

7 WLEP Innovation Board proposal

WLEP BOARD RECOMMENDATION

The WLEP Board is asked to:

- Note the work that has been undertaken by WLEP Executive Team in preparing the WLEP Innovation Board proposal and its proposed remit to provide strategic direction and coordination of the ambitions set out in the 'Ideas' foundation of our Local Industrial Strategy;
- Approve the proposal to establish a WLEP Innovation Board, and associated timeline of initiating within the first quarter of 2021/22; and
- Delegate authority to WLEP QUAD, supported by WLEP Executive, to execute a recruitment strategy to identify key membership, which will enable effective delivery of the Innovation and R&D ambitions outlined in the LIS.

7.1 Context

7.1.1 The National Industrial Strategy 'Building a Britain that is Fit for the Future' identified five 'foundations' that are key to creating an economy that boosts productivity and earning power throughout the UK.

7.1.2 Together, they support the vision for a transformed economy:

- Ideas: the world's most innovative economy
- People: good jobs and greater earning power for all
- Infrastructure: a major upgrade to the UK's infrastructure
- Business Environment: the best place to start and grow a business
- Places: prosperous communities across the UK.

7.1.3 The focus of this report, is the 'Ideas' foundation and the associated proposal to establish a strategic forum that can provide dedicated R&D / Innovation leadership across the county on behalf of the WLEP Board which will support delivery of our ambitions as set out in the Local Industrial Strategy.

7.1.4 WLEP has agreed an economic vision for Worcestershire, "*to build a connected, creative and dynamic economy for all.*" Linked to that is our emerging WLEP Local Industrial Strategy which outlines the ambition to "*drive investment in R&D and innovation to create a dynamic business environment*".

7.1.5 In July 2020, HM Government published the UK Research and Development Roadmap¹ with grand ambitions to make the UK the very best place in the world to be a researcher, inventor or innovator, to inspire the next generation of engineers, biologists, designers, historians and entrepreneurs.

¹ <https://www.gov.uk/government/publications/uk-research-and-development-roadmap>

7.1.6 This paper is intended to stimulate discussion on what role Worcestershire could and should play.

7.2 Rationale for establishing a WLEP Innovation Board

7.2.1 We want to see Worcestershire transition into a powerhouse of R&D and innovation. We know our businesses punch above their weight in terms of their investment into R&D activities. However, we also know that there is more financial support and resource available regionally and nationally that Worcestershire could better tap into.

7.2.2 In October 2020, BEIS contacted all LEPs and MCAs with a headline fact-finding request about Innovation and R&D structures in place locally, looking to understand more about the following:

- Is there an R&D / Innovation lead in the LEP / MCA?
- Is there a dedicated R&D / Innovation Committee or sub-group in the LEP / MCA?
- Is there any other form of R&D / innovation-related leadership structure(s)?

7.2.3 Our response outlined that there are several strands of innovation-related leadership structures in Worcestershire and examples of activities and groups were provided (which is by no means exhaustive):

- Worcestershire 5G Testbed
- Malvern Hills Science Park (MHSP) with European-scale technology park ambitions
- BetaDen Technology Accelerator and Advisory Board
- Worcestershire Innovation Network (WINN)
- University of Worcester (UoW) Centre for Dementia Studies and National Pollen and Aerobiology Research Unit
- IASME – national contract delivering Cyber Essentials
- Potential Cyber Valley proposition / collaboration with The Marches, Gloucestershire and Swindon & Wiltshire LEPs

7.2.4 From the above list, only the BetaDen Advisory Board sits within the formal WLEP Board governance structure; however, its remit is scoped purely to provide strategic oversight and steer of the BetaDen Technology Accelerator.

7.2.5 Over the past 3 months, WLEP have held initial discussions with stakeholders and partners about establishing a dedicated Innovation Board for the county. This would be a separate sub-group of the WLEP Board and would be charged with setting the roadmap to realise WLEP's strategic objective of increasing R&D and innovation across the county.

7.2.6 A key focus of the proposed WLEP Innovation Board would be to bring the various strands of innovation and R&D activities underway across the county together into a coherent inclusive strategy for the county that delivers on the LIS 'Ideas' ambitions:

- To increase investment in R&D in line with national target of 2.4% and improve links between businesses and Higher Education Institutions (HEIs)
- Increase the number of R&D assets across the county to enable greater collaboration with HEIs beyond Worcestershire borders
- To increase commercialisation success rate of business R&D investment – more products / services to market

7.2.7 Unfortunately, research and innovation activity and funding are highly concentrated in certain parts of the UK. This makes the businesses in these areas more adaptable and innovative and provides more opportunities for high-skill employment and training, directly benefitting communities through improved productivity and resilience.

