

MIDLANDS ENGINE EXECUTIVE BOARD

**REPORTS PACK
30 January 2024**

January 2024

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Midlands Engine Executive Board Agenda 30 January 13.00 -15.00

Membership	Sir John Peace (SJP) Chairman, Midlands Engine, Prof. Trevor McMillan (TM), Vice Chancellor, Keele University, Prof. Edward Peck (EP), Vice Chancellor Nottingham Trent University, Andy Street (AS) Mayor West Midlands Combined Authority, Cllr Alan White (AL) Leader, Staffordshire County Council, Cllr Simon Geraghty (SG) Leader, Worcestershire County Council, Cllr Martin Hill (MH) Leader, Lincolnshire Council, Cllr Barry Lewis (BL) Leader, Derbyshire Council, Cllr Baggy Shanker (BS), Leader, Derby City Council, Cllr David Mellen (DM) Leader, Nottingham City Council, Alun Rogers (AR), Chair Stoke on Trent and Staffordshire LEP, Andy Reed (ARd), Chair Leicester and Leicestershire LEP
Observers:	Shehzad Chaudhary (SC), DIT Deputy Director – English Regions, Peter Shakespear (PS), Deputy S151 Staffordshire County Council, Rowena Limb (RL) Area Director, Cities and Local Growth Unit. Rachel Dickinson (RD), Acting Deputy Director, Cities and Local Growth Unit, Georgia Elms (GE), Policy Adviser Cities and Local Growth Unit.
Apologies:	Alun Rogers (AR), Cllr Barry Lewis (BL) Leader, Cllr Baggy Shanker (BS), Cllr David Mellen (DM)
In attendance:	Roger Mendonca, (RM) CEO, Midlands Engine, Maria Machancoses (MM) CEO, Midlands Connect, Professor Delma Dwight, Midlands Engine
Guests:	Matt Lyons (ML) – City Redi, Jackie Wild (JW), SmartParc, Martin Collison (MC), Collison & Associates, Tim Foster (TF), University of Nottingham.
Chairman:	Sir John Peace

Item	Timing	Topic	Paper No.	Lead
	13.00 - 13.10	Chairman's welcome		Chairman
1.	13.10 - 13.15	Declarations of Interest and minutes of last meeting	EB21.1.1	Chairman
2.	13.15 – 13.30	Midlands Engine update	EB24.1.2	RM
3.	13.30 - 14.00	Midlands Observatory <ul style="list-style-type: none"> - Midlands Economic update - Midlands Megatrends report 	Presentation	DD
4.	14.00 – 14.45	Midlands Engine Food & Drink White Paper <ul style="list-style-type: none"> - Overview and recommendations 	Presentation & discussion	ML
5.	14.45 – 15.00	AOB		Chairman

= Draft = Minutes - Midlands Engine Executive Board – 24 October 2023

In attendance

Members	
Name	Position
Sir John Peace (SJP)	Chairman of the Board
Cllr. Bob Sleigh (BS)	Deputy Mayor, WMCA
Cllr Simon Geraghty (SG)	Leader Worcestershire County Council - West Midlands Councils
Cllr Martin Hill (MH)	Leader, Lincolnshire Council - East Midlands Councils
Cllr David Mellen (DM)	Leader, Nottingham City Council - East Midlands Councils
Cllr Baggy Shanker (BS)	Leader, Derby City Council - East Midlands Councils
Andy Reed (AR)	Chair, Leicester and Leicestershire LEP representing East Midlands LEPs.
Alun Rogers (ARo)	Chair, Stoke-on-Trent and Staffordshire LEP - West Midlands LEPs
Officers and Observers	
Roger Mendonça (RM)	Chief Executive, Midlands Engine Secretariat
Josh Hawkins (JH)	Head of Global and Investment, Midlands Engine Secretariat
Prof. Delma Dwight (DD)	Director Midlands Engine Observatory, Midlands Engine Secretariat
Gayle Aughton (GA)	Head of Corporate, Midlands Engine Secretariat
Peter Shakespear (PS)	S151 Officer and Deputy Treasurer, Staffordshire County Council
Rachel Dickenson (RD)	HMG Deputy Director, Areas and Analysis Directorate, Cities and Local Growth Unit
Nicola Croden (NC)	HMG Department for Business and Trade, DLUHC
Georgia Elms (GE)	HMG Department for Business and Trade, DLUHC
Heather Martin (HM)	HMG, Partnership / Business Manager, DBT
Guests	
John Tatum (JT)	Places for People Group Limited
June Matte (JM)	Managing Director of PFM (UK Municipal Bond Agency Managed Service Provider)
Christian Wall (CW)	Director, Blueprint Partnership Limited
Samantha Veal (SV)	Director, Blueprint Partnership Limited

Apologies:

Name	Position
Prof. Trevor McMillan (TM)	Vice Chancellor, Keele University - Midlands Innovation
Cllr Barry Lewis (BL)	Leader, Derbyshire County Council - East Midlands Councils
Andy Street (AS)	Mayor West Midlands Combined Authority - West Midlands Councils
Prof. Edward Peck (EP)	Vice Chancellor, Nottingham Trent University - Midlands Enterprise Universities
Cllr Alan White (AW)	Leader, Staffordshire County Council - West Midlands Councils
Maria Machancoses (MM)	CEO, Midlands Connect
Shehzad Chaudhary (SC)	Deputy Director Midlands Engine, Department for Business and Trade (DST)

Item	Narrative
	Welcome
1	Chair's Opening Remarks The Chair Welcomed everyone to the Executive Board. The main area of focus is a discussion on alternative approaches to public sector funding to deliver priority projects.
	Matters of Governance
2	Apologies – Noted above. The Chairman welcomed Cllr Baggy Shanker to the meeting.
	Declarations of Interest
3	Cllr Mellen declared an interest as a Board Member of Blueprint Partnership Limited.
	Minutes and matters arising
4	Minutes – The minutes of the meeting held 26 April 2023 were recorded as an accurate record and all actions completed.
	CEO Update
5	RM provided a summary of the key points within the report: Policy - Food and Energy Security - work is underway on partners agreed areas of focus this will include delivery of a number of White Papers to identify how the Midlands can best position itself in these areas. This insight will be used to feedback to government. An update on this work will be brought to a subsequent meeting of this Board. Action: An update on the White Papers to be brought to this Board. Events - Midlands Economic Summit was delivered in partnership with a private sector partner and was a great success. Consideration to repeat next year underway. UKREIIF also a success, there will be a unified Midlands presence with a single pavilion for the Midlands at the next event in 2024. Nine partners have agreed to contribute to the costs of a single pavilion to present their opportunities to market. Partnership relations - Work continues to be partnership led; 47 in person partner visits since the last Executive Board Meeting. Governance - FARB has been established and two meetings have been held. Currently in audit stage, feedback will be provided at a subsequent Executive Board meeting. Action: Feedback on audit recommendations at a future meeting of this Board. HS2 - The Chairman informed the Board that Midlands Connect is devising a plan for selecting priorities from the local projects that may be financed by unused HS2 funding. We will report back on these priorities at a subsequent meeting once decided later this year. Action: An update on selected rail priorities that may be financed by unused HS2 funding to be brought back to this Board. RM welcomed questions on the Board Report. Board Members thanked RM for the update and no questions were raised.
	Midlands Economic Observatory – Midlands Economic Performance Report
6	The Chairman invited DD to update the board on current economic performance of ME contained in the economic dashboard circulated in the report pack. In summary: DD outlined the latest findings from the Observatory on the economic picture for the Midlands. DD highlighted investor perception before and after the crisis suggests a 'flight to safety' pattern,

	<p>whereby investment activity is heavily concentrated in London and the South East.</p> <p>The Chairman asked if government was aware of this pattern and, if so, what is the strategy to deal with it.</p> <p>DD confirmed that the government is aware but has no knowledge of any response.</p>
	<p>Alternative approaches to Public Sector Funding</p>
7	<p>The Chairman invited RM to outline the substantive agenda item on alternative approaches to public sector funding and how else we might deliver priority projects against the backdrop of tightening funds.</p> <p>RM provided the outline & context of the item:</p> <ul style="list-style-type: none"> - The squeeze on public spending and the prospect of this situation continuing. - Public sector has found it difficult to source private financing for capital projects. - We intend to examine how we can bring private sector funding to the region in a more structured way. - Grants are thin on the ground so we need alternatives, including a mix of approaches, with both debt and equity approaches up for consideration. <p>The Chairman noted that we are meeting soon with Treasury and that it would be helpful to have a combined voice from the region. Members of the Board were requested to consider the work in progress and approaches outlined in the meeting.</p> <p>Presentations were given by:</p> <ul style="list-style-type: none"> - The UK Municipal Bonds Agency & Public Work Loans Board by CW and JM of PFM (UK Municipal Bond Agency Managed Service Provider) - Midlands Green Bond feasibility study underway – JH - JT (Places for People) and SV (Igloo Regeneration) provided a summary of some asset backed vehicles that have been successful, including the Trent Basin project in Nottingham. <p>The Chairman opened the meeting to discussion, observations from Board Members included:</p> <ul style="list-style-type: none"> - MH: Concern over guarantor issue. Is there no mechanism for more assurance on the collective responsibility issue? How do we de-risk? - JT: every target point has been profitable in schemes so far - CW: the statutory environment makes it impossible for an LA to default on a loan and experience from other countries is positive - JM: a letter of comfort from the Treasury would be helpful in reassuring investors - SG: How do we identify the kinds of projects to support, and what would be an appropriate tool to advance them? Understanding this would help us to manage the risk appetite - MH: we need more genuine (i.e. not pension fund) private sector investment. This a suggested role for LEPs but very little of it transpired. <p>The Chairman noted that there was clearly an appetite to pursue this research but to keep the Board informed.</p> <p>Action: An update on research findings & progress on approach on alternative approaches to Public Sector Funding be brought to a subsequent meeting.</p> <p>Action: Presenter slides to be shared.</p>

8	Harrington Review
	<p>RM provided Board Members with a summary of the response to the Harrington Review and highlighted the collective response from partners on the key challenges and recommendations.</p> <p>A summary of Midlands Engine conclusions has been submitted to Lord Harrington.</p> <ul style="list-style-type: none"> - Needs more devolution - Require for more support to attract FDI - Requirement for proper and sufficient data - Directory of oven-ready schemes - How can we unlock university R&D <p>Lord Harrington welcomed the submission and has asked to meet the Chairman and team to discuss further. His review is expected to be fed into the Autumn Statement.</p>
9	AOB
	No other matters of business raised. The next meeting of this Board is scheduled for 30 January 2024 13:00-16:00.

