

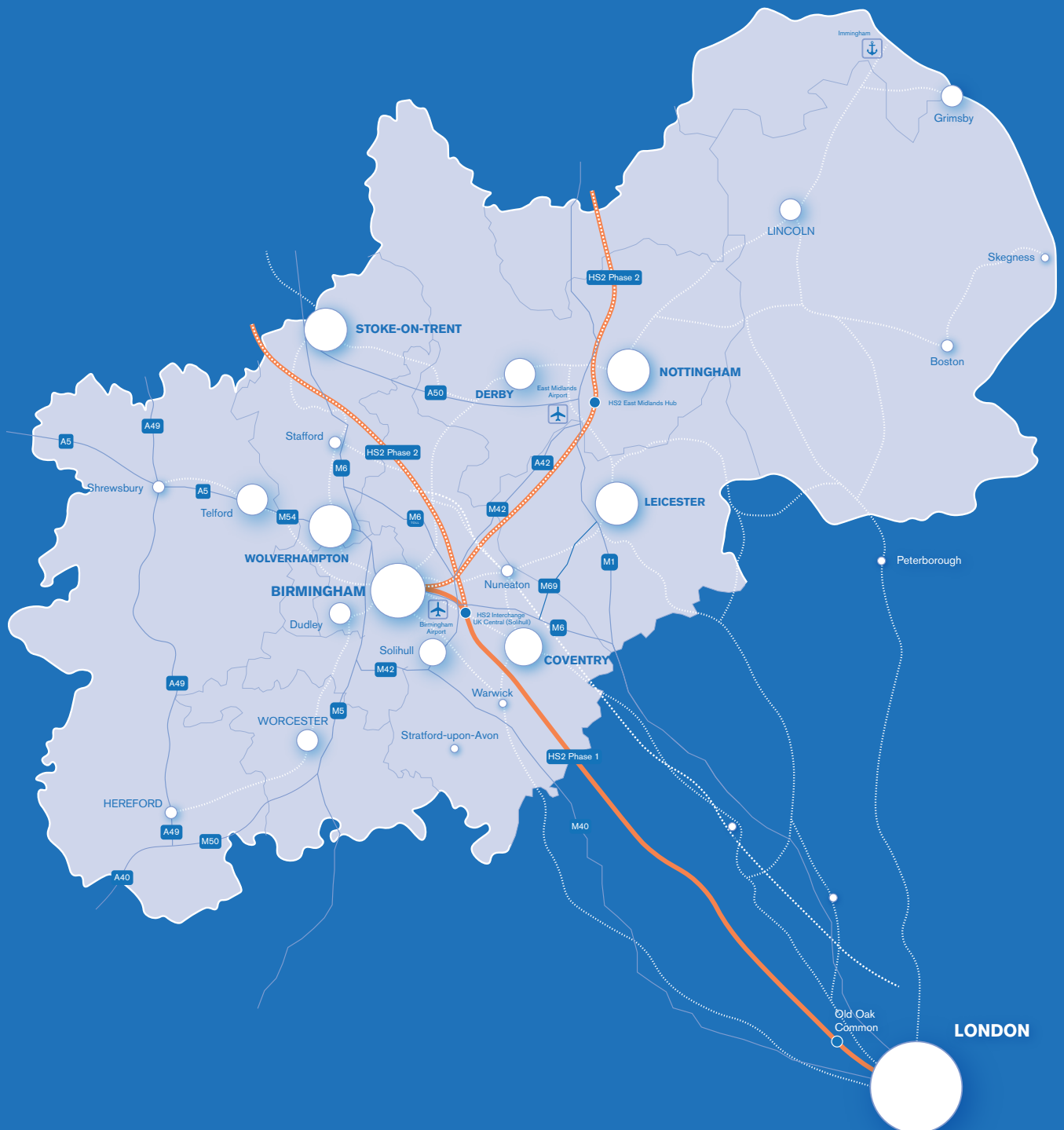
A large industrial jet engine is the central focus of the image, its massive fan blades and complex internal structure clearly visible. A female worker in a dark blue uniform and safety glasses stands to the left, reaching up to inspect the engine's casing. The setting is a large industrial facility with a high ceiling and various mechanical components visible in the background.

**MIDLANDS
ENGINE**

THE MIDLANDS ENGINE VISION FOR GROWTH

Our response to the Government's
Midlands Engine Strategy

THE MIDLANDS



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**WE WILL PROVE THAT
WHEN THE MIDLANDS
SUCCEEDS, BRITAIN
SUCCEEDS.**

FOREWORD



Sir John Peace

Chair, Midlands Engine

As a Midlander, I know very well how much this region has to offer. As a businessman, I am convinced that the UK's future economic prosperity can be driven by Midlands industry, innovation and energy.

The Midlands is home to some of the country's leading businesses and top talent, and offers an enviable quality of life. In the past, we have performed less well than some other parts of the country. Our productivity is lower, some skills are in shorter supply and employment rates lag behind.

Coming together, supported by Government, to form the Midlands Engine Partnership, we have created the opportunity to change things. We have the chance to work, and to compete, at a scale that makes sense in global markets and to prepare the Midlands for a post-Brexit economy.

To tackle our under-performance, we need to be bold and to do more to improve our productivity and drive economic growth.

This is vital to achieving the objective which is most important to us – improving living standards, prosperity and opportunity across the Midlands. Inclusive growth requires better productivity and that's the focus of our partnership.

Together we can shape our ambition for the Midlands of 2030.

In developing this vision, we've spoken to many of our business leaders, innovators, local authorities and LEPs to understand their needs and priorities. We will continue this engagement throughout the autumn, with a roadshow targeted at our small and medium sized businesses.

The success of the Midlands depends on the Midlands itself, but we need investment, and collaboration with Government, to kick-start and accelerate growth. The prize is huge; if our £207 billion economy were as productive as the UK average it would be a £261 billion economy.

The Government launched its Midlands Engine Strategy in March of this year, including a commitment to invest £4 million in our partnership, which we welcome. The strategy is an endorsement of our efforts and highlights the added-value that the Midlands Engine Partnership has delivered since its launch.

We have improved our approach to attracting foreign investment, published a credible long-term transport investment strategy and undertaken the country's largest Science and Innovation Audit which emphasises our globally significant assets and industry sectors.

The £250 million Midlands Engine Investment Fund has been launched to provide growth finance to SMEs. This is a good start, but I want us to go much further. I think we need a £1 billion fund to support SME business growth as we make real our vision of the Midlands in 2030.

This vision is our response to the Government's strategy and expresses our intent to maximise their return on investment for the benefit not just of the Midlands, but the whole of the UK.

We want to do things differently, working on five priorities which are set out in this vision. Each builds on our track record and strengths and will benefit the whole region to a greater extent than any single organisation could achieve working alone.

Working collaboratively on these areas of focus, and by supporting the achievement of local priorities such as addressing skills shortages, we will rapidly accelerate growth.

We are keen to continue to work with the Secretary of State for Communities and Local Government as our plans develop. By working closely with Government we will rebalance the UK economy by better-connecting the region, investing in our strategic infrastructure, growing our innovative clusters and sectors, increasing our international investment and trade promotion activities, and shaping great places to live, work, learn and visit.

Now is the Midlands moment. Watch us grow.

A handwritten signature in black ink, appearing to read 'John Peace'.

EXECUTIVE SUMMARY

This is the Midlands Engine Vision for Growth. It includes our response to the Government's Midlands Engine Strategy and sets out five priorities for investment that will enable the Midlands to contribute to the UK's Industrial Strategy and drive Britain's post-Brexit growth.

We welcome the objectives laid out in the Government's strategy and partners across the Midlands share the Government's aspirations. The £1.62 billion of Local Growth Fund money provided to Midlands Local Enterprise Partnerships has already allowed us to make critical investments in infrastructure to improve transport and digital connectivity, support skills, unlock housing and business growth and drive civic renewal.