7.2.8 Worcestershire suffers from a lack of Centres to attract regional and national funding. Locally commissioned primary research undertaken by WLEP Executive into Innovate UK funding in the county has identified the following headline findings:

- Whilst the West Midlands receives a higher share of Innovate UK Funding than its share of the business base, Worcestershire receives less than its share of the business base. Worcestershire would have received an additional £59m in funding over the last 10 years if it had been awarded in relation to the size of the business base;
- In terms of the Innovate UK funding products awarded the main difference between the West Midlands and Worcestershire is that over half of the funding in the West Midlands is to Centres, whilst no funding in Worcestershire was awarded under this product;
- Profiling of innovative businesses not awarded Innovate UK funding suggests that there are 40 businesses that hold a patent and 37 businesses that report R&D expenditure in their accounts that could be targeted. In addition, there are a further 34 patents registered to individuals at Worcestershire addresses, which there maybe scope to target if they can be linked with a Worcestershire company; and
- Mapping of innovative businesses suggests there are clusters in Malvern, Worcester and Redditch.

7.2.9 Worcestershire is strategically placed in a prime location to benefit from the activity in the Science and Innovation corridor running from Birmingham through to Bristol and we should capitalise on this opportunity and link into the 'levelling up' agenda from central government.

7.2.10 Findings from our LIS evidence base point to a host of reasons for having a targeted focus on improving R&D and innovation across the county:

- Businesses need access to funding, advice and space to enable innovation
- Increasing investment in R&D locally will generate higher volumes of higher-value jobs in the local economy with knock-on impact of seeking to attract and retain young skilled workforce
- Businesses require better access to research institutions to share knowledge, collaborate and access relevant expertise
- Further development of existing innovation assets will attract additional R&D investment and skills into the geography (talent attracts talent)
- Better identification and engagement with potential high-growth companies should yield greater successes in generating productivity improvements locally and nationally

7.3 WLEP Innovation Board – Remit and Membership

7.3.1 WLEP Executive Team are proposing that WLEP Board establishes an Innovation Board as part of its governance structure. The primary purpose of the WLEP Innovation Board would be to develop, coordinate and manage an Innovation Action Plan for the LEP to provide economic leadership that delivers sustainable and proportionate growth of the county's innovation and R&D ecosystem.

7.2.7 The WLEP Innovation Board would be responsible for managing and coordinating activity across the Ideas foundation within the LIS; bringing together the numerous strands of innovation activity currently underway, into a coherent inclusive strategy for the county.

7.2.8 The Innovation Board will be a pro-active group of individuals with representation from across the public, private, education and third sectors, focussing on promoting innovation and growth in high value clusters in line with the LIS.

7.2.9 Once established, the Innovation Board would focus on promoting Worcestershire as an exemplar county that recognises the importance of innovation with a view to attracting investment and value into the county and contributing to the LEP's vision of a connected, creative and dynamic economy for all.

7.2.10 The Innovation Board would report to the WLEP Board on progress and provide business intelligence on some of the opportunities and challenges around growing innovation and R&D. Key areas of focus could be:

- Promotion and profile of the county
- Connected and collaborative ecosystem – more effective identification and engagement of high-growth firms to enable peer learning and best practice shared on access to finance, barriers to growth etc.
- High value job growth
- Smart infrastructure – linking in 5G opportunities, hydrogen, multi-fuel
- Security by design and cyber opportunities

7.2.11 A proposed Terms of Reference and membership for the WLEP Innovation Board are attached at Appendix 1.

7.4 Updating the WLEP Local Assurance Framework

7.4.1 Subject to approval, implementation of the WLEP Innovation Board would need to be reflected in an updated version of the WLEP Local Assurance Framework, and the agreed Scheme of Delegation.

7.4.2 It is envisaged that the WLEP Innovation Board would provide progress reports to the WLEP Board by exception.

7.5 Next Steps

7.5.1 WLEP Board are recommended to approve the proposal to establish a WLEP Innovation Board within the first quarter of 2021/22.

7.5.2 If WLEP Board approval is granted to implement the WLEP Innovation Board, then WLEP Executive will work with partners and stakeholders to seek nominations for representatives, establish the group, and set up the necessary reporting mechanisms to ensure progress is reported regularly.