Action Log

Item	Action	Owner	Deadline
5	Feedback on Audit findings	FARB	October 2024
5	An update on the White Papers to be brought to this Board.	RM	January 2024
5	Feedback on selected rail priorities that may be financed by unused HS2 funding.	MM	October 2024
7	An update on research findings & progress on approach alternative approaches to Public Sector Funding be brought to a subsequent meeting.	RM	January 2024
6&7	ME to share guest presentations from the meeting.	GA	Complete

Security Level:	Confidential	Restricted	Unclassified <input checked="" type="checkbox"/>	Commercially Sensitive
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Meeting & Date:	Midlands Engine Executive Board – 30 January 2024		
Subject:	Midlands Engine Chief Executive Report		
Attachments:	Grant letter – DLUHC Midlands Economic update - dashboard Megatrends in the Midlands - report		
Author:	Chief Executive, Midlands Engine	Total no of sheets: (incl. cover sheet)	19
Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion	Information
Summary & Recommendation:			
<p>This paper updates Executive Board members on activity undertaken since their last meeting in October 2023.</p> <p>Recommendations Executive Board members are asked to:</p> <ul style="list-style-type: none"> • Approve the 2024-25 annual budget • Note the postponement of the 02 May meeting of this Board • Note the report 			

Update on delivery

The Midlands Engine amplifies partner efforts to deliver economic growth for the region by helping to attract investment and working with Government to create a supportive policy environment. As set out in the Business Plan, approved by this Board in May 2023, our three levers are Advocating, Convening and Evidencing. This report details activity in these three areas since the last Executive Board meeting.

Attracting Investment:

- **Capital investment:** proposals for an equity-based asset backed vehicle model and a debt based regional green bond on course to be finalised during Q1.
- **Inward investment:** first outputs from our joint work with Midlands Universities to use university strengths to realise the potential of the region as a science superpower have been realised. The ‘Invest in UK R&D’ campaign have now published five prospectuses outlining the Midland’s collective research and innovation capabilities in Agri-tech, Health & Life Sciences, Transport Technology, Zero Carbon Energy, and Creative & Digital.

Regional Policy Shaping:

- The State of the Region 2023 provides a detailed exploration across the Midlands Engine’s key economic and thematic drivers.
- The Megatrends study provides regional and national policymakers with the first Midlands-wide horizon scan of key long-term political, economic, social and technological trends.
- The Food White Paper, set to launch on 27 February 2024, underscores the Midlands role in transforming the UK food system and where the region and government can come together to deliver a globally competitive investor offer. Government is working closely with us on the recommendations ahead of publication.
- An Energy Security White Paper is under development through an industry led task force to inform national policy and identify investment opportunities. This work will be published autumn 2024.

Partnership Activity:

- Through our Research Intelligence and Policy Partnership, sector led reference groups, visits to partners and events; we have significantly increased partner engagement (more than 400 individuals in the last quarter) across priority areas.
- Key milestones for 2024/25 include an enhanced partnership presence at UKREiF 2024, Midlands Economic Summit 2024 and a new event for Kings Awards winning businesses in the region.

Advocating on behalf of the region

Universities As Drivers of Trade & Investment

<i>Context</i>	Led by Midlands Innovation and Midlands Enterprise Universities, representing 17 of the region’s higher education institutions, this pioneering pilot aims to provide a blueprint for universities, government, and local partners to work together to attract greater overseas investment into regional research and development.
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<i>Detail</i>	The Universities as Drivers of FDI campaign launched on November 28 th and presented the collective research and innovation capabilities of the Midlands across four thematic prospectuses. These include Agri-tech, Health & Life Sciences, Transport Technology, and Zero Carbon Energy , with a further prospectus on the region’s Creative & Digital strengths coming in January.
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Many of the region’s Vice Chancellors have already agreed to participate in outward missions, initially targeting investors in the US, Germany, Australia, Singapore, and South Korea, with in-country Department for Business & Trade, and Science and Innovation Network staff working with Midlands Innovation and

Midlands Enterprise Universities to coordinate the most impactful scheduling and stakeholders.

The project has received £360k from other government departments as direct funding, £150k from private sector matched funding, and £750k mix of direct and in-kind funding from universities.

Outcome

The programme is developing a £5m Research England Development (RED) Fund application, and a £750k International Strategic Partnership Fund bid (DSIT).

The investment attraction campaign, working closely with DBT and the FCDO, and including Vice Chancellor-led outward missions to the target markets, will be launched via a Minister at UKREiiF 2024

Midlands Engine Food White Paper

Context

The Midlands Future Food Alliance – a private-public leadership group of major food and drink businesses and research centres – has been working with the Midlands Engine Partnership to develop a Midlands Engine Food Policy White Paper.

Detail

The Midlands Engine Food White Paper evidences the significance of the Midlands to the transformation of the UK food system and the commitment of regional industry and partners to collaborate to deliver this transformation, working with government. It has been developed through engagement with over 100 organisations (public, private and academia) across the region.

Following an initial roundtable discussion with DBT and Cities and Local Growth Unit colleagues at SmartParc SEGRO Derby in November, work is ongoing to engage civil servant and Parliamentarians with the White Paper findings and recommendations - for the development of a long-term Transformative Plan for Sustainable Food Systems Growth with the Midlands at its heart.

Outcome

The White Paper will highlight the scale and ambition of the Midlands food and drink industry which is the largest regional sector in employment terms – supporting 857,000 jobs in 66,000 businesses and generating an estimated £25bn of GVA and £1.8bn of exports each year.

Midlands Engine Energy Security White Paper

Context

Energy security is a national policy priority and is critical to inclusive, sustainable growth in the Midlands. In particular, energy security is critical for the high concentration of energy intensive sectors like advanced manufacturing and aggregates which make up a disproportionately large part of our regional economy. It offers economic opportunity for our businesses and innovators who are helping drive the UK's transition to net zero through exceptional energy infrastructure like the ~5GW Humber Offshore Wind Cluster and STEP Fusion Power Plant. Finally, it is key to levelling up for our communities who experience some of the highest rates of fuel poverty in the country.

Detail

Work is beginning to develop a White Paper to inform and help shape national policy and investment decisions so that they are fully cognisant of the Midlands context and opportunity – for national and regional benefit. The White Paper will

be written and developed by a regional Energy Security Taskforce chaired by Lord Daniel Ravensdale and comprised of industry leaders, energy experts and senior representatives from local government and other public and private entities. It is anticipated that the report will be published autumn 2024.

Outcome The White Paper will present proposals regarding how government, industry and other partners can work together to overcome barriers and enable opportunities related to regional energy security.

Pan-Regional Partnership Impact Report

Context There are currently six Pan Regional Partnerships (PRPs) across England: Midlands Engine Partnership, Oxford Cambridge Partnership, NP11, Thames Estuary, Western Gateway and Great Southwest Partnership. Each PRP has arisen from a different set of circumstances, and at different times. Their objective is to support sustainable, inclusive growth, including via raised productivity, across multiple functional economic areas, by convening and collaborating with partners.

Detail Midlands Engine is leading a commission by England’s PRP’s to better understand and articulate the unique value proposition of PRPs, where they add value and how they can further impact on regional economic growth. This piece of work aims to draw out the significant work underway across the six PRPs in a narrative way to evidence and demonstrate current impact and consider where we focus (collectively) in future.

Outcome We are working with Government to consider further opportunities for PRPs to drive economic growth and levelling up; through partnership working and developing evidence to support public and private sector investment opportunities and how PRPs could support the Government’s delivery agenda. We would like this piece of work to explore those opportunities, and to demonstrate what the potential impact could be.

UKREiiF 2024

Context UKREiiF 2024 is taking place for its third iteration in Leeds from Tuesday 21 May to Thursday 23 May. The Midlands Engine is supporting partners in a variety of ways.

Detail The Midlands Engine Partnership Pavilion has a full schedule for Tuesday and Wednesday, with 9 partners from across the region planning to host panel sessions or talks. This includes Invest Staffordshire, Lincolnshire County Council, Invest Nottingham, Marketing Derby, Invest Coventry & Warwickshire, Telford & Wrekin Council, East Midlands Development Company, Shropshire Council, and the East Midlands Freeport. Sessions are still available to book for the Thursday. We are also working with the neighbouring West Midlands Growth Company Pavilion to ensure alignment and complementarity.

