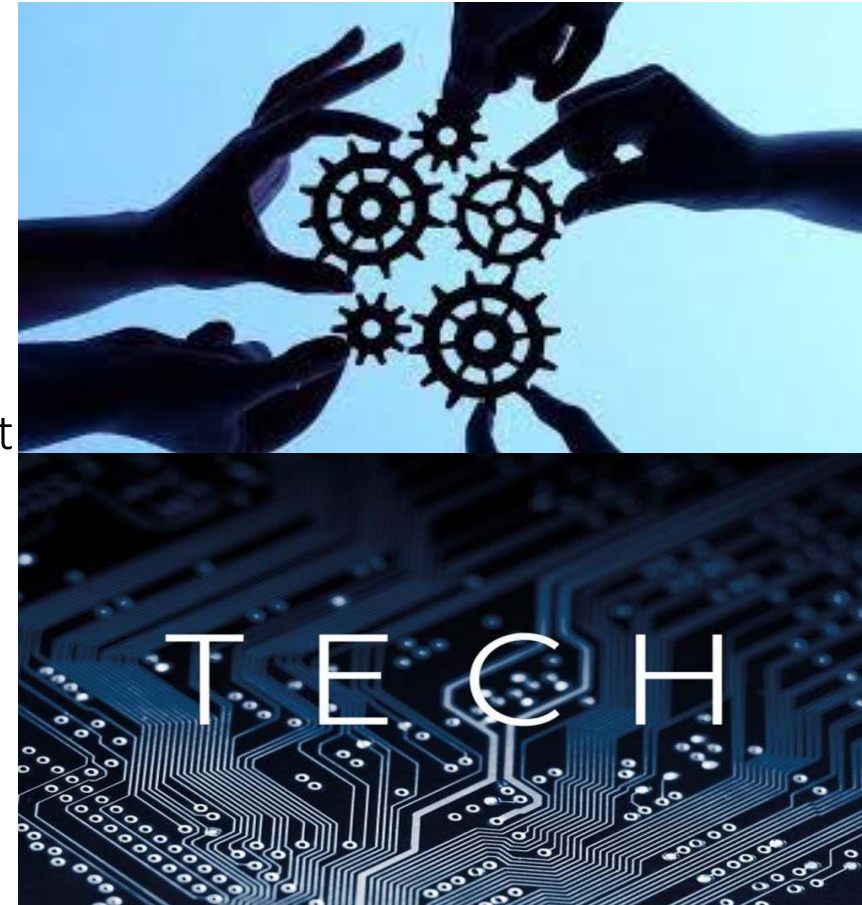
## Duration

- This investment spans six years from 2023 to 2029 with an initial commitment of up to £185 million from 2023 to 2025.

## Mapping Worcestershire to UKRI

### Developing a 'tech' focus

- Building a green future = **AgriTech** / **Health and Care (MedTech)**
- Building a secure and resilient world = **Cyber (DigiTech)** / **Adv. Manufacturing**
- Creating opportunities, improving outcomes = **Health and Care**
- Securing better health, ageing and wellbeing = **Health and Care** / **Agritech**
- Tackling infections = **Health and Care**



# Moving the dials to 2040...

## Talent Devt Capability

e.g DIGITAL &  
ENTREPRENEURIAL Skills  
generation by Schools,  
Colleges, Universities



### Proposed Areas of Focus

- Undertake business engagement to understand appetite, barriers and opportunities
- Explore potential academic alliances linked to innovation hub(s) focus

## Funding Capability

e.g. Angel Groups High  
Net worth investment  
& Venture Capital



### Proposed Areas of Focus

- Develop angel investor networks
- Develop a strategic funding framework aligned to UKRI themes

## Enablers

e.g. Environments,  
SpinOuts, Venture  
Builders, Incubators,  
Accelerators i.e  
BetaDen. Culture –  
engagement and  
intrapreneurship



### Proposed Areas of Focus

- Explore potential for sector-based innovation hub(s) aligned to WLEP PfG – evidence-based
- Explore collaboration with regional/national providers e.g. EagleLabs



# Reminder of our PfG sectors...



## Cornerstone Sectors



### Health and Care

- Local HE specialism / expertise
- Medical school development - Worcs
- Ageing demography within county – social care pressures
- Co-Labs asset (NHS) – Kidderminster
- UKRI strategic alignment



### Construction

- Local FE provision within county



### Business & Professional Services

- Strong business base

## Growth Sectors



### Advanced Manufacturing

- Manufacturing Innovation Centre asset proposals – Redditch
- Strong cluster in Worcester city and North Worcestershire, including rural areas
- UKRI strategic alignment