The world in which Britain needs to compete and prosper is changing rapidly, not just in terms of our trading relationships but also how we produce and consume goods and services. Our focus is to look beyond the immediate horizon, towards the Britain of 2030. By then autonomous vehicles, artificial intelligence based manufacturing, and hyper-fast connectivity will be the norm and HS2 will be up and running.

In the Midlands, we are planning for this now with strategic investments in new energy, innovation and connectivity. Critically, we want to ensure that Midlanders have the skills and creativity that will enable them to contribute to, and benefit from, these new economic opportunities. That is how we will achieve more inclusive growth.

Our core purpose is to create a Midlands Engine that powers the UK economy and competes on the world stage. Our strategic location, strong sense of identity and reputation as the beating heart of the national economy will ensure the UK's future as a global economic power.

A strong Midlands economy will grow the national economy, attract more investment and rebalance the nation. We are already a £207 billion economy with growth of 18% over the last five years, but we are far from achieving our full potential.

Midlands Engine partners are committed to collaboration across our region to support local and national priorities on productivity and industrial strategy.

Our ambition is to close the GVA gap to match or exceed the national average and add £54 billion to the Midlands and UK economies by 2030.

THE MIDLANDS ENGINE VISION FOR GROWTH

Investing in the Midlands Engine is essential to the UK's long-term success. To achieve our 2030 ambition, we need to accelerate productivity growth across the Midlands. Much of this will be driven locally and sub-regionally by businesses, LEPs, universities, Councils and Combined Authorities with newly devolved powers. This will include delivering a transformation in skills and education that will help boost productivity and spread prosperity.

The Midlands Engine is about additionality, complementing the work of Local and Combined Authorities, LEPs, universities, businesses and others to generate added-value at scale across the Midlands.

Therefore, in this report we focus on the priority areas where collaboration can accelerate growth most rapidly and on five packages of work where, by investing and working together, we can add significant additional value to the Midlands and UK economies and play a central role in developing Britain's post-Brexit economy.

These five packages each involve a mixture of immediate and longer-term investments and initiatives, the cumulative impact of which will be a step change in productivity and international competitiveness. They are the five main ways we will achieve growth, increase prosperity and improve quality of life for all Midlanders:

1 CONNECT THE MIDLANDS

Maximise new technologies to deliver a radical transformation of Midlands connectivity

Deliver the Midlands Connect Transport Strategy and accelerate HS2

Secure full funding for a rail, road and smart connectivity investment package

Become the UK's transport innovation testbed

Maximise the potential of our two international airports, including through bold new ideas to boost capacity

2 INVEST IN STRATEGIC INFRASTRUCTURE

Invest in the most sustainable and advanced technology to deliver the infrastructure required to meet future business and resident needs

Invest in our long-term energy security

Create a 5G digital testbed

Increase our logistics and freight capabilities

Use HS2 as a catalyst for growth, helping deliver the East Midlands HS2 Growth Strategy, the Curzon Masterplan and UK Central Hub

3 GROW INTERNATIONAL TRADE AND INVESTMENT

Grow trade and investment in new markets to create jobs in a global economy

Expand the Midlands Engine Trade and Investment Programme

Explore the potential of an International Free Trade Zone

Create a regional subvention fund to attract large events and conferences related to our strengths identified by our Science and Innovation Audit (SIA)

4 INCREASE INNOVATION AND ENTERPRISE

Create an environment where the strengths identified by the Science and Innovation Audit can be maximised to benefit the whole region, helping to create successful growth businesses

Work with Government to develop our SIA Investment Programme including: Transport Innovation, Future Food Processing, Medical Technologies Innovation and Cross Industry Technology Exploitation in Clusters

Create a new Midlands Management and Leadership Institute

Secure National Initiatives, Sector Deals and Industrial Strategy Challenge Fund investments

Progress UK supply chain initiatives

5 SHAPE GREAT PLACES

Promote the Midlands as a great place to live, visit, learn and work

Host the 2022 Commonwealth Games and a GREAT Exhibition of the Commonwealth

Secure strategic sectoral relocations: including Channel 4 and The Defence and National Rehabilitation Centre

Support our European Capital of Culture and UK City of Culture bids

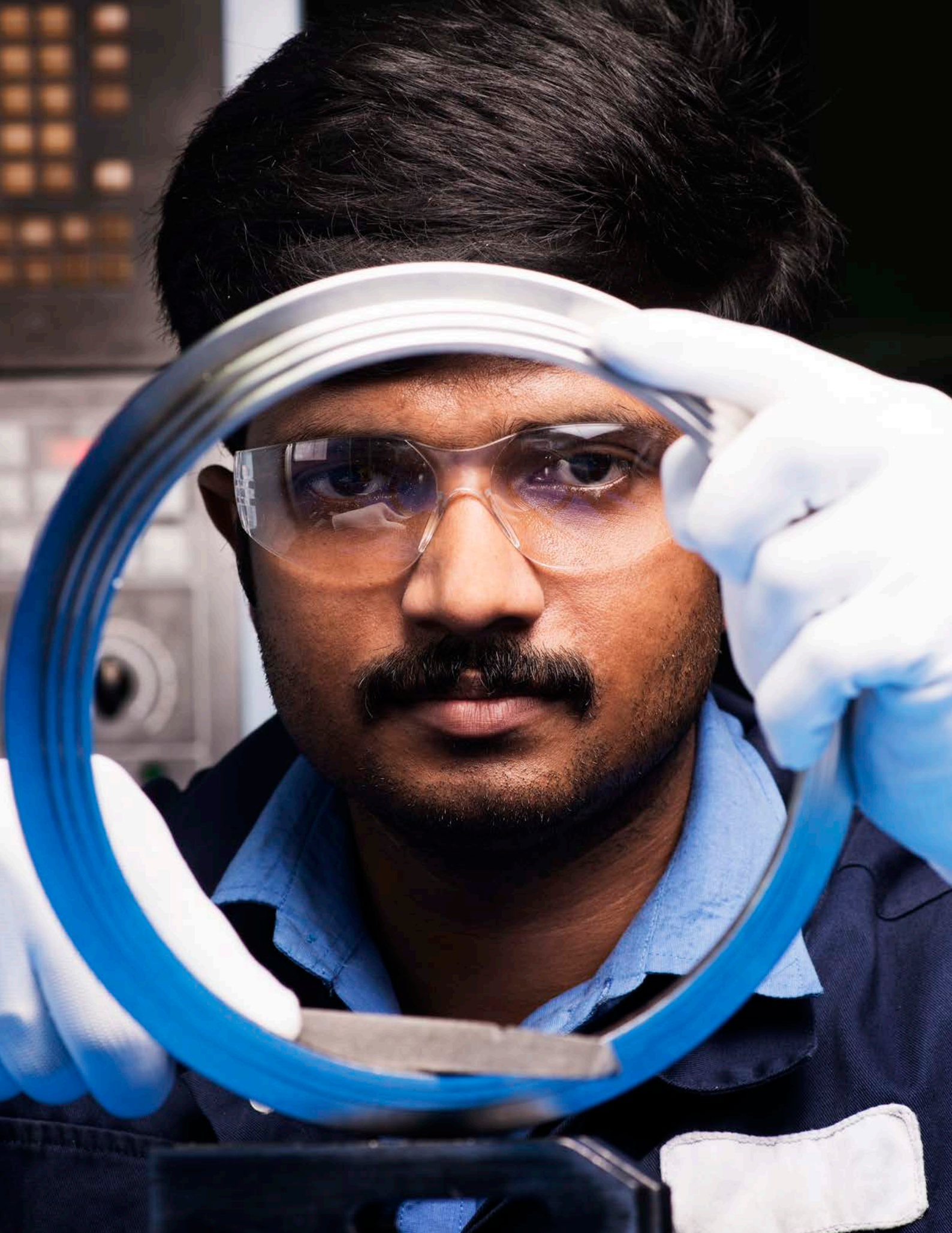
Unlock housing growth, enabling the building of at least 600,000 new homes within 15 years

Work with Visit England and Visit Britain to create and implement tactical visitor and destination marketing campaigns

Turn our Vision into Reality

Our immediate next steps will be to build our evidence base, develop an implementation plan and promote this vision across the region.