Once again we will host a Midlands Investment Reception in the African & Asian Gallery on the evening of Tuesday 21st May, inviting 300 key stakeholders from the region and beyond, aiming for a Ministerial keynote including a relaunch of the to-be-updated Midlands Investment Portfolio and launch of the university-led investment campaign.

Private meeting rooms have been arranged on-site in the Places for People office, with four rooms from 20 person boardroom to 6 person available each day. Booking will open to partners in January 2024.

Along with multiple speaker nominations sourced from partners, two further key events are being supported by the Midlands Engine. The first is a roundtable in the VIP Glassbox on 'Unlocking the global investment potential of UK universities to support local growth', aiming for Ministerial participation. There will also be a high level roundtable on the future of regions and the role of pan-regional partnerships, linked to the main panel session.

Outcome Midlands Engine engagement with UKREiiF is intended to provide partners with a cost effective platform, ensuring Midlands opportunities and ambitions are well represented to investors and the wider domestic and international audience. Through senior panel and roundtable discussions, Midlands stakeholders will play a key role in steering the national conversation around investment, place making, innovation and more

Midlands Economic Summit 2024

Context The inaugural Midlands Economic Summit was held in June 2023 at the Vox Conference Centre, Birmingham, and attracted just over 500 business, government, academic, and third-sector leaders from across the region. Midlands Engine were the headline sponsor.

Detail The date for the next Midlands Economic Summit has been set for Monday, 10 June 2024, and Midlands Engine will again be sponsoring.

Outcome The Summit is the only cross-sector, pan-regional event of its kind in the Midlands and is aiming this year to attract even greater numbers with a target of 800+ attendees and an enhanced focus on investment priorities.

Midlands Engine Kings Award Businesses 2024

Context The King's Awards for Enterprise are the most prestigious awards for UK businesses, designed to recognise and encourage outstanding achievements in the fields of innovation, International Trade, Sustainable Development and Promoting Opportunity (through social mobility). In the past 5 years, out of 1,006 awards given, 141 (14% of UK total) have gone to Midlands Engine businesses. This event will celebrate our region's enterprises.

Detail Midlands Engine is working with all 12 Midlands Lord-Lieutenants and their teams identify opportunities to connect Award Winners with each other – to create a strong regional voice for innovation and to connect Award Winners with the Partnership - to form public/private collaborations that can drive economic growth and investment. An event will be held in summer 2024. We are working with HMG Kings Awards Office, DLUHC, DBT and speaking to the Royal Household.

Outcome Showcasing the strength of innovative business and enterprise in the region and support HMG objectives to increase the numbers of Kings Awards businesses in the Midlands.

Convening Regional Partners

Civil Service Roundtable Programme

<i>Context</i>	In 2023, the Midlands Engine helped coordinate and organise several successful civil service roundtables including 'on-location' at SmartParc Derby and Birmingham
<i>Detail</i>	For 2024, the Midlands Engine secretariat is planning a series of civil service roundtable engagements to complement and add-value to our programme of work. Roundtables are currently being planned around optimising the investment landscape, the DSIT Clusters Framework, the Midlands Engine Food White Paper, university and innovation investment, and high-growth companies.
<i>Outcome</i>	Increasing our engagement with the civil service will ensure greater alignment with government across our work programme, ensuring we are able to advocate to government decision-makers effectively on behalf of the Partnership.

Investment Potential of Clusters: Midlands Deep-Dives

<i>Context</i>	In 2023, Midlands Engine published the report: Exploring the Investment Potential of Midlands Clusters report and a number of subsequent 'cluster snapshots'.
<i>Detail</i>	Building on this work, we are now convening businesses and partners for several deep dives. These deep dives will be co-convened with relevant cluster or local organisations including the Midlands Aerospace Alliance and West Midlands Combined Authority.
<i>Outcome</i>	These deep dives will further develop and validate the evidence in the 2023 report; support partners in articulating an investment narrative and regional positioning, and identify priority policy asks for local, regional, and national government that could help the cluster attract further investment.

State of the Region 2023 & Quarterly Economic Briefing

<i>Context</i>	The third Quarterly Economic Briefing (QEB) of the financial year focused on the State of the Region 2023 report and regional opportunities. The event was the first in-person QEB and took place at the Exchange in Birmingham featuring Duncan Weldon, the Economist, Sir John Peace, Midlands Engine, and Prof. Aleks Subic, Aston University, as speakers. The event culminated in a panel discussion featuring Rebecca Riley, University of Birmingham, Sarah Windrum, Horiba Mira, and Irene Graham OBE, ScaleUp Institute.
<i>Detail</i>	The event unpacked the findings of our fourth annual State of the Region report, exploring trends shaping the Midlands economic performance in 2023 and beyond. The report took a deep dive across the Midlands Engine's key economic drivers including , Increasing Productivity, Innovating Across Sectors, Building Infrastructure for Growth, and Increasing Investment. The report also featured dives into our thematic drivers covering our Partnership's themes: Green Growth, Advanced Manufacturing, Food & Agri-tech, Med-tech & Life Sciences, and New Market Opportunities.

The full report, executive summary and factsheet are available here: [State of the Region 2023 Online Report](#), [State of the Region 2023 Executive Summary](#) & [State of the Region 2023 Factsheet](#).

Outcome

The State of the Region is only report providing a comprehensive overview of the Midlands's economic trends, strengths and challenges.

Midlands Forest Network

Context

The UK is one of the least wooded countries in Europe. The Midlands is one of the least wooded parts of the UK. Just 7.4% of our region has woodland cover, compared to an England average of 10%. Following publication of the [Ten Point Plan for Green Growth in the Midlands Engine](#), convening activity around the Nature's Recovery theme led to a partnership proposal to create a [Midlands Forest Network \(MFN\)](#) in the summer of 2023.

Detail

The MFN is a bold initiative aiming to bring about new opportunities and investment for the protection, restoration and creation of woods and trees in the Midlands. Led by a partnership between the Woodland Trust, National Forest Company and Midlands Engine, the network is supported by an initial investment of £400,000 from Defra and the National Lottery Heritage Fund for a two-year development phase.

Outcome

Over the next two years, the project will: establish a Midlands Forest Network vision and delivery framework; map where public and private investment in nature-based solutions, in particular woodland, can best deliver desired outcomes; build a portfolio of woodland-based 'investable propositions' that deliver the vision and attract green finance; and engage and connect a wider and more diverse Midlands audience with woods and trees.

Partner-Led Reference Groups

Our Partner-Led Reference Groups, Industry Groups and Communities of Interest have continued to meet in the intervening period, supporting the activities of the Midlands Engine Partnership:

- **Midlands Trade and Investment Advisory Forum** – while the MTIAF did not meet in December, recent sessions have included talks from both Freeports and the DBT India team. Upcoming meetings in 2024 will introduce the Midlands Nature Investment work, plan for MIPIM and UKREiF, the delivery of the university FDI campaign and more.
- **Midlands Future Food Alliance:** This group has acted as a key stakeholder group as part of the Midlands Engine Food White Paper development process over the Autumn.
- **Green Growth Board:** The board met in October to discuss recent regional developments with the Midlands Green Bond feasibility study, East Midlands Hydrogen, industrial decarbonisation of the aerospace sector, and an upcoming Midlands Low Carbon & Environmental Goods & services Report 2024.
- **Midlands Nature:** Plans are developing for the official launch of this emerging collaboration of regional environmental NGOs and statutory bodies. Workshops are also planned in late January and February engaging green finance stakeholders to help shape regional nature-based investible propositions.
- **Health, Care and Life Sciences Board and Working Group** Following the initial meeting at Charnwood Campus in Leicestershire, partners have been working together to develop partner-based actions and national policy proposals focused on scale-up investment, including in cross-cluster opportunities, and prevention-based approaches to health inequalities. The second Board meeting in April will be hosted by Precision Health Technologies Accelerator Ltd. on Birmingham Health Innovation Campus.
- **Research, Intelligence and Policy Partnership:** The group last met on the 12th of October to discuss Megatrends, Innovation and Devolution. Deep dives research sessions focusing on green and hydrogen jobs and

clusters took place in this quarter providing opportunity for partners to deliver behind findings of the report and understand the implications for the Midlands.

- **Observatory Research Meetings:** Observatory Research Meetings serve as fresh initiatives to present our research and policy programme reports following their completion. These meetings act as deep dives and enable research leads to discuss their methodologies and findings whilst taking questions from the audience. Quarter three included two of these meetings. One focusing on the Green and Hydrogen Jobs report on the 27th of October and one on Clusters on the 17th of November. The next upcoming meeting will be on Megatrends on the 26th of January.
- **Observatory Programme Board:** The Observatory Programme Board meets three times a year to fully exploit the Observatory to its potential and serve as a more strategic counterpart to the Research, Intelligence and Policy Partnership. The board acts as a dispensary of regional intelligence, provides accountability, and provides a safe space for like-minded academic, and private and public sector organisations. The board last met on the 27th September to discuss the Observatory Research and Policy programme, headline Megatrends project update, and Local Skills Improvement Plan (LSIP) findings.