7.5.3 WLEP Board are recommended to delegate authority to WLEP QUAD, supported by WLEP Executive, to execute an implementation plan for the Innovation Board, including appointment of qualified individuals following the recent WLEP Board NED recruitment exercise which took place over Dec 2020 – January 2021.

Luke Willetts
Director of Operations

Appendix 1: Terms of Reference for the WLEP Innovation Board

WLEP Innovation Board (WIB)

Terms of Reference: 19/11/2020 v1

The WLEP Innovation Board (WIB) is a formal standing sub-group of the Worcestershire LEP Board. It is responsible for enhancing and increasing innovation and R&D activities in Worcestershire and delivering on the 'Ideas' ambitions set out in the WLEP Local Industrial Strategy (LIS), providing regular assurance to the WLEP Board.

1. Purpose

- 1.1 The primary purpose of the WLEP Innovation Board (WIB) is to provide assurance to the WLEP Board that progress against the WLEP LIS Ideas foundation is being achieved on-time, to budget and to the quality required.
- 1.2 The role of the Innovation Board is to bring together the various strands of innovation and R&D activities underway across the county into a coherent inclusive strategy for the LEP.
- 1.3 The WIB is to identify potential projects / interventions for submission into the WLEP project pipeline.

2. Responsibilities

- 2.1 Establish an action plan that delivers on the ambitions within the WLEP LIS Ideas foundation.
- 2.2 Engage industry from the LEP's key growth and cornerstone sectors to collaborate and innovate in solving industry challenges to support economic growth and improvements in productivity.
- 2.3 Embrace 'activation' of its membership and not simply 'representation' – bringing together academia, industry and technology in a meaningful way to deliver transformative change.
- 2.4 Work in partnership with local businesses and Higher Education institutions (in and out of county) to broker relationships that enable effective collaboration, creating the conditions for businesses and entrepreneurs to thrive and survive.
- 2.5 Identifying opportunities to extend the range of innovation assets we have in the county.
- 2.6 Identify and engage with high-growth and innovative firms in Worcestershire to help shape the Action Plan and understand the opportunities, challenges and interventions required.
- 2.7 Champion greater investment into innovation and R&D activities within Worcestershire – through supporting project pipeline development to capitalise on future funding opportunities; and identifying inward investment opportunities by fostering future international innovation in key markets e.g. Canada, USA, New Zealand etc.

3. Scope

- 3.1. Undertake a swift review of the Innovation 'landscape' in Worcestershire to understand the key players and innovation activities / interventions currently in place.
- 3.2 Consider a gap analysis based on the findings of the innovation landscape review.

- 3.3 Develop an action plan that sets out a roadmap to delivering on the ambitions of the WLEP LIS Ideas foundation.
- 3.4 Identify a targeted list of innovative businesses in Worcestershire to engage with and help inform the action plan.
- 3.5 Identify and develop proposed interventions / policy ideas to support delivery of the Ideas pillar of the LIS.

4. Membership

- 4.1. Membership of the WLEP WIB will include a balance of representatives from the private, public and education sectors, and report to WLEP Board.
- 4.2 Membership of the group will aim to reflect the economic make-up of the county, considering:
 - Corporate and SME representation
 - Geographic coverage across the county
 - Industrial representation – including key growth and cornerstone sectors of WLEP
- 4.3. Proposed composition of the WIB is a maximum of 10 members, as follows:
 - 6 x private sector WLEP NEDs (1 x Chair)
 - 2 x education sector representatives
 - 2 x public sector representatives
- 4.4 Meetings will be deemed quorate for decision making purposes if at least 4 out of the 6 WLEP NEDs and 1 representative from both the public and education sectors (or their nominated deputies) are in attendance.
- 4.4 All members of the WIB will have 1 vote each except for the Chair, who will have an additional casting vote in the event of a stalemate.
- 4.5 Meetings will be facilitated by the WLEP Executive Team.

5. Accountability

- 5.1. The WLEP WIB will provide progress reports to the WLEP Board on a bi-annual basis or by exception.

6. Frequency/Meetings

- 6.1. The WLEP WIB will formally meet minimum quarterly.
- 6.2. The WLEP WIB agenda and papers will be published 5 working days before the meeting takes place.
- 6.3. The minutes of the WLEP WIB meeting will be published within 10 working days of the meeting taking place.

7. Review

- 7.1. The Terms of Reference is effective from [date] and may be reviewed upon request by the WLEP WIB in order to ensure the WIB's remit remains fit for purpose.