- **Build the evidence base:** To understand the complexities of a Brexit-ready economy, we need a robust evidence base. Our partners will create a Midlands Economic Observatory that combines future-scoping and innovation-thinking with rigorous evaluation. We will establish a common framework for assessing the impact of the work we are prioritising and of new economic opportunities as they arise.
 - **Develop an action plan:** The Midlands Engine is agreeing a spending and activity profile for our £4 million Operating Budget. This will include boosting our secretariat team to lead the partnership, committing to communications and promotions activities and assessing the feasibility of new projects. Our next step will be to implement our governance review, develop a distributed leadership structure, with clear responsibility, authority and accountability, to drive implementation of our five work packages, and an assessment of the resource, capacity and capability requirements of each.
 - **Promote our vision:** Working with Government we will run an in-region awareness and promotion campaign to support the launch of the Midlands Engine Vision for Growth. To build engagement and support for our growth ambitions we will run a region-wide roadshow to connect with Midlands businesses this autumn.
-



WE ARE THE MIDLANDS ENGINE

The Midlands Engine is a partnership of Local and Combined Authorities, Local Enterprise Partnerships, universities and businesses working together in new and transformative ways to invigorate the £207 billion Midlands economy.

Home to over 10 million people and 440,000 large and small businesses, the Midlands has huge potential and the Midlands Engine Partnership is focused on its global success.

The Midlands economy covers a diverse and substantial area, built on a globally significant advanced manufacturing base, with demonstrable strengths in multiple sectors and technology areas. We are home to world-class research, four Catapult centres, major multi-national research and development-intensive companies and strong supply chains, particularly in automotive and aerospace engineering.

The Midlands economy has grown by 18% over the last five years, slightly higher than the UK rate, but continues to under-perform nationally. We are home to over 15% of UK residents but only just over 12% of the economy. In 2015 productivity in the Midlands Engine area was £7,500 below the national average GVA per worker. Unless our growth increases at a faster rate we will continue to punch below our weight.

No one measure alone will change this. The Midlands Engine needs to focus on a number of issues at the same time if we are to increase productivity, raise living standards, and rebalance the national economy.

THE MIDLANDS ENGINE PRINCIPLES

The Midlands Engine ways of working are guided by five principles.

- The Midlands Engine is about **additionality**, complementing the work of Local and Combined Authorities, LEPs, universities, businesses and others to generate added-value at the globally sensible spatial scale of the Midlands
- Our core focus is on leveraging the capacity of the Midlands to help Britain succeed. Our policy approach remains **apolitical**, focusing on increasing productive economic growth and improving quality of life
- The Midlands Engine will define a long-term **strategic** plan that will secure a number of high impact initiatives and investments for the UK
- The Midlands Engine will work on projects that benefit the whole region and develop a **self-sustaining** and resilient partnership model
- The Midlands Engine Partnership will work **collaboratively** and speak with one voice, implementing a distributed leadership model to drive delivery

Our partners recognise the benefits that can be achieved through decentralisation and devolution. Delivery should always be at the appropriate level and Local Authorities, Combined Authorities and LEPs will often be the delivery vehicles of the inclusive growth we seek.

The Midlands Engine will champion local priorities and ways of working, and forge a common identity based on economies of scale when, for example, promoting the region in world markets or planning regional infrastructure investment.

OUR GROWTH AMBITION

The UK needs to increase productivity to be competitive on the world stage and the Midlands must contribute more to UK growth.

Our ambition is to match or exceed the national average GVA per head by 2030. If the Midlands Engine were performing at this rate today, the economy would be £54 billion larger. That's almost the size of the Welsh economy.

Leading international regions that are driving national innovation and productivity such as Bavaria in Germany and the Greater Pearl River Delta in China show what we have the potential to achieve. With similar economies to the Midlands, both punch above their weight in terms of their contribution to their national economies. If the Midlands can match them we can lead the economic transformation not just of the region, but the UK.

REBALANCING THE UK ECONOMY

The UK Government believes that if the Midlands succeeds, Britain succeeds. For this to be true we need a step change in the way we work together to tackle barriers to productivity.

Since 2014 the Midlands Engine has received €1.4 billion of European Structural and Investment Funds, €245m of Horizon 2020 (to 2016), and £1.6 billion of Local Growth Funds. Such investments help to address our productivity gap, raise living standards, and rebalance the economy, but we need to do more to become a world-class region which drives UK growth. We want to play a central part in discussions with Government about the post-2020 funding landscape, identifying priorities for the new Shared Prosperity funding.

The growth enjoyed by Bavaria and the Greater Pearl River Delta is not down to luck or coincidence. Governments, local bodies, businesses and stakeholders have laid the foundations of success, including through secure investment, for the economy to flourish and to generate more high-value economic activity.

We need the security of funding that will allow us to pool resources and invest at scale. An early commitment to continued funding via repatriated European Union monies can provide this security.

Bavaria, Germany

- | 18% of the national economy
- | 16% of the population
- | 15% of national exports
- | 11% of total employment is in high and medium-high technology manufacturing
- | Sector strengths in automotive industries, electrical engineering, mechanical engineering, ICT, biotechnology, transport, telecommunications, energy
- | Munich is Germany's 3rd largest city

Greater Pearl River Delta

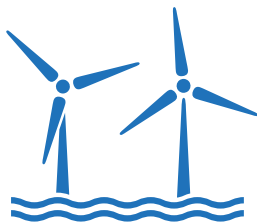
- | 12% of national economy
- | 5% of the population
- | 26% of national exports
- | 43% employed in industrial activity, 55% in services
- | Sector strengths in electronics, construction, textiles, automotive, pharmaceuticals
- | Guangzhou is China's 3rd largest city

The Midlands

- | 12% of the national economy
- | 15% of the population
- | 15% of national exports
- | 38% of total employment is in key sectors (those that deliver highest productivity and attract highest rates of FDI and graduate employment)
- | Sector strengths in manufacturing, transport, energy, construction, food and drink
- | Birmingham is the UK's 2nd largest city



STRONG FOUNDATIONS FOR GROWTH: THE MIDLANDS 2017



Secured the Energy
RESEARCH ACCELERATOR



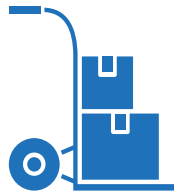
The UK's leading
Meditech cluster,

**INCLUDING THE
CENTRE FOR TRAUMA
& DEFENCE MEDICINE**



A globally competitive

**SPACE TECHNOLOGY
SECTOR**



The UK's largest
concentration of

**FOOD PROCESSORS &
SUPPLY CHAIN COMPANIES**



**AT THE LEADING-EDGE
OF NEXT GENERATION**

transport systems, vehicles, and
technologies globally



**ALMOST 27,500
BUSINESSES IN THE
MANUFACTURING SECTOR**



**585,400 EMPLOYED IN
LIFE SCIENCES AND
246,100 IN ADVANCED
ENGINEERING SECTORS**



TEACHING EXCELLENCE

The Midlands Engine has nearly twice the
UK average of TEF Gold rated universities
for teaching excellence



**LAUNCHED THE £250M
MIDLANDS ENGINE
INVESTMENT FUND**



**AGREED EIGHT
ENTERPRISE ZONES**

Home to some of the

**MOST ADVANCED
MANUFACTURING
EQUIPMENT IN THE WORLD**



**EXCELLENT
QUALITY OF LIFE**

with two UNESCO World Heritage Sites,
the National Forest and the Peak District



Midlands Engine Investment Portfolio

**33 MAJOR OPPORTUNITIES
FOR INVESTORS**



**THE HEART OF BRITAIN'S
HIGH SPEED RAIL NETWORK**

**MORE FOREIGN DIRECT
INVESTMENT THAN
ANY OTHER REGION**

2011 - 2015



The only region to have a

TRADE SURPLUS WITH CHINA



The UK's largest port by tonnage
at Immingham, handling

55 MILLION TONNES

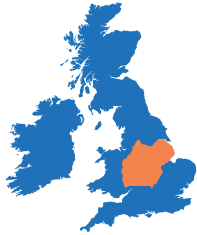
In 2016 the Midlands
Engine exported over

**£43BN WORTH OF GOODS,
AND IS OUTSTRIPPING THE
NATIONAL GROWTH RATE**



**MIDLANDS CONNECT
STRATEGY LAUNCHED 2017**

LOOKING BEYOND THE HORIZON: THE MIDLANDS 2030



THE ECONOMIC ENGINE OF THE UK

We are known globally for our highly productive industrial sectors, research and innovative technologies, with an excellent quality of life that attracts people here to live, visit, learn and work. Our collaboration between institutions and enterprises is renowned.