Research & Policy Programme

Megatrends in the Midlands Report

<i>Context</i>	This report was delivered in partnership with City-REDI at the University of Birmingham.
<i>Detail</i>	The Megatrends in the Midlands report offers a comprehensive insight into our understanding of megatrends alongside defining and exploring their significance and relevance to the Midlands, particularly in terms of their potential impact. The full report and its associated insight summary are available here: Megatrends in the Midlands: Full Report & Megatrends in the Midlands: Summary .
<i>Outcome</i>	This study identifies four major megatrends (Technology and Digitisation; Climate Change and Net-Zero; Rising Geopolitical Tensions; Demographic Trends) likely to impact the region. It considers how they are likely to unfold and what policy can do to address them. It provides partners with foresight to assess the potential implications for their places.

Critical Technology Cluster Snapshots

<i>Context</i>	This work builds on the work of the Exploring Investment Potential of Clusters in the Midlands project.
<i>Detail</i>	<p>Five Cluster Snapshots have been published, providing a baseline insight into business and innovation activity within each of the government's five 'critical technologies' outlined within the UK Science and Technology Framework: AI; Engineering Biology; Future Telecommunications; Semiconductors; Quantum Technologies.</p> <p>Collectively the snapshots demonstrate a wealth of research and development capability that is often nationally and internationally significant and highlights a number of high growth specialist businesses from across the region. Over time, these will be revisited and the data updated to track regional performance and growth in each technology.</p>
<i>Outcome</i>	The snapshots aim to maximise the reliability and depth of existing cluster data, while applying the cluster project framework to develop datasets for emerging clusters which have not yet been explored quantitatively to drive investment into the region.

Innovation in Aerospace Supply Chain

<i>Context</i>	This project has been developed in partnership with the Midlands Aerospace Alliance.
<i>Detail</i>	This report focuses on mapping the true size and extent of the Midlands aerospace sector and exploring the distribution and level of innovation and R&D funding within the sector itself. The report is due for publication in January 2024.
<i>Outcome</i>	The project provides a first of its kind analysis of the aerospace sector in the Midlands to map out its true size and extent, alongside identification of levels of innovation funding and provides partners with evidence to demonstrate the impact of the sector in their local economics. The report also serves as a tool to support future policy recommendations in relation to innovation funding requirements with relations to the Aerospace Technology Institute (ATI) and government policy.

Midlands Green Bond

<i>Context</i>	The Midlands Green Bond is envisioned to be a flagship vehicle for financing projects in the Midlands that meet specific 'green' criteria. UK Municipal Bonds Agency (UKMBA) were commissioned by Midlands Engine in Autumn 2023 to assess the feasibility.
<i>Detail</i>	Work has continued with the UKMBA to assess the feasibility of establishing a bond mechanism to finance public and private capital projects in the region. To date 20 Local Authorities and Agencies, 9 Universities, and representatives from more than 50 businesses have inputted into this process. The focus to date has been on assessing project demand and attitudes towards different delivery models (and associated risk) to shape the eventual model recommendations in a report in January 2024. This is an iterative process to develop a conceptual mechanism that could be, with demand, turned into reality quickly.
<i>Outcome</i>	A Midlands Green Bond – if feasible – could prove an innovative regional solution to increase access to finance for green initiatives and projects.

Asset Backed Vehicle

<i>Context</i>	The Asset Backed Vehicle is a mechanism through which regional partners can leverage their land assets to secure funding for project delivery. Work has focused on whether the Blueprint Regeneration model, originally developed in the East Midlands, could be reinvigorated on a regional basis.
<i>Detail</i>	Work has continued with Blueprint Regeneration and Places for People Capital to establish the feasibility of the model, which projects it could unlock, and what governance arrangements would be required to enable effective operation and oversight. Discussions have also progressed with a number of local authority and University partners to test regional appetite.
<i>Outcome</i>	An Asset Backed Vehicle – if feasible – could provide an innovative regional solution to the delivery of regeneration and mixed-use schemes

Ongoing Economic Monitoring

The Observatory has continued to engage in continuous economic monitoring, producing regional economic impact monitors and a series of intelligence briefings to ensure the latest evidence is available to partners:

- Monthly Regional Economic Impact Monitors

The monitors bring together a range of qualitative and quantitative data to provide insights into the current performance of the Midlands economy. Quarter 3 included the following monitors:

- [Regional Economic Impact Monitor: Edition 42 \(October 2023\)](#) which focused on economic forecasts, economic activity / employment, digital, investment business births and deaths.
- [Regional Economic Impact Monitor: Edition 43 \(November 2023\)](#) which focused on a wide range of topics relevant to opportunities and challenges in the Midlands, while assessing the impact of recent decisions and trends on the region.

- Intelligence Briefings

Regular intelligence briefings provide insights into the current performance of the Midlands economy available via the [Intelligence Hub](#).

Governance, Finance, Audit & Risk

Governance - To ensure the compliant operation of the Midlands Engine partnership, the Department of Levelling Up Housing and Communities carries out a mid-year and end of year review. On the 16 November 2023 a mid-year review was undertaken, attended by the Accountable Body and led by representatives from DLUHC and the Midlands Engine Secretariat. We are pleased to report that following a successful review we are now in receipt of the second grant payment from DLUHC of £750k, approved by the Finance Audit and Risk Board on the 11 January 2024. The grant letter is appended to this report. We anticipate an end of year review will take place with the sponsoring department in Q4. An update will be brought back to this Board in due course.

Due to the Mayoral and Police and Crime Commissioner elections, it is recommended the next meeting of this Board scheduled for the 2 May 2024 Executive Board is postponed. The secretariat will work with the Offices of Board Members to find a suitable alternative date for Q1.

Finance – Midlands Engine Scheme of Delegation Section 1.5 Annual Budget Setting

The Finance, Audit and Risk Board met on the 11 January 2024 and agreed the draft budget for 2024 / 2025.

2023/24 Budget Position as at end December 2023.

The Midlands Engine Partnership has a draft total budget of £3.259m. The forecast predicts a net underspend against the budget for the financial year of £0.438m. It is primarily due to a savings on salaries for vacancies unfilled.

Description	BUDGET 23/24	Actuals	Forecast Spend up to 31 March 2024	Variance (budget and forecast)
	£	£	£	£
Total Expenditure	3,259,599	1,673,804	2,859,368	-400,231
Total Income	-3,259,599	-3,327,366	-3,297,366	-37,767
Grand Total	0	-1,653,561	-437,998	-437,998

At the last meeting of the Midlands Engine Executive Board we proposed to bring the 2024 / 2025 budget to the 2 May 2024 meeting of this Board for approval. In light of the upcoming elections and postponement of the 02 May meeting, the Finance, Audit and Risk Board recommend to Executive Board Members approve the budget for 2024 – 2025 as set out below.

INCOME	
DLUHC	£ 1,500,000
Partner Contributions	£ 260,000
Carry Forward	£ 530,095
UKREiIF 2024	£ 45,000
Total	£ 2,335,095
Reserves	
Required Reserves	£ 1,000,000
Programme Continuity Reserve	£ 104,998
Total	£ 1,104,998

Description	Planned Spend 2024/2025
EXPENDITURE	
Accountable Body	£ 100,000
Staffing	£ 1,418,712
Corporate Services	£ 217,500
Business Plan Activities	£ 345,000
New Opportunities	£ 253,883
Totals	£ 2,335,095

Any material changes will be brought back to this Board for agreement by way of our Electronic Procedure. To note, on advice from the Accountable Body the budget reserves have been increased to meet increased redundancy provision and business continuity after March 2025.

- **Executive Board members are asked to approve the 2024 – 2025 budget**

Audit

We are anticipating the annual audit to be completed by mid-February 2024, recommendations identified will be considered by the Finance Audit and Risk Board at its meeting on the 08 April 2024 . A report will be made to the next meeting of this Board.

Risk

The Corporate Risk Register is monitored by the Midlands Engine Secretariat and overseen by the Finance, Audit and Risk Board with a high level risks report provided to the Midlands Engine Executive Board annually. A report will be made to the next meeting of this Board.



Department for Levelling Up,
Housing & Communities

Patrick Flaherty
Chief Executive
Staffordshire County Council
2 Staffordshire Place
Stafford
ST16 2DH

Midlands Engine Capacity Funding 23/24

Dear Patrick

This is the second year of a three-year settlement for Midlands Engine (see Annex 1), which is subject to annual internal business planning, annual business case approval and successful progress against the agreed milestones.

Payments for 2023/24 have been split into two separate tranches. Following the successful progress against the agreed milestones, as set out in Annex 2, and a satisfactory mid-year review the second payment of £750,000 will be paid on 20th December 2023 to Staffordshire County Council as the Accountable Body (AB).

Please find enclosed a copy of the relevant grant determination.

An annual-year review will be held with the Partnership in early 2024 covering governance, progress on delivery including milestones and a financial review. We have also agreed that you will send through quarterly monitoring reports for the remainder of this financial year as follows:

- Q3 – 5 January 2024
- Q4 – 5 April 2024 including an outturn and forecast budget for the financial year

As we move into the next year of funding for Pan-Regional Partnerships, you will want to be able to demonstrate the value added by your partnership to deliver on Government's objectives. As usual, we will work with you to develop and agree milestones for 2024/25. These should capture impact, and so we encourage you to consider how you can best demonstrate your added value. As in previous years, we expect that your work will reflect the broad objectives agreed by Ministers which are:

1. To operate and collaborate at scale on agreed shared priorities which are typically delivered through partners.
2. To grow the global footprint of your area, with a particular focus on activity that will support and amplify trade and investment; and
3. To develop the regional evidence base of your area, providing data, mapping, and analysis to be used by partners to support local and regional growth. For

Rowena Limb
Deputy Head, Cities and Local Growth Unit

***Department for Levelling Up,
Housing and Communities***

Fry Building
2 Marsham Street
London SW1P 4DF

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Email rowena.limb@businessandtrade.gov.uk
ref: 31/6970

20th December 2023

2024/25 your milestones should particularly prioritise the activities you are carrying out with partners to deliver:

- A pipeline of priority private investments, working with partners to identify, cost, package and promote priority investment areas for your region.
- Identify major opportunities across the region to improve short and long-term economic growth,
- Work with local partners to provide advice on public sector investment opportunities.
- Contribute to the Government's delivery agenda, where you are supporting local partners, helping shape delivery of programmes and initiatives delivering for your region.