### Agri-Tech

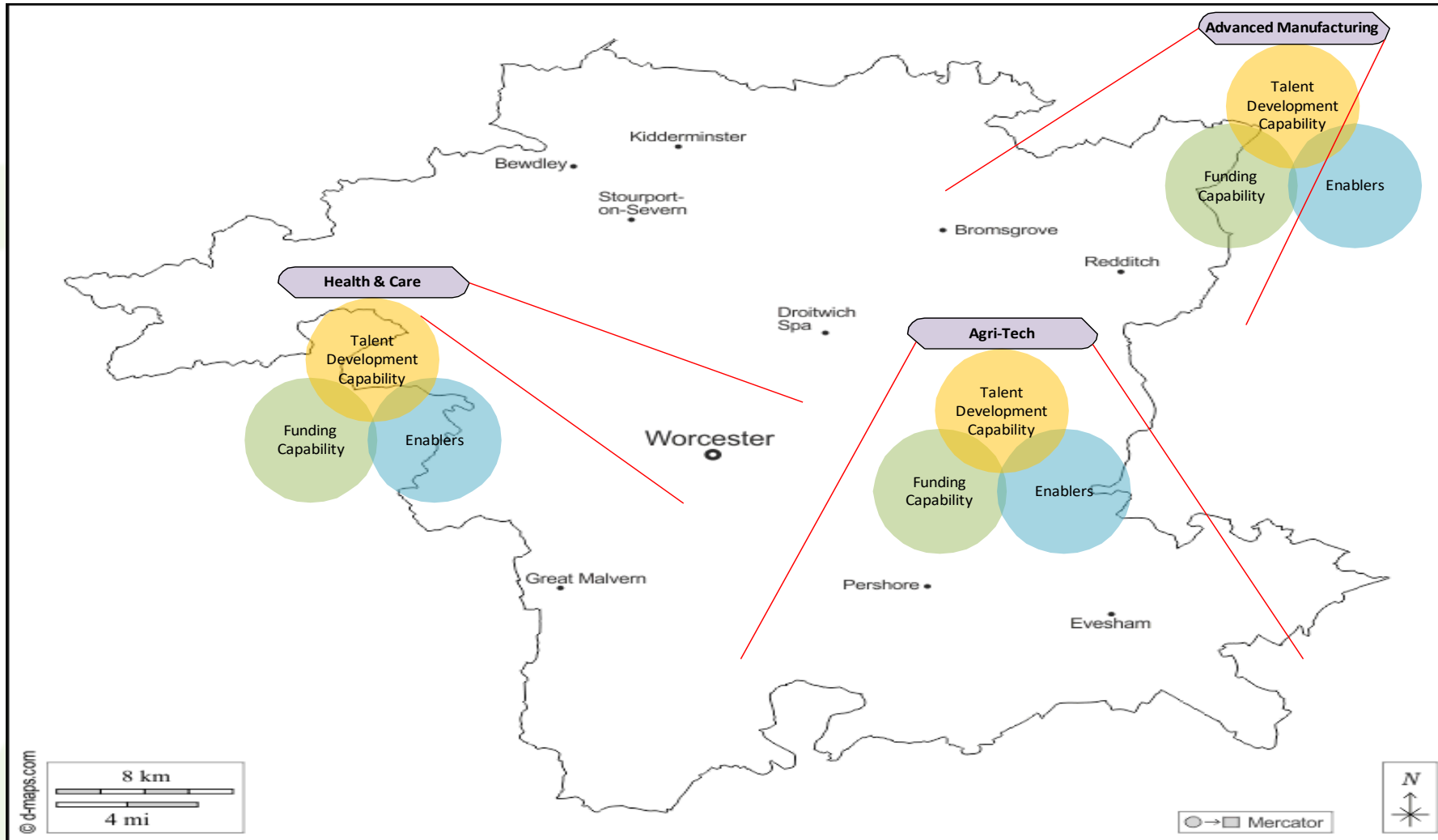
- AgriTech Research Centre at Pershore College
- Potential for local FE/HE alliances – Hartpury / Harper Adams
- UKRI strategic alignment



### Cyber, IT and Defence

- Strong cluster in Malvern Hills
- Cyber Valley geography potential (Bristol-Birmingham corridor)
- Midlands Cyber initiative
- UKRI strategic alignment

# Suggested Model / Concept...



## To Note

- Midlands Engine have recently published a report on regional clusters
- WLEP are having dialogue around piloting similar piece of work in Worcestershire
- Could usefully inform this work and assist prioritisation/validation of innovation clusters/sectors to target



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# Proposed next steps...

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# Plan for Growth refresher...



The Worcestershire Plan for Growth (2020-2040) sets out 4 goals under the Ideas pillar. The following ask of WLEP Board will help to contribute towards delivery of:

- Increase investment in R&D in line with national target of 2.4% GDP
- Improve links between businesses and Higher Education institutions
- Increase the number of R&D assets across the county to enable greater collaboration with Higher Education institutions beyond Worcestershire's borders
- Increase commercialisation success rate of business R&D investments to bring more products and services to market

# The Ask...

WLEP Board Approval to:

- Review our current thinking/plans re: SWOT analysis of current innovation assets and plans across the county/region
- Deliver a series of business roundtables around the county to engage on barriers, opportunities and appetite for innovation
- Setup and appoint a new Worcestershire LEP sub-board to support Innovation and identify a new set of diverse Board candidates
- Build a new Mission, Vision & Strategic Plan with a Roadmap to match the new Priorities in the WLEP Plan for Growth
- Move forward with innovation hub concept and agree on 2-3 max sectors for focus
- In parallel – commence partnership work on creating an “Angel Investment” Community for Worcestershire.



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## Worcestershire 2040 Vision:

**“A connected, creative, dynamic economy for all.”**

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