LEADING CHANGE

Our strength in transport technology and network management means we play a major role in the development of next generation smart-motorways and the digital railway.



A YOUNG AND DIVERSE REGION

20 to 24-year-olds are our largest demographic group, and we continue to celebrate our ethnic diversity and multi-national population.



BETTER CONNECTED WITHIN THE REGION, NATIONALLY AND GLOBALLY

Midlands Connect is maximising the region's position as the hub of the national transport network, making East to West and North to South journeys easy. HS2 has dramatically shortened some journey times and our two airports and port are continuing to grow as international gateways.



INCREASED NUMBERS OF GOOD QUALITY JOBS

As the pace of automation increases we will see a shift in employment patterns. Our leading work in using advanced technology, digitisation and data, prioritises job creation, supporting entrepreneurs and companies to create new high-value jobs.



FAR MORE FOREIGN DIRECT INVESTMENT

Through compelling marketing of our strengths, the Midlands is the best place to invest in the UK and to maximise sustainable return on investment.



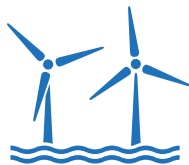
GREATER NUMBERS OF VISITORS TO THE REGION

Focusing on international and business tourism, addressing issues of under-utilised capacity at the region's airports, conference venues and hotels.



RIISING LEVELS OF EXPORTS

Strong links to global markets, exporting not only products but services and knowledge, maintaining global competitiveness through our adoption of disruptive, innovative new processes in manufacturing.



LEADING THE WAY IN ENERGY INNOVATION

A sustainable and secure region with local clean energy systems. We successfully capitalise on energy storage, demand management, energy services and electrification of transport.



A STRONG EVIDENCE BASE

Our investment in innovation and collaboration around intelligence and analysis of the sectoral impacts of Brexit mean we mitigate risks and capitalise on opportunities wherever they arise, empowered by an ongoing programme of economic and technological foresight work.

OUR VISION FOR GROWTH

To close the GVA gap by 2030 we must accelerate productivity and boost competitiveness. The partnership has developed our vision focused on the areas where we can add value to national and local work. Our Science and Innovation Audit (SIA) has shaped our thinking and shown where investment can best reap reward.

This is a long-term vision, reflecting both the Government's Midlands Engine Strategy and our own ambition for the Midlands of 2030.

We have identified five priority work packages. These are the areas where the Midlands Engine will generate added-value through collaboration and drive productivity growth.

Each of these five work packages is based on our known strengths and our potential to contribute more to the UK economy.

In addition to the five work packages, the Midlands Engine has two local priorities, skills and devolution, which will be delivered by Midlands Engine partners.

Skills shortages are a significant barrier to our growth. 31% of people of working age in the Midlands Engine area are educated to degree level or higher, which is significantly lower than the national average. The Midlands Engine also has an above-average percentage of its working-age population without any formal qualifications; 10% compared to a national rate of 8%. Partners are working hard to address these issues, implementing innovative initiatives targeting local skills gaps to meet business needs.

We welcome the £20 million investment by Government in the Midlands Skills Challenge, which will enable us to do more to improve skills in the region.

Devolution can be an enabler for local places to deliver bespoke solutions to local challenges and opportunities to drive inclusive growth. The West Midlands Combined Authority has agreed a devolution deal with Government to work in this way, and we support them in securing a second devolution deal.

MIDLANDS ENGINE

**CONNECT THE MIDLANDS**

Maximise new technologies to deliver a radical transformation of Midlands connectivity

**INVEST IN STRATEGIC INFRASTRUCTURE**

Invest in the most sustainable and advanced technology to deliver the infrastructure to meet future business and resident needs

**GROW INTERNATIONAL TRADE AND INVESTMENT**

Grow trade and investment in new markets to create jobs in a global economy

**INCREASE INNOVATION AND ENTERPRISE**

Create the environment where strengths identified in our SIA can be maximised to benefit the whole region and help create successful growth businesses

**SHAPE GREAT PLACES**

Promote the Midlands as a great place to live, visit, learn and work

1. CONNECT THE MIDLANDS

We need to be regionally, nationally and globally connected so that the Midlands transports people to work, goods to market and allows the exchange of ideas that power the knowledge economy.

Everyone does business with the Midlands. Our location means that Midlands businesses have unrivalled access to UK suppliers and markets, and a choice of routes to export products to Europe, Asia and North America.

Midlands Connect was formed in 2014 to research and develop a strategy for improving transport connectivity across the Midlands to boost economic growth. We are now moving forward across rail, road and smart connectivity, working closely with the Department for Transport, to modernise and upgrade our transport networks.

The Midlands is currently held back by poor connectivity and is fragmented into small, poorly connected areas. It takes more than 70 minutes by direct train to travel between our two Core Cities. This is unsustainable in a modern economy. We need high-performing transport networks to fully exploit our locational advantages. With the right investment Midlands Connect will deliver those networks.

Government has already committed to invest £5 billion over the course of this Parliament in Midlands transport infrastructure. We are capitalising on emerging technology; autonomous cars will soon be seen on the streets of Midlands cities, with Coventry one of the host cities in a trial of self-driving vehicles and connected car technologies.

Maximise new technologies to deliver a radical transformation of Midlands connectivity

Deliver the Midlands Connect Transport Strategy and accelerate HS2

Secure full funding for a rail, road and smart connectivity investment package

Become the UK's transport innovation testbed

Maximise the potential of our two international airports including through bold new ideas to boost capacity

DELIVER THE MIDLANDS CONNECT TRANSPORT STRATEGY AND ACCELERATE HS2

We are seeking Government prioritisation of, and commitment to the delivery of, the whole of the Midlands Connect Strategy and we urge Government to bring forward the completion date of HS2 Phase 2 to 2030.

As the first region to benefit from HS2, the Midlands Connect Partnership is seizing this once in a lifetime opportunity to drive UK growth, and we are fully supportive of Sir David Higgins' report, HS2 Plus, which proposed that HS2 Phase 2 be accelerated.

Delivering the Midlands Connect Strategy is crucial to transforming the Midlands into a well-connected region. Investment and delivery must keep pace with the development of our programme and deliver on additional initiatives in line with Government's Transport Investment Strategy.

Our transport strategy will boost the economy by up to £5 billion per year by 2040, creating a total of 300,000 new jobs. We take a bold new approach to connectivity that will reduce congestion and improve journey times across the Midlands through a joined-up approach to infrastructure improvement and investment. It sets out a twenty-five-year transport investment programme and identifies a package of early priorities requiring delivery in the next decade.

Bold ideas include developing the A46 as a cross-region corridor running south-west to north-east across the Midlands. This is a key strategic priority because of the scale of the potential economic, trade and housing growth it can stimulate. It is a major development, with the potential to link the South West and South Wales and the ports of Bristol and Immingham, with the logistics golden triangle at the heart of the Midlands, and onwards to the North East.

OTHER PROJECTS

Midlands Rail

We are seeking £40 million funding to further support our Rail Programme to help ensure that the region has well progressed plans in place to cope with growth and take advantage of economic benefits. This will build on the £5 million announced in the Autumn Statement of 2016, when Government supported us to develop our rail ambitions. It will include developing Phase 2 of the Midlands Rail Hub, both the east-west and Coventry-Leamington corridors, and establishing a new Rail Innovation Group.