We will discuss this with you in further detail and look forward to working with you to develop and agree milestones for 2024/25.

In order to provide greater clarity and consistency on the assurance and governance requirements for PRPs, officials in the Cities and Local Growth Unit and Assurance and Compliance team within DLUHC have been developing a Pan-Regional Partnership Assurance Framework. This will set out the requirements that the Pan-Regional Partnership must follow to ensure robust assurance systems and processes are in place. It has been informed by the existing National Local Growth Assurance Framework, which was already best practice for PRPs where relevant. We will send the Pan-Regional Partnership Assurance Framework to you and the Pan-Regional Partnership for consultation before publishing a version early next year.

The 'Funded by UK Government' branding manual details how branding and logos should be used on all websites, publications, social media, and documents to help citizens quickly identify government-backed work. However, we have agreed an exemption to these requirements for all PRPs given the nature of PRPs and the type of activity they undertake means those exact requirements are not always appropriate. Nevertheless, we consider that there are many circumstances when PRPs including the Midlands Engine should make clear they are funded by UK government. Please see attached Branding Guidance document with guidelines to be used from now on and across all relevant documents/outputs from January 2024.

I would like to remind you that both the Accountable Body and Midlands Engine should have due regard to those matters set out in s.149 of the Equality Act 2010 when exercising their functions.

All Accountable Bodies and PRPs are required to self-assess whether any award of financial assistance is compliant with the UK's subsidy control regime and fully satisfy themselves that each and every release of funding and the administration of funding is compliant in all respects with that regime. Useful information can be found on [Gov.uk's subsidy control regime website](#). Legal advice should be sought where necessary. The links provided and guidance given does not constitute legal advice and should not be used in isolation when designing subsidies. Those responsible for giving financial assistance should always ensure that they fully understand the

subsidy control requirements, and DLUHC does not warrant that the funding offered, and Accountable Body's and PRP's subsequent use of such funds, is compliant with the UK subsidy control regime.

I look forward to continuing to work with both Staffordshire County Council and the Midlands Engine to make the Midlands an even better place to live, work and invest.

I am copying this letter to Sir John Peace (Chair, Midlands Engine Partnership), Ruth Carver (Chair, Partnership Board), Roger Mendonca (Midlands Engine Chief Executive), Gayle Aughton (Midlands Engine Partnership) and Rob Salmon (Staffordshire County Council).

Yours sincerely,

Rowena Limb
Deputy Head, Cities and Local Growth Unit

Annexes

Annex 1: Proposed three-year settlement profile *(subject to annual internal business planning, annual business case approval and successful progress against the agreed milestones).*

	Proposed Funding			
	2022/23	2023/24	2024/25	Total
Midlands Engine	£1.5m	£1.5m	£1.5m	£4.5m

ECONOMIC DASHBOARD¹

JANUARY 2024

Theme	Indicator	Latest Data/ Comparison to UK	Midlands Short-Term Change (1 Year)	Midlands Long-Term Change (5 Years)
Economic Growth	Business Activity (regional) ²	WM: 51.5 EM: 50.7 UK: 52.1	↑	↑
	Future Business Activity Index (regional) ³	WM: 75.7 EM: 62.1	↑	↑
	GVA per Hour (unsmoothed) ⁴	£33.80 UK: £38.68	↓	↑
	Gross Domestic Product (GDP) - Chained Volume Measures (CVM) Index (2019 = 100) ⁵	96.4 UK: 95.7	↑	↑
Enterprise and Innovation	Number of Enterprises ⁶	404,955	↓	↑
	UKRI Spend per Head (regional) ⁷	£97 UK: £110	↑	N.A.
	Innovate UK Spend per Head (regional) ⁸	£40 UK: £23	↑	N.A.
The Labour Market	Employment Rate ⁹	74.7% UK: 75.7%	↑	↑
	Youth Claimants ¹⁰	52,735 (4.6% of pop.) UK: 3.9% of pop.	↑	↑
	Total Claimants ¹¹	271,385 (3.2% of pop.) UK: 2.8% of pop.	↑	↑
	Apprenticeship Starts ¹²	65,560	↓	↓
	Apprenticeship Vacancies ¹³	3,345	↓	↓
	Unique Job Postings ¹⁴	214,084	↓	↓
Internationalisation, Trade & Investment	FDI Projects (regional) ¹⁵	265	↑	↓
	New FDI Jobs (regional) ¹⁶	11,091	↓	↓
	Exports in Goods (regional) ¹⁷	£61.0bn	↑	↑
Infrastructure – Digital	Gigabit Broadband Availability ¹⁸	77.8% (UK: 76.0%)	↑	N.A.
Energy	Carbon Dioxide Emissions ¹⁹	60,602 kt CO ₂ e	↑	↓

¹ Each indicator has been rated - Green shows a positive change in direction, amber indicates change but at a slower rate than the UK and red indicates a negative change. Excluding Business Activity Index and Future Business Activity Index where change is based on local growth performance and for Apprenticeship Vacancies and Unique Job Postings where it is based on local change.

² NatWest, UK PMI (Purchasing Manager Index) report for December 2023 – released January 2024. Update due February 2024. Please note, figures above 50 indicate growth.

³ NatWest, UK Regional PMI report for November 2023 – released December 2023. Update due January 2024.

⁴ Office for National Statistics (ONS), Subregional productivity in the UK (for 2021): released June 2023. Update due June/July 2024.

⁵ ONS, Regional economic activity by gross domestic product, UK 1998 to 2021 – released May 2023. Update due March 2024.

⁶ ONS, Business Demography for 2022 – released November 2023. Update due November 2024.

⁷ UK Research and Innovation for the financial year 2020/21 – released May 2022. Update TBC.

⁸ UK Research and Innovation for the financial year 2020/21 – released May 2022. Update TBC.

⁹ ONS, Annual Population Survey (APS), year ending September 2023 – released January 2024. Update due April 2024.

¹⁰ ONS/Department for Work and Pensions (DWP), claimant count, provisional figures for December 2023 – released January 2024. Update due February 2024.

¹¹ ONS/Department for Work and Pensions (DWP), claimant count, provisional figures for December 2023 – released January 2024. Update due February 2024.

¹² Department for Education, apprenticeships and traineeships for academic year 2021/22 – released November 2023. Update due November 2024 (TBC) for the full academic year.

¹³ Lightcast, for December 2023 as of January 2024. Update due February 2024.

¹⁴ Lightcast, for December 2023 as of January 2024. Update due February 2024.

¹⁵ Department for International Trade, inward investment results for financial year ending 2022/23, released June 2023. Update due June/July 2024.

¹⁶ Department for International Trade, inward investment results for financial year ending 2022/23, released June 2023. Update due June/July 2024.

¹⁷ HM Revenue & Customs, UK regional trade in goods statistics, for the year ending September (Q3) 2023 – released December 2023. Update due March 2024.

¹⁸ Ofcom, Connected Nations for September 2023, released December 2023. Update due Spring 2024.

¹⁹ Department for Energy Security and Net Zero, UK local authority and regional greenhouse gas emissions national statistics, 2005 to 2021, released June 2023. Update due June 2024.



Megatrends in the Midlands

INSIGHTS

Megatrends are large-scale trends that affect individuals, communities, wider society and the environment. They can have significant consequences and scarring effects on different places, sections of the population and the economy. If the Midlands is to strengthen its collective approach to support sustainable, inclusive growth, then understanding the four key megatrends and their implications for the region is vital.

1. Technology and digitisation includes the rapid advancement of new technologies like generative AI and maturing uses of older technology such as teleconferencing.

3. Rising geopolitical tensions explores how attitudes to trade and production may be changing in a more uncertain world.

2. Climate Change and net zero considers how a changing climate and our policy response to it will impact how we produce food and the energy to heat our homes and workplaces.

4. Demographic trends looks at how concurrent trends of ageing populations, changing migration patterns and rising long-term sickness will impact the region.