Electrification of the Midland Main Line is seen by residents and businesses as important in reducing journey times and ensuring HS2 compatibility. The recent announcement not to proceed with the electrification was met with concern. The objective of improving journey times and achieving HS2 compatibility must still be met. With that in mind, and because we want to be the UK's transport innovation testbed, the new Rail Innovation Group we propose to establish will develop ideas to deliver a high-specification rail service for the Midlands, one which could be matched across the UK.

Midlands Road

We are seeking £15 million to move forward with our Midlands Major Road Network and Midlands Motorway Hub initiatives. Midlands Connect is currently undertaking work aimed at defining the purpose and characteristics of a potential Major Road Network for the Midlands and has commissioned, jointly with Highways England, the Midlands Motorway Hub Study to identify how capacity constraints are restraining the economy of the Midlands and the UK.

Smart Connectivity

We are seeking £24 million to take forward smart ticketing programmes, including capital expenditure to install platform validators where needed at railway stations across the Midlands. We support the national Smart on Rail programme and believe that the Midlands can develop the most efficient way to deliver and integrate regional and national programmes.

Become the UK's transport innovation testbed

We want the Midlands to be the testbed for future transport innovation and are keen to work with Government and universities to develop pilots and help take ideas from concept to delivery. This includes using technology to reduce the need to travel, connected autonomous vehicles and Network Rail's digital railway ambitions.

Midlands Connect will play its role in encouraging a market for innovation and smart connectivity, for example as an operating environment for connected and autonomous vehicles, where the region has an input into the conditions required to implement these initiatives including infrastructure, regulation, operating models and insurance risks.

By leading growth in technology from the Midlands, including driverless cars or piloting platooning of freight vehicles, the UK can become a global centre of excellence for the application of these technologies in a sustainable environment where defined standards and legal and regulatory boundaries can be established. This will enable manufacturers to produce globally-accepted products, driving accelerated market demand and economic growth. In addition, this will help to achieve our transport outcomes.

Maximise the potential of our airports

The Midlands is home to two international airports. They are key assets for the Midlands and we want to maximise their potential as global gateways for both passengers and freight. As part of the emerging UK Aviation Strategy, we will identify ways to better support their growth, and develop bold options to increase capacity and maximise connectivity to our airports from across the region. This will stimulate competition to ensure our people, businesses and customers have a wide choice of airports, airlines and destinations.

This could include direct links to our HS2 stations or the use of innovative new technology such as a hyper-loop between the airports.

2. INVEST IN STRATEGIC INFRASTRUCTURE

We will accompany our comprehensive strategy to deliver the UK's best transport system with a series of innovative programmes to deliver the energy, digital and logistics infrastructure that the region's businesses require. We will also benefit from new national infrastructure projects, where the Midlands will be at the heart of HS2.

We are already building on Midlands strengths in research and development, and the presence of leading energy technology and engineering firms to support Government in shaping future energy policy and delivery. We are home to the Energy Research Accelerator (ERA) and the Energy Systems Catapult whilst Rolls-Royce is leading a UK consortium looking at the potential application of nuclear energy from Small Modular Reactors.

The Energy Research Accelerator is a collaboration of six Midlands Innovation universities plus the British Geological Survey. These institutions are working with industrial partners ranging from Jaguar Land Rover and Schlumberger, through to small and medium sized enterprises such as Dearman, Blueprint and many others. The ERA's large-scale demonstration projects take place across the Midlands and provide practical and applied solutions in areas such as energy for homes and communities, energy storage, energy generation and distribution, and carbon abatement.

Invest in the most sustainable and advanced technology to deliver the infrastructure to meet future business and resident needs

Invest in our long-term energy security

Create a 5G digital testbed

Increase our logistics and freight capabilities

Use HS2 as a catalyst for growth, helping deliver the East Midlands HS2 Growth Strategy, the Curzon Masterplan and UK Central Hub

INVEST IN LONG-TERM ENERGY SECURITY

We will bring together our research and industry expertise to create the most advanced UK region for testing, demonstrating and commercialising new energy innovations and become the best place for businesses and residents to access affordable and sustainable energy. Our diverse urban and rural landscape provides opportunities to test and deploy technologies, at scale, across different environments.

Through collaborations such as Energy Capital we seek to achieve bold ambitions including eradicating fuel poverty across the Midlands. We support Government's ambition for the UK to have the lowest energy costs in Europe. We will also support Government's future energy policy by creating the largest testbed and commercial market for innovative energy technology in the UK.

In many cases the business objectives of one party in the energy sector cannot be satisfied without the data, levers of control and customer relationships held by other parties. The consequences are unnecessarily high costs for domestic, industrial and commercial consumers and very high barriers to securing sustainable energy supplies. This is partly a product of regulation and partly a product of the energy sector being behind other sectors in exploiting advanced information infrastructures.

Market efficiency can drive up consumer satisfaction and drive down cost. But the private sector alone cannot unlock this. There are fundamental market failures to overcome. New industrial energy demonstrators focused on low cost, clean energy can stimulate new markets for energy supply.

We have identified a pipeline of projects for investment which will see the Midlands developing pre-commercial stage innovation capabilities and stimulate early-stage technology innovation, building on our strengths in battery technologies, housing and construction.

We are asking Government to support the creation and expansion of energy demonstrators across the Midlands, supported by programmes such as the Energy Research Accelerator and partnerships such as Energy Capital, and the development of Energy Innovation Zones to go beyond demonstration, to market-making and large-scale commercialisation of integrated energy systems, in support of UK Industrial Strategy.

OTHER PROJECTS

Next steps to develop the 5G digital testbed

We want to be at the forefront of digital innovation and are working across the Midlands to develop a detailed and costed proposition to make the Midlands the UK testbed for 5G and full fibre networks. We are keen to work with Government on this as set out in the Midlands Engine Strategy. We will focus on a small number of key challenges where Midlands Engine partners have existing strengths and expertise. Our ambition is to deliver the technological infrastructure that will attract and support businesses and residents, and to address issues such as congested transport networks, energy systems under capacity strain, and elderly and isolated vulnerable people who need support.

As a first step, we are defining a testbed area where technology is already in place or could be readily assembled to enable deployment of a test architecture capable of coping with the most demanding of applications. We are assembling a group of stakeholders which includes technology and connectivity suppliers, research bodies, Local Authorities and other major service providers to take this forward.

Increase our logistics and freight capabilities

We would like Government commitment to one or more of the Heathrow Logistics Hubs being located in the Midlands, maximising the presence of national logistics operators in the region. The transportation and storage sector in the Midlands employs 228,000 people in over 21,000 businesses. We will continue to explore how to increase employment and business opportunities in logistics and freight, maximising the export and import capabilities of the Port of Immingham, Birmingham Airport and East Midlands Airport as the UK's premier freight hubs. They have great potential to support economy rebalancing efforts and to relieve congestion at Heathrow.

Use HS2 as a catalyst for growth

We will work to support places to turn their ambitious HS2 Growth Plans into action. HS2 can transform the Midlands. This is most impactful when we see HS2 as part of wider regeneration plans and a regional transport network. We will look to link the development areas across the four stations serving the Midlands and secure opportunities for all our residents and business.

- **The East Midlands HS2 Growth Strategy** plans to use HS2 in the East Midlands to create an extra 74,000 jobs and generate an additional £4 billion of GVA by 2042. The development has the potential to be truly transformational, catalysing growth across and beyond the East Midlands
- **The Curzon Masterplan** for Birmingham city centre will catalyse regeneration with a new rail terminus in the heart of the city. It is anticipated to generate a £1.5 billion economic uplift, create 36,000 new jobs and 4,000 new homes
- **The UK Central Hub** in Solihull is a unique concentration of global businesses and strategic economic assets with a wide range of development opportunities, including the HS2 Interchange Station, the 140 hectare Arden Cross development site, Birmingham Airport, the National Exhibition Centre and Jaguar Land Rover. The whole development will create around 3,500 homes, support an estimated 100,000 jobs region-wide and contribute £5 billion to regional GDP

In addition to the three main HS2 hubs within the Midlands Engine, there is a major opportunity to align these with HS2 at Crewe. The Constellation Partnership there has ambitious plans to deliver new homes and jobs growth.



3. GROW INTERNATIONAL TRADE AND INVESTMENT

In 2017, we undertook our first collective promotion of the Midlands at MIPIM, an international property event in Cannes, France. We developed an Investment Portfolio for the Midlands and showcased the breadth and scale of the investment opportunities available here.

This was a successful first step. We will build on this and take the Midlands Engine to multiple global investment events in 2018, including MIPIM Asia. We will work with private sector partners and the Department for International Trade (DIT) to showcase the Midlands Engine Investment Portfolio at these events.

We are working together to increase foreign direct investment (FDI), boost our international presence and develop a combined offer at the scale which is attractive to major investors.

The Midlands Engine Investment Hub, based in Birmingham, is now successfully driving inward investment in key sectors and supporting regeneration projects across the region.

Working with DIT, in addition to our MIPIM exhibition presence, we have undertaken trade missions and are developing our emerging China Strategy and our Life Sciences capability brochure.

We are forging new relationships based on our SIA identified strengths, such as the Memorandum of Understanding designed to strengthen the collaboration, particularly in the cyber sector, between the Midlands and Maryland in the USA.

We want to work with the region's businesses and international partners to raise awareness of the Midlands Engine and develop new areas for collaboration to secure maximum benefit. We have an ambition to be the trade engine of the UK economy, actively engaged in the USA, Commonwealth and other opportunity markets. With direct connections and interactions with China we can become The End of the Silk Road.

Grow trade and investment in new markets to create jobs in a global economy

Expand the Midlands Engine Trade and Investment Programme

Explore the potential for an International Free Trade Zone

Create a regional subvention fund to attract large events and conferences related to our strengths identified by our Science and Innovation Audit

EXPAND THE MIDLANDS TRADE AND INVESTMENT PROGRAMME

A threefold increase in investment by Government in the Midlands Engine trade and investment programme will allow us to deliver increased international trade and investment activity post-Brexit.

We will increase the scope of the current programme, including the implementation of target market interventions, and repeat the success of MIPIM 2017 in other markets over the next few years.

We want to broaden our understanding of specific geographical areas and sectors to focus Midlands Engine trade and investment efforts in target markets, based on maximising traction from current geographical links and existing and emerging sector strengths.

In addition, we will develop new functions which can benefit the region and prepare for the post-Brexit landscape. We seek freedom to use the Midlands Engine branding in all markets.

We will use this additional funding to deliver four functions:

1. Introduce a new approach to large business account management
2. Create a world class inward investment function with a refreshed Investment Portfolio
3. Increase international promotion for FDI, trade and exporting through an increased programme of outreach activity, both physical and virtual
4. Explore the potential benefits of a Midlands Soft Landing Zone for the post-Brexit Midlands

OTHER PROJECTS

Prepare for the post-Brexit trade opportunities; an International Free Trade Zone feasibility study

Working closely with Government we would like to maximise international trade and manufacturing exports post-Brexit. This would include investigating the potential for a Midlands pilot of an International Free Trade Zone (FTZ) that could operate at region level perhaps close to an existing freight hub. The first step is a feasibility study on the potential of FTZs in the UK. They appear an attractive proposition for the Midlands given their potential to facilitate and increase cross-border trade by removing obstacles imposed by customs regulations, but the opportunities and risks of this approach are currently untested in the UK.

A new regional subvention fund to attract international conferences and events related to Science & Innovation Audit strengths

We are asking for a £40 million subvention fund, over two years, to attract major events that meet criteria related to the Midlands Engine SIA. This will build the capability of the Midlands to be a world player in strength sectors, to create capacity and to prepare a medium-term project to bid for the World Expo.

Individual places in the Midlands have powered the business event economy since the opening of the National Exhibition Centre, building on a central, easily accessible location to develop event support infrastructure, including hotels and convention bureau operations. We want to enhance this, for instance assessing the capacity we have to attract more major conferences and the potential to create new facilities.

Investment is required to develop a Midlands Engine programme managed by a co-ordinated conferencing and business visitor hub of strategic value to the region, resourced through a Midlands Conferencing desk. This investment would lead to improved International Congress and Convention Association rankings, attracting more events and international business visits, and an ability to target events that support the priorities for Midlands Engine FDI.

4. INCREASE INNOVATION AND ENTERPRISE

We are committed to ensuring that our businesses and universities are at the centre of Industrial Strategy thinking and implementation. We extend to Government the offer for the Midlands to develop a regional dimension for implementing the national Industrial Strategy. What we do as the Midlands matters, but so too does our involvement in national work. We are home to many national centres, such as Catapults, and our world-class companies lead key national programmes and pilots.

We must support and engage Midlands businesses to strive for excellence and success that will ultimately deliver our goal of greater prosperity for all. We are known for our manufacturing and engineering strengths, but we need more of our firms, including SMEs, to see innovation as a part of their core business. Developing the role of Growth Hubs is important to strengthen the business support offer, using innovation to boost growth and productivity.

Building on our unique assets and historic strengths we will raise productivity. The SIA identifies the competencies and capabilities which are necessary in a globally competitive market. The enabling competencies of Advanced Manufacturing and Engineering, Digital Technologies and Data, and Systems Integration underpin and support much of the innovative business activity across our region. The coverage of these competencies is not unique to us, but we have a critical mass of assets and expertise in these areas. As set out earlier, we would like Government to support the creation and expansion of demonstrator assets, such as ERA, Energy Capital and development of Energy Innovation Zones. We view the SIA as a living document which we will regularly update, ensuring it reflects new and emerging thinking and strengths.

Create the environment where strengths identified in the Science and Innovation Audit can be maximised to benefit the whole region, helping to create successful growth businesses

Develop the SIA Investment Programme including: Transport Innovation, Future Food Processing, Medical Technologies Innovation and Cross Industry Technology Exploitation in Clusters

Create the Midlands Management and Leadership Institute

Secure National Initiatives, Sector Deals and Industrial Strategy Challenge Fund investments

Progress UK supply chain initiatives

Across the broad innovation landscape, the SIA also identified four Market-Driven Priorities:

1. Next Generation Transport: covering aerospace and space, automotive, motorsport and rail sectors, advanced materials and processes, and digital manufacturing, supply chain and service management
2. Medical Technologies and Pharmaceuticals: covering medical devices, diagnostics (including in-vitro diagnostics and diagnostic imaging), software as a medical device, and pharmaceuticals
3. Future Food Processing: covering the areas of food processing efficiency, delivering a zero-waste food chain, and food product innovation in the food and drink sector
4. Energy and Low Carbon: covering geo-energy, thermal energy systems, nuclear, energy storage and smart integrated energy systems

DEVELOP THE SCIENCE & INNOVATION AUDIT INVESTMENT PROGRAMME

We are asking Government to work with us to secure the funding necessary to support delivery of the opportunities identified in the SIA through an integrated innovation pipeline. In the first two years this will require £169 million, which we will match-fund from Midlands Engine partners.

Since launching the SIA we have identified a wide range of innovation projects which, taken together, will ensure we are world leaders in our SIA priorities and result in improved productivity, delivering at scale, with large company support. All the proposed projects will be 100% match funded by Midlands partners.

We are alert to individual funding opportunities as they arise, but we want to deliver swiftly in the next few critical years. This can only happen through a concerted Midlands Engine and Government effort working with Innovate UK and others to agree a package of investments.

We have developed a strong pipeline of innovation projects, which we want to discuss with Government. Implementing this pipeline will exploit Midlands-specific strengths, position the region as a strong technology leader, protect and grow current markets, and diversify manufacturing supply chains.

The projects included in the pipeline are collaborative, involving a number of Midlands partners. Each project addresses a business or market need, and has strong evidence of industry or public-sector partner co-creation or participation.

The initial investment of £169 million will support delivery of the first stages of the innovation pipeline as outlined here.