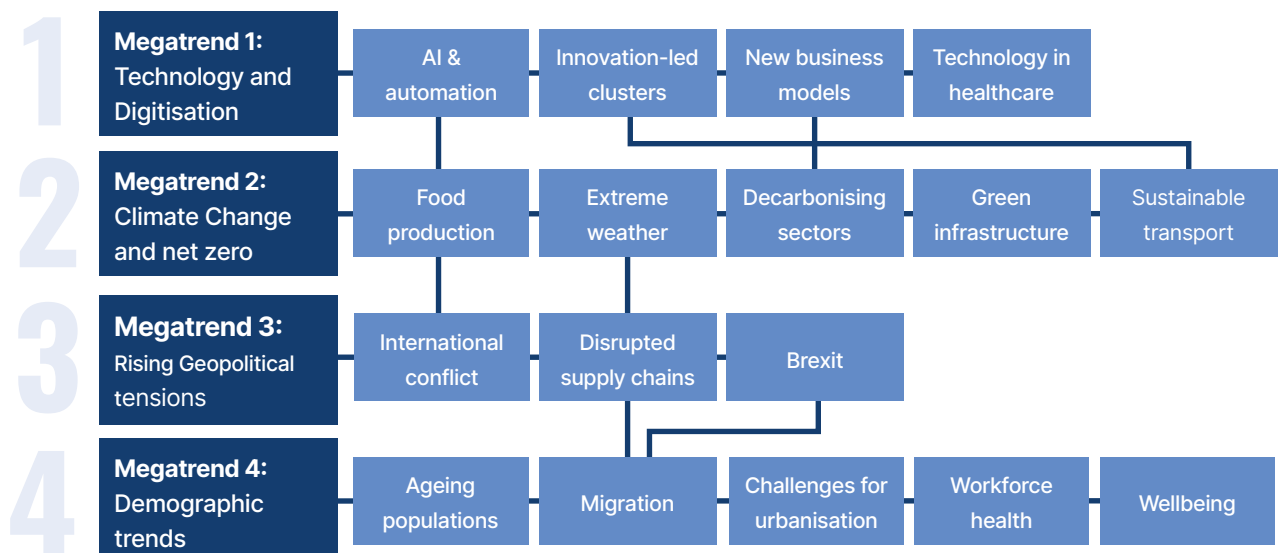


Figure 1: The four identified megatrends and their interrelationships

Megatrend 1: Technology and digitization

New technology and digitization is reshaping industries with greater automation, connectivity, and data-driven decision-making. Innovations like generative AI, such as Chat GPT, are emerging, while trends like remote working are maturing. What might this mean for the Midlands economy?

Artificial Intelligence (AI) and automation are rapidly evolving and impacting various sectors, including key Midlands sectors such as transportation, manufacturing, healthcare and education. The distribution of the impact of AI depends on characteristics such as education, occupation and industry. As such, some parts of the region face a slightly higher risk of job displacement than others. But it is not all bad news: AI offers opportunities for increased productivity and innovation.

AI could influence other megatrends by enhancing healthcare, optimising transportation, increasing productivity, personalising education, promoting efficient resource management and enabling data-driven decision-making. It could also be the key to address challenges posed by other megatrends, including climate change, demographic trends, and public health.

Policy interventions for AI must ensure no groups are left behind. Policy needs to focus on workforce education and training, planning for AI disruption, fostering collaboration, and increasing public awareness.

High-technology sectors in the Midlands include the Space Cluster, the Gaming Cluster and wider creative industries and many

others. All take advantage of rapid advances in technology.

Agri-tech is a Midlands hotspot, with a strong cluster attracting investment. Advancements in this sector will be of increasing importance as climate change and geopolitical tensions threaten the stability of food production.

Health and medical technology (MedTech) will be a key sector for the Midlands as the region has the highest number of Medtech companies of any in the UK. Innovations in telehealth, telemedicine, and AI chatbots are transforming healthcare practices. Demand for healthcare is anticipated to keep growing, reflecting changing demographic trends.

New business models are being created from concerns about sustainability, driving consumer preferences towards greener products, creating opportunities for businesses to adopt more sustainable models.

Remote and hybrid working has become more prevalent post-pandemic. It offers benefits such as improved work-life balance and reduced congestion but also poses challenges for inclusivity and urban planning.

In summary, the New Technologies and Digitization megatrend presents significant opportunities for the region to become a world leader in key sectors and offset some of the challenges presented by the other interrelated megatrends. Policymakers and businesses need to adapt to maximize the benefits and address potential disruptions.

1

INSIGHTS

Place of work	Proportion of jobs at risk of automation (%)	Rank of 354 places of work in England (1=highest chance of automation)
Higher exposure local authorities in the Midlands Engine		
Tamworth	56.0	1
Rutland	55.7	2
South Holland	54.9	3
Boston	54.3	7
Newark and Sherwood	53.4	8
Mansfield	53.0	10
Lower exposure local authorities in the Midlands Engine		
Worcester	42.1	299
Derby	41.8	301
North Kesteven	41.6	305
Lincoln	40.4	322
Midlands Engine Average	47.9	
England Average	46.1	

Megatrend 2: Climate change & net zero

Climate change and the policy response to it, net zero, are having increasing impacts on the way the global economy functions and how we live our lives. Rising global temperatures are affecting how resilient our cities are to natural disasters such as flooding and extreme heat. This is increasing volatility in the global supply chain, straining agricultural systems, and increasing prices. It also affects how we use our built environment. This section considers some of the main ways this megatrend will unfold in the Midlands.

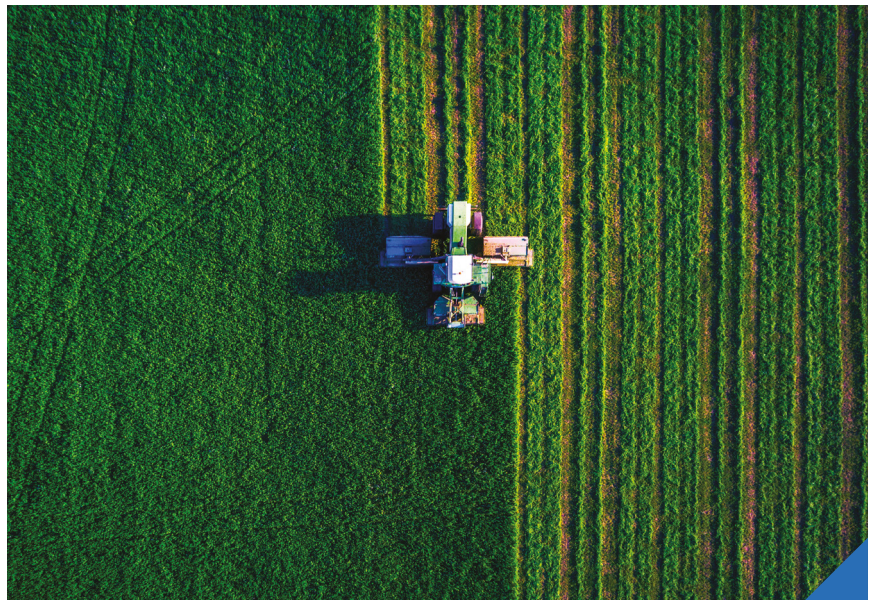
Food production and crop yields are being negatively affected by rising temperatures, altered growing seasons, reduced water availability, higher CO2 levels and extreme weather events. By 2050, 50% more food will be needed to feed the growing global population, but crop yields could decrease by 30%. Climate-induced crop failures are already affecting food supply chains and causing unexpected shortages. Unpredictable crop yields are leading to increased food prices, known as “Climateflation.”

Extreme weather is known to affect health and productivity. Rising global temperatures are leading to more hot days in the UK with the associated heat stress leading to increased demand for air-conditioning, impacting energy usage. Flooding is also having a major impact in the Midlands. 200,000 properties (400,000 people) in the East Midlands are in flood risk areas – the **third highest** number of properties at risk of flooding in England. Birmingham is at greatest risk of flood damage in the UK after London and the areas most at risk from flooding fall within some of the most deprived areas in the region.

Decarbonising sectors is crucial for the UK to become a net zero economy by 2050, with significant changes required in the energy sector. The automotive industry in the Midlands faces a shift from fossil fuel to electric vehicles, impacting supply chains and jobs. Energy-intensive industries like ceramics need to decarbonize to reduce CO2 emissions.

Green infrastructure in the Midlands needs to be upgraded to meet the growing demand for renewable energy. Smart energy systems and smart meters play a role in enhancing energy efficiency. The Midlands is a leader in energy innovation with significant investments in hydrogen, smart meters and super-fast charging.

Research and development centres across the Midlands are focused on generating low and zero-carbon energy and fuels from waste. Hydrogen technology is a key focus for R&D in the energy transition.



Sustainable transport is essential for reducing emissions and promoting a healthier environment. Efforts include promoting cycling, micro-mobility solutions like e-scooters, and enhancing public transport. Low emission zones aim to reduce air pollution but may pose economic challenges for some.

In summary, climate change and the transition to a net zero economy is reshaping various sectors in the Midlands, from agriculture to energy production and transportation. These changes bring both challenges and opportunities for the region, with a need for innovation, infrastructure upgrades, and sustainable practices to mitigate climate-related impacts and achieve climate goals.

1.3 million hectares of agricultural land were destroyed by flooding in the East Midlands in 2007.

2

3

The World Economic Forum (WEF) has made geoeconomic confrontation its 3rd biggest risk over the next 2 years.

Megatrend 3: Rising geopolitical tensions

Rising geopolitical tensions pose significant challenges to international diplomacy and cooperation, raising concerns about the potential for conflicts and disruptions to the global order. Russia's invasion of Ukraine has caused massive disruption to the cost and supply of European food and energy, with significant consequences for how countries consider their key industries. Further tensions between China and Taiwan have led to a rise in 'semiconductor nationalism' and increasing protectionism. This section considers how these tensions and other major shifts in policy, like Brexit, are unfolding and continue to disrupt our supply chains.

Geoeconomic confrontation is a major risk to global economic stability, with economic warfare becoming more common. The World Economic Forum (WEF) has made geoeconomic confrontation its 3rd biggest risk over the next two years and the 9th biggest over the next ten years (the majority of risks over the ten years relate to climate change). Economic policies are being used defensively and offensively by countries, leading to trade conflicts like the ongoing U.S.-China trade war.