1. The Transport Innovation Accelerator

We will build on significant innovation strengths of the Midlands to create a globally-competitive innovation infrastructure, deliver technology solutions and strong supply chains

2. Medical Technologies Innovation Accelerator

We will harness the unique industrial base, patient population and academic-NHS partnerships in the Midlands to create the UK's leading excellence cluster for the development of Medical Technologies

3. Future Food Processing Accelerator

We will build on existing regional strengths in food and drink manufacturing, deepening key capabilities, creating new opportunities for growth and building the future talent pipeline

4. Cross Industry Technology Exploitation in Clusters

We will follow a small-company-innovation model developed and tested by our Midlands business clusters, to stimulate small companies to exploit horizontal technology transfer between industries

OTHER PROJECTS

Midlands Management and Leadership Institute

Our response to one of the issues set out in the Government's Industrial Strategy Green Paper is to deliver a Midlands-wide response to management and leadership challenges in enterprise.

We will focus on our small and medium sized businesses to explore how we can create a Midlands Mittelstand model. This is the type of highly productive and technology-driven SME economy seen most often in Germany. Mittelstand businesses prioritise workforce skills development and apprenticeships.

We know that many of our universities and training providers already deliver high-quality provision in this space, with many accredited to the Government's Small Business Charter. We plan to map this further, to look at good practice and to establish any gaps in provision. We will then design a new training model to effect real change in the way SMEs with scale-up potential are led, managed and grown.

Secure National Initiatives, Sector Deals and Industrial Strategy Challenge Fund

As part of the Industrial Strategy consultation, Government announced its offer to strike new sector deals. A proposal for a Ceramics Deal, focused around North Staffordshire, has already been submitted. We look forward to seeing this progress, as well as working with Government to agree new sector deals to deliver the Industrial Strategy. We will also prepare proposals based on our strengths to bid for the Industrial Strategy Challenge Fund.

The Midlands leading role in sector priorities is demonstrated by key strategic commitments from Government. This includes investment in Nottingham for energy and low carbon, and for automotive the establishment of the Advanced Propulsion Centre.

In Leicester, we are aligning our place-based investments with existing space sector deal priorities to grow UK capability based on Midlands SIA strengths.

Various national programmes complement and synergise with our integrated innovation pipeline, such as the innovation element of the construction sector deal, and the Space Park project. We seek funding to develop projects in these areas, and would like to talk further with Government. For example, the Infrastructure Industry Innovation Platform is working with the Manufacturing Technology Centre and The UK Collaboratorium for Research on Infrastructure and Cities, supporting the national programme, to develop a technology roadmap for the whole infrastructure sector. We are also involved in the Low-Cost Access to Space Driving Data Services initiative at Leicester Space Park, which will bring high volume production of satellite spacecraft to the UK and will locate the Midlands as a global centre for commercial exploitation of space-enabled data. Midlands strengths in advanced manufacturing and space engineering make us the right place to deliver this initiative, developed by a consortium of universities, industry and LEPs.

Progress UK supply chain support

We support the National Manufacturing Competitiveness Levels framework. The Midlands Engine has a lot to offer in both the formulation and delivery of programmes designed to better support supply chain companies on their competitiveness and growth journeys. We are actively engaging with the national groups leading these discussions in aerospace, space, automotive, rail and other key manufacturing sectors to contribute to the development of proposals. In parallel, we will establish an environment in the Midlands that is supportive of implementation of national programmes or frameworks with regional delivery.



5. SHAPE GREAT PLACES

The cities, towns and landscapes of the Midlands boast unique identities dotted with reminders of the region's rich heritage. We want to promote our region in a new way that is valuable and meaningful for local people and visitors, attracting more businesses, investment and tourists to the region. We will build on examples such as existing work between partners and Visit Britain and Visit England to develop Midlands-wide propositions to attract more visitors from target markets and to create itineraries which showcase the best of our region.

We have welcomed public and private sector decisions to relocate and expand in the Midlands; decisions by firms such as HSBC, IBM and Siemens. We want to build on this, rebalancing the UK economy through the clustering of connected organisations, including private sector businesses, and the relocations being orchestrated by the Cabinet Office through the One Public Estate programme.

Our partners are working to ensure we have housing supply to meet future demand. A commitment to enhancing the quality of life of those who live, learn and work in the Midlands is driving our ambition to create great places with quality, well designed housing.

The West Midlands Combined Authority, cities such as Stoke-on-Trent, Derby, Nottingham and Leicester and other designated growth areas all have track records of using innovative delivery vehicles to tackle the challenges of redeveloping their brownfield sites, which often have significant contamination, and of delivering housing growth in slower markets.

We are continuing the ambitious regeneration of our city and town centres, including the re-purposing of some of our former industrial areas through major programmes such as the 25,000 home Black Country Garden City, as well as the creation of new places such as the Garden Villages planned at Long Marston in Stratford-on-Avon, Spitalgate Heath in South Lincolnshire and Infinity Garden Village in South Derbyshire.

New approaches across the Midlands are bringing forward housing sites. Successful joint ventures with public-private partners sharing risk have unlocked homes on brownfield sites, former coalfields and former NHS hospital sites. Partnerships with major developer-investors such as Harworth Estates and Urban and Civic are unlocking key sites at scale in growth areas, including Rugby Radio Station and land south of Newark. Local Authority Housing Companies are now delivering programmes of homes for market and affordable products, for example the Birmingham Metropolitan Housing Trust, Nottingham City Homes, Wolverhampton's WV Living and in Stoke-on-Trent. A number of other authorities have recently set up companies and have agreed investment and delivery programmes.

Promote the Midlands as a great place to live, visit, learn and work

Host the 2022 Commonwealth Games and a GREAT Exhibition of the Commonwealth

Secure strategic sectoral relocations: Channel 4 and The Defence and National Rehabilitation Centre

Support our European Capital of Culture and UK City of Culture bids

Unlock housing growth, enabling the building of at least 600,000 new homes within 15 years

Work with Visit England and Visit Britain to create and implement tactical visitor and destination marketing campaigns

HOST THE COMMONWEALTH GAMES IN 2022 AND A GREAT EXHIBITION OF THE COMMONWEALTH

The Midlands Engine strongly supports Birmingham's bid to host the Commonwealth Games which will have transformational benefits for the whole of the Midlands.

The Games present an unprecedented opportunity to engage our young and diverse population in welcoming the Commonwealth to Birmingham, the Midlands and the UK with pride, creating a legacy of community cohesion, improved health and well-being, and enhanced ambition. It will enable us to showcase the UK's second city and wider assets of the Midlands, and to use the Games to accelerate investment and growth, generating significant economic benefit.

Beyond the opportunity to support Birmingham's bid, we would like to host a GREAT Exhibition of the Commonwealth in 2022 to celebrate the Commonwealth's economy and attract new trading and investment partners. We will explore the potential for new facilities to host this. In the run up to 2022, we will host two regional events to showcase Midlands cultural and tourist attractions and increase economic ties with other Commonwealth countries, linked to our increased trade and investment activity and innovation strengths.

OTHER PROJECTS

Secure strategic sectoral relocations and developments

We are championing bringing Channel 4 to the Midlands. Analysis by partners shows that relocation could generate £2.3 billion between 2021-2030, and another £2.7 billion indirectly. We believe our central geography, quality of life and property offer makes us the strategic location of choice.

We want to open a conversation with Government about arms-length bodies relocating to the Midlands too.

We seek a £50 million capital investment in the relocation and development of the Defence and National Rehabilitation Centre as it moves to the Stanford Hall Estate. Locally we are investing in the detailed business case and securing planning consent. Significant capital funding will be required to accelerate adoption in civilian care of innovative medical technology emerging from defence medicine.

Develop a combined destination offer

We want to work with Visit Britain and Visit England to develop tactical marketing campaigns, increasing both overseas and domestic visitors. This will develop a combined Midlands tourism offer, starting with the international Mayflower 400 celebration in 2020 that will mark the 400th anniversary of the crossing of the Mayflower Pilgrims to the New World.

The tourism and cultural assets of the Midlands act as a powerful magnet, combining easy access to England's second largest city, rural adventure and rich cultural itineraries, all underpinned by true English heritage. The sector contributes £8.7 billion and rising to the Midlands economy.