The invasion of Ukraine in February 2022 has disrupted global supply chains, causing economic sanctions and supply shortages, especially in food and energy sectors. This has led to a focus on regionalisation, where countries seek to ensure their essential goods are produced domestically to enhance security. However, regionalisation may result in higher production costs, inflation, and declining living standards.

Brexit has also had a significant impact on the UK, with the Trade and Co-operation Agreement expected to reduce productivity and trade with the EU. Sterling's depreciation following the Brexit referendum has increased the cost of imports, leading to higher living costs. Business investment has also suffered.

The vulnerability of global supply chains has been highlighted by rising tensions and Brexit, as well as the COVID-19 pandemic. Various disruptions, including global shipping issues, transportation challenges, production delays, raw material shortages, and labour shortages, have occurred. While some of these disruptions are transitory, others are becoming the new normal.

The pandemic and geopolitical tensions have encouraged companies to reconfigure their supply chains for greater resilience. Labour shortages and changes in consumer behaviour, such as increased online shopping and sustainability concerns, have become ongoing challenges. Additionally, trade policy changes and protectionist measures have disrupted the flow of goods.

In summary, rising geopolitical tensions, Brexit, and supply chain disruptions are reshaping the global economic landscape, leading to a focus on regionalisation, resilience, and a reassessment of trade policies. These developments have implications for various sectors and regions, with some industries experiencing ongoing challenges like skills shortages and protectionist policies.



Megatrend 4: Demographic trends

Ageing populations, migration, increasing urbanisation and the consequences for health and housing are all part of the emerging demographic picture. The 2021 Census provides new information on how these trends are unfolding and enables predications for the implications across various aspects of society, including the economy, healthcare, housing and urban planning.

Population ageing is a long-term global trend driven mainly by increased life expectancy and people having fewer children. In 2015, 12.3% of the global population was aged 60 and over, projected to rise to 16.4% in 2030 and 21.3% in 2050. The UK's population is ageing, with a notable growth in those aged 85 and over.

International migration patterns have a significant role in the UK's economic growth and demographic makeup. Public opinion on immigration varies, with some favouring high-skilled immigration but others wanting overall immigration levels to decrease. Brexit has led to changes in immigration policy, favouring high- and medium-skilled workers. Geopolitical events, such as humanitarian immigration from Ukraine and Hong Kong, impact migration flows. Climate change is expected to influence future international migration patterns.

Challenges for urbanisation are linked to remote working and online retail. How people view cities is changing, with city centres more of a choice than a necessity, bringing challenges linked to empty offices and falling commercial property values. There is a shift towards experience-based city centres and a rise in independent stores. Responses to urban issues include trends like tactical urbanism and citizen participation, while green and blue urban spaces are gaining importance for wellbeing and sustainability.

Housing affordability is a growing issue in the UK. Rent prices are rising, and house prices have increased significantly, impacting home ownership rates. Rising interest rates further exacerbate mortgage repayments. The housing crisis in the Midlands is varied with differences in demand and supply by

area, tenure and housing type. The solution to the crisis will require significant supply increases with nuance to understand what types of housing are most needed where. Failure to address housing issues will have significant consequences as the demographic trends observed unfold.

Workforce health has been impacted by a rise in long-term sickness, partly due to long COVID and NHS waiting times. Over-50s leaving the workforce pose challenges, including skills deficits, job search difficulties, age discrimination and health issues. Employers need to support people with health conditions to remain in or re-enter the workforce.

Wellbeing is a growing focus in socio-economic development, with mental health gaining recognised as being equally as important as physical health. The UK government has set well-being targets as part of the levelling up agenda. Life satisfaction varies by region, with pandemic-related factors affecting well-being. Young people face rising mental health issues, exacerbated by the pandemic. There is growing consumer interest in wellness, with technology playing a role in supporting well-being.

In summary, these trends and challenges have significant implications for various aspects of society, including the economy, healthcare, housing, and urban planning.



4

In 2015, 12.3% of the global population was aged 60 and over, projected to rise to 16.4% in 2030 and 21.3% in 2050.

INSIGHTS

Megatrends implications for policy

The four identified megatrends present significant risks and opportunities to the economy of the UK as a whole. How these megatrends will unfold in the Midlands specifically depends on the factors that make the region and its local areas different from others – its competitive advantages and structural vulnerabilities.

Competitive advantages of the Midlands Engine economy	Structural vulnerabilities of the Midlands Engine economy
<p>Geographical location and transport</p> <p>The Midlands benefits from strong transport links with motorways, international airports, fast links to London and is the beneficiary of major infrastructure investments such as HS2.</p> <p>Advanced manufacturing hub</p> <p>The Midlands is home to major manufacturing centres across industries. Notable industries include, automotive, ceramics, aerospace and aviation.</p> <p>Engineering and innovation-led clusters</p> <p>The Midlands has a tradition of engineering excellence and innovation. It hosts leading universities and research institutions that contribute to advancements in financial services, technology, creative sectors and engineering.</p> <p>Diversity</p> <p>The region has a diverse and relatively young population – although there are large differences in population composition within the region.</p> <p>Green innovation</p> <p>Across the region there are areas of expertise in alternative energies and electrification such as wind innovation in Lincolnshire and Tyseley Energy Park in the West Midlands.</p>	<p>Dependence on manufacturing</p> <p>While manufacturing is a strength, it can also be a weakness when the sector faces downturns or disruptions. Overdependence on manufacturing can make the economy vulnerable to global economic fluctuations.</p> <p>Reputation</p> <p>The national reputation of the Midlands could be better. Internationally the image has been impacted positively by the successful 2022 Commonwealth Games but negatively by the Birmingham City Council financial crisis.</p> <p>Infrastructure constraints</p> <p>Despite improvements, some parts of the Midlands still face infrastructure constraints, such as a lack of EV charge points, congested roads and limited public transportation options. This can affect the ease of doing business and access to talent.</p> <p>Energy intensive industries and environmental impact</p> <p>Some industries in the Midlands, particularly heavy manufacturing, can have a significant environmental impact. This poses challenges in meeting environmental sustainability goals and adapting to changing environmental regulations.</p> <p>Exposure to global supply chain risks</p> <p>The Midlands' economy is integrated into global supply chains, making it susceptible to disruptions, as demonstrated during events like the COVID-19 pandemic.</p>



Understanding the likely direction of these megatrends and looking at how the region compares to the national picture can pave the way for joined-up national, regional and local policy to successfully minimize the threats and seize the opportunities.

	National policy	Regional policy	Local policy
Technology & digitization	<p>Innovation and research funding At the national level Government can allocate funds for research and innovation, supporting projects related to clean energy, healthcare, and technology development.</p> <p>The skills agenda Skills development is a lever available to national government that can powerfully impact the readiness of the workforce for new technologies.</p>	<p>Cluster development Promote the development of industry clusters and innovation hubs that bring together businesses, research institutions, and start-ups in key sectors like clean energy, manufacturing, and healthcare.</p> <p>Infrastructure investment Regional bodies can identify key infrastructure projects that support technological change, such as renewable energy installations, digital connectivity (5G) and green building initiatives.</p>	<p>Small business support Local Government can offer support to local small businesses through grants, mentoring programmes, and access to resources that help them adapt to technological changes and market shifts.</p> <p>Urban planning Trends of remote working mean that quality of place is identified as increasingly important for local communities. Sustainable urban planning policies that prioritize public transportation, green spaces, and mixed-use development to reduce emissions and enhance quality of life.</p>
Climate change & net zero	<p>Environmental regulations National Government policies such as net-zero can set standards for industry and regions to follow. Policy must be consistent and be effectively monitored and enforced.</p> <p>Tax incentives Offer tax incentives and credits to businesses that invest in clean technologies, renewable energy, and sustainable practices.</p>	<p>Green Innovation The Midlands relative dependence on high energy industries presents an important challenge for policymakers. Regional bodies must advocate and foster innovation in energy technologies such as hydrogen and nuclear to reduce the region's contribution to climate change.</p>	<p>Environmental conservation Implement local environmental conservation efforts, such as tree planting, wildlife protection, and sustainable land use practices. Additionally, Small scale investments such as, pedestrianisation, cycle infrastructure and natural flood defences when aggregated make a significant difference to combating climate impacts.</p>
Geopolitical tensions	<p>Trade and export promotion National governments can negotiate trade agreements and export promotion strategies to facilitate the export of green technologies and products.</p>	<p>Regional economic development Rising tensions mean that the supply-chain of the Midlands a manufacturing heavy region is at risk. Regional policy should identify sectors at risk and seek to boost regional resilience through skills development and monitoring of industry stress.</p>	<p>Cultural initiatives Support cultural initiatives and events that celebrate diversity, promote local arts and traditions, and attract tourism.</p> <p>Community resilience Develop community resilience plans that address the unique challenges and opportunities presented by demographic changes and climate change impacts.</p>
Demographic trends	<p>Preparing for an ageing population Develop policies to ensure access to healthcare and social services for an ageing population, including long-term care and eldercare support.</p> <p>Labour market policies Implement policies that address labour market challenges, such as skills training, labour market flexibility, and support for displaced workers.</p>	<p>Lifelong learning Collaborate with regional and local educational institutions to tailor education and training programmes to the needs of the regional workforce and businesses, along with promoting digital skills which are utilised across sectors.</p> <p>Housing policies Increasing supply of housing in a nuanced way will help address intergenerational wealth inequality and rising housing demand.</p>	<p>Local public health initiatives Invest in public health programmes and services that cater to the healthcare needs of the local population, including ageing residents. This may mean greater use of preventative healthcare, greater focus on loneliness and improving accessibility to local services.</p>

Preparing the region for a 'New Age'

Taken together, the four megatrends define a 'new age' which will affect the lives of people in the Midlands over time. Importantly, within the Midlands, the way that the megatrends interact with each other means that different sub-groups and local areas may be impacted to varying extents. This means from a Midlands Engine perspective that region-wide policy priorities need to be sensitive to differences between places. Otherwise, there is an enhanced risk of accentuating intra-regional inequalities.

Technology and digitization will lead to automation, new ways of working and industrial restructuring. This presents significant opportunities for the region to take advantage of its young, diverse population (at least in most of the major cities) and with emergent new economy clusters. In the long-term the region may expect to see productivity rise, a reduction of low-quality jobs, and new innovations in health and energy that may help mitigate some issues of climate change and demographic trends.

Policy should be prepared that the transition will be uneven and that there are risks that some will be left behind and some may lose jobs. Therefore, monitoring against impacts, raising public awareness and targeted reskilling campaigns are likely to become more important.

Rising global tensions may cause specific disruptions to the region including protectionism, changing trade flows and price volatility for industries like manufacturing, raw materials and energy.

While foreign policy is dealt with at the national scale, it is important to promote a clear narrative about the strengths of the region to attract foreign investment and talent.

Climate change and net zero will expose people in the Midlands to more frequent extreme weather events such as flooding and heat stress. The physical infrastructure of the Midlands must adapt to these risks to prepare industry and households otherwise risk falling living standards and productivity. The net-zero transition can mean significant opportunities for the region to expand its emergent green technology clusters which are found throughout the region.

For policy it is important that universities and research establishments in the region capitalise on, and extend, their existing strengths. This may entail skills upgrading within the existing workforce as well as reskilling for new jobs. It is also the responsibility at the regional level to ensure infrastructure is built with to be futureproofed against the changing climate.

Demographic trends mean much of the world is growing older. The consequences of this shift are numerous and multifaceted – from changes in workforce composition, dependency ratios, demands on the healthcare system. Though the region does benefit from being slightly younger and more diverse than the national average it also has a lower skilled workforce and the population profile varies considerably between local areas.

Policy at the regional level needs to prepare for the 'new age' solutions across a range of societal issues. Regions must focus on improving healthy lifespans, where local interventions have a key role to play.



Food White Paper Summary

Leading the transformation of the
UK Food System - from the Midlands

DRAFT

UK and global food demand is growing and evolving rapidly. Food price inflation is impacting households, and there are increasing cost pressures on producers. With workforce challenges across the food system, enhancing productivity is essential. Growing concerns about the impact of poor dietary choices on health and the environmental impact of food production mean that delivering sustainable production methods for healthy food is a key priority.

With the right investment and support there are major opportunities for sustainable food system growth and innovation, with the Midlands leading the way in the UK.

This White Paper therefore recommends that industry, academia and public sector partners come together, with national government, to co-create and bring forward delivery of a transformative plan for sustainable food systems growth, with the Midlands at its heart - focused on four themes:

1. Investment
2. Business & Trade
3. Innovation & Skills
4. Infrastructure & Premises

Why the Midlands...

- **857,000** food system jobs
- **66,000** businesses
- **£32bn GVA** p.a.
- **26%** of UK agri-food FDI (2017-2021)
- **£2.1bn** of food and drink exports in 2022
- **>£3bn** industry investment p.a.
- **32%** Innovate UK agri-food awards
- **52%** UK's larger food manufacturers



[Click here for an in-depth map of the region's food clusters, or scan the QR code](#)



The Midlands food system is delivering for the UK

- **Growing investment in productivity and sustainability** in new facilities, technologies and processes.
- **Transitioning towards Net Zero** by investing in innovative regenerative farming, and carbon reduction in food processing and logistics.
- **Creating high quality jobs** through investment in new skills, innovation and adoption of new technology.
- **Delivering healthier diets** through re-formulation and promoting the supply of 'naturally good-for-you' foods.
- **Creating a resilient, sustainable food system** that enhances biodiversity, increases water and energy efficiency, and delivers a circular economy.
- **Developing its export potential** and creating opportunities to reshore production in sectors such as fresh produce.
- **Attracting major investments** from many of the largest food companies in the world.

Building blocks underpinning the Midlands food system opportunity

A thriving food culture with thousands of artisan producers & local specialities e.g. Stilton cheese & UK-leading food events e.g. Ludlow Food Festival

373,000 employees in commercial food production and distribution supported by UK-leading food system skills, education and technology providers

Over a dozen universities and R&D centres working on food system technology, including agritech, food processing, food formulation, waste streams and automation (left)

The UK's foremost advanced manufacturing and engineering centre – leading on new technology adoption in agri-food and food system productivity gains

UK's largest concentration of agriculture and large-scale UK & international added-value food producers, food distribution & storage centres

Major investments to grow production including SmartParc Derby, Magnavale Grantham, Mondelez Birmingham and Pepsico in Leicester and Lincoln



Click here to find out more about the 'UK R&D' agritech investment opportunities, or scan the QR code above

All of England & Wales is accessible in one driving day, enabling efficient supply chains and making the Midlands home to the UK's largest food logistics cluster

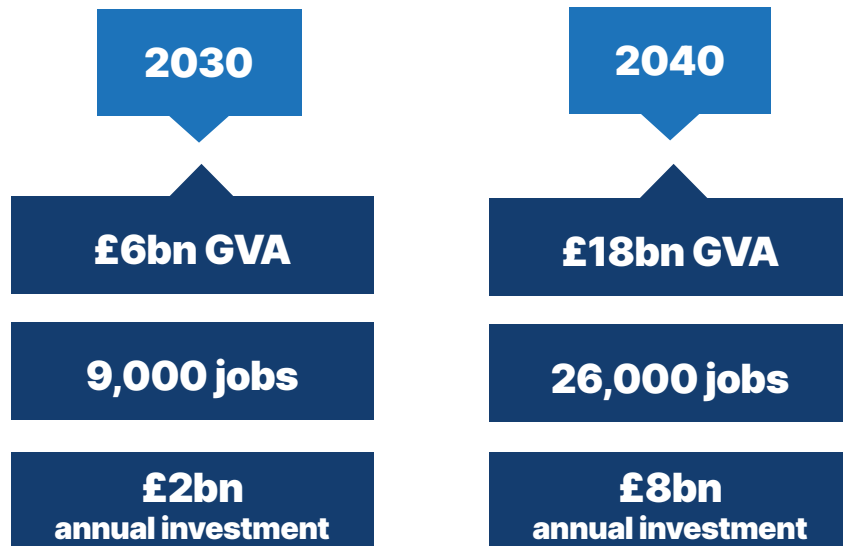
Home to national HQ of NFU, British Frozen Food Federation, British Growers Association and many others with a commitment to growing a more sustainable UK food system

Opportunities and impacts

There is potential to increase investment in the Midlands food system to:

- **Increase UK food system productivity**
by increasing the rate of adoption of automation and digital technologies, creating high value jobs.
- **Increase domestic food production**
through reshoring, investing in modern productive capacity and growing exports
- **Increase the supply of healthy, affordable food choices** to reduce the costs that poor diets impose on consumers & society.
- **Make food production more sustainable**
to reduce the impacts on land, air and water and lower carbon emissions.

There is potential to increase the economic impact of the Midlands food system by:



Recommendations for a Transformative Plan for Sustainable Food Systems Growth

Midlands industry, academia and public sector partners come together, with national government, to co-create and bring forward delivery of a long-term transformative plan for sustainable food systems growth, with the Midlands at its heart, that is overseen by a multi-stakeholder board and focused on the following themes:

Investment	1 Investment – Midlands partners, the Department for Business & Trade (DBT) and the Office for Investment (OFI) working together to deliver a globally competitive investor offer to attract more UK and international food system investment.	2 Agricultural Transition – accelerating the Agricultural Transition through sustainable farming and investment programmes, pro-growth infrastructure and fiscal policies for long-term farm investment.
Business & Trade	3 Business Support – creating a long-term, single, co-ordinated support offer for food and drink businesses, built on existing regional expertise and delivering integrated business support and skills.	4 Trade – supporting the development of trade (import and export) in food and drink products and technology used in the industry.
Innovation & skills	5 Innovation – Midlands partners working with UK Research & Innovation (UKRI) to co-create a globally competitive food systems innovation partnership and multi-year Collaborative R&D programme for food system innovation.	6 Workforce – industry, academia and government co-designing a supportive workforce supply plan including flexible apprenticeships, migration and skills investment supporting technology adoption.
Infrastructure & premises	7 Infrastructure – increasing infrastructure investment in the Midlands as the UK's food production and distribution hub, via devolved regional challenge funds for faster, lower-cost progress.	8 Enabling Planning and Premises Supply – developing a more enabling planning system and premises supply strategy so food and drink businesses can access the premises and facilities they need to grow sustainably e.g. SmartParc model.

Who has been involved

Over 100 food system organisations from across the Midlands have been involved in the development of the White Paper - from industry, academia and the public and third sectors. We thank them all for their input.

If you would like to be involved please get in touch with us via info@midlandsengine.org
We welcome your input and support.