We will drive this growth, utilising the skills and expertise in the region's existing network of Destination Management Organisations, collectively promoting the many visitor economy tourism assets. We will also explore the potential for a visitor economy shared apprenticeship to address sector-identified skills shortages.

Support our cities to become UK City of Culture 2021 and European Capital of Culture 2023

The Midlands Engine backs the ambitious bids from our cities to showcase culture and heritage, attracting investment and growth. Both Coventry and Stoke-on-Trent have made the shortlist for the 2021 UK City of Culture and Nottingham is vying to be European Capital of Culture in 2023. Winning these events for the region will enable the Midlands to use culture as a catalyst for economic and social regeneration, and raise the profile of our arts, culture and creative economy across the country and continent. We will enhance our creative sectors, attract increased business investment and boost tourism.

Unlock housing growth, with at least 600,000 new homes over 15 years

Our partners will work innovatively with Homes England and others to establish local support packages which co-ordinate and pool public sector investment and other interventions to unlock key strategic housing sites. Midlands partners are preparing proposals for the Housing Infrastructure Fund, which the Midlands Engine supports, to unlock and accelerate housing growth at scale.

There is a pressing need to boost the supply of new homes in the Midlands to attract and retain dynamic, skilled and flexible workers who can drive productivity and growth and so contribute to the creation of successful places. We recognise the imperative to rationalise the supply of employment land so that we create opportunities to grow employment, whilst freeing up surplus land for residential development. Local Plans set out where the major growth will be delivered and the infrastructure necessary to unlock these sites. Allied to this, we are preparing for a multi-billion pound infrastructure investment in HS2, including three new stations at Birmingham Curzon Street, UK Central and East Midlands Hub, and related investment in the Constellation growth area around Stoke-on-Trent. This will be a once-in-a generation stimulus to economic and housing growth in the Midlands.

CHAMPION LOCAL PRIORITIES: SKILLS AND DEVOLUTION

STRENGTHEN SKILLS

Strengthening skills is one of the priorities of the Government's Midlands Engine Strategy. The mismatch between business skill needs and resident skill levels is a big productivity challenge. This message has been delivered repeatedly by major employer groups such as CBI, FSB and IoD, whose members all cite skills as a major barrier to economic growth.

Across the Midlands, places are undertaking activity to address skills issues at every level of the labour market, including implementation of the activity outlined in the Government's strategy. We champion the local delivery of skills and employability programmes, and welcome the £20 million investment in the flagship Midlands Skills Challenge. We also look forward to further work across the Midlands with the Department for Education to create a network of Institutes of Technology.

There is no one-size-fits-all solution to the skills challenge. This is why individual areas have been undertaking Area Based Reviews, and why skills features highly in Midlands LEP Strategic Economic Plans and in the West Midlands Combined Authority devolution deal negotiations.

Across the Midlands we are undertaking a wide range of activity to raise skill levels including:

- The £20 million Midlands Skills Challenge
- A commitment to deliver 750,000 apprenticeships
- The National College for High Speed Rail, opening in September 2017, with a hub in Birmingham
- Piloting of Department for Education identified Opportunity Areas in Derby and Stoke-on-Trent to address educational outcomes and social mobility
- The ongoing Productivity and Skills Commission linked to the West Midlands devolution deal
- LEPs such as D2N2 developing Skills and Employability Portals
- Investment in Midlands school infrastructure through the Priority School Building Programme
- Scoping a digital skills strategy, aligned with the 5G testbed
- Business participation in developing the new apprenticeship standards
- Strong collaboration across our universities, including through the Midlands Enterprise and Midlands Innovation partnerships, to improve higher level skills

Our understanding of business need, both for skills replacement and future demand, is incomplete. We will create new Collaborative Skills Networks to share best practice, work together on skills and listen to the needs of businesses. These will bring together industry representatives and stakeholders to influence the future delivery of skills in the region. These networks will assess the skills needs of the region's businesses and signpost to where policy and funding could support further growth. They may also identify opportunities or future projects to support existing work and ensure Midlanders have the skills needed for the jobs of the future.

DEVOLUTION AND LOCAL DELIVERY

We ask Government to work with all Midlands areas as they identify new local delivery mechanisms, implement their Strategic Economic Plans, and develop local industrial strategies to address the needs of local economic development.

A core aim of the Midlands Engine is to rebalance the economy, and local areas are looking at bespoke devolution propositions which will create stronger economies across the region. We support these developments.

The Midlands Engine is committed to supporting local areas in their negotiations with Government about increasing devolved power and funding and creating new structures to serve communities better. We welcome the commencement of a second round of devolution talks with the West Midlands Combined Authority. The economic geography of the West Midlands is a principal driver of growth, and the Midlands Engine is proud to be home to Birmingham, the UK's Second City.

SECURE PRIVATE SECTOR INVESTMENT

The private sector will be a significant driver of growth in the region, stimulating innovation and promoting the Midlands overseas. It is critical that businesses can access necessary finance. Where there are currently gaps in the investment landscape we are creating funds to support growth.

Increase the Midlands Engine Investment Fund

The British Business Bank has announced the first wave of its £250 million Midlands Engine Investment Fund, with the launch of £120 million of SME debt finance and small business loans. This fund has been created collaboratively by the British Business Bank and the nine Midlands Engine LEPs plus the South-East Midlands LEP. This is the first time Midlands LEPs have pooled their resources and collaborated on this scale to meet the financing needs of micro and smaller businesses.

The fund will offer a mix of debt and equity finance to smaller businesses across the MEIF area. Government estimate that this will support over 1,400 smaller businesses and help to create approximately 3,800 jobs. In the process, the MEIF will encourage entrepreneurship in the Midlands and seek to address structural challenges in the Midlands SME finance market.

This is a good start, but we need to go further to achieve a step change in growth for the Midlands. We plan for a second, larger MEIF2 with a total fund value of £1 billion.

Around £100 million of MEIF1 is from European Regional Development Funds. We will look at alternative sources of funding for MEIF2, such as repatriated European funds and will explore options with Government.

Long-term capital fund

The Midlands Engine Investment Fund includes £20 million for early-stage investment. We welcome this investment and the opportunities the fund provides. However, this fund is not sufficient to support the large number of technology start-ups we need to drive growth in the region. We have identified this as a barrier to the creation of new technology start-ups, and we are working with the private sector and institutional funds to provide the necessary investment in the region.



BUILD THE PARTNERSHIP

GOVERNANCE AND MANAGEMENT

Since it was established in 2015, the Midlands Engine has delivered key priorities, such as the Midlands Connect Strategy, the Science and Innovation Audit, and the Midlands Engine Investment Fund. The ambitious vision set out here will require us to step up to a new level of activity. Our governance review will put in place management and delivery structures that are fit for purpose. Our Principles will ensure that we are consistent in our approach and decision making.

As we evolve into a more established organisation, focused on the five work packages set out in this vision, we will develop an open and transparent way of working. We will sometimes need to make difficult decisions around prioritisation and funding. This will include reviewing our resource, capability and capacity requirements and how delivery can be achieved through a distributed leadership structure, with clear responsibility, authority and accountability.

We will be accountable both to partners and to Government, and our governance review will be quickly implemented to ensure we can deliver in a collaborative and agile way.

We want to broaden our reach and ensure that the private sector is involved in a meaningful way so that it can influence the agenda to bolster the region's competitiveness. Building on the proposals in the Government's Midlands Engine Strategy we will explore potential models for equipping business with a powerful voice.

We look forward to taking this forward, for example by establishing a new Industry Board bringing together the Chair of the Midlands Engine, the Secretary of State for Communities and Local Government and key business leaders. There is also the opportunity for the Midlands to take an approach to business engagement similar to London First.

In order to make the most of the funding granted by Government, the Midlands Engine Partnership will maximise match-funding secured from partners. This will both support the core activities of the partnership and the development of particular projects. We will create opportunities for the private sector to get value from their contributions and ensure a broad-based funding system.

To make our vision a reality we are recruiting a new Executive Team. Our new Chief Executive and Programme Director will provide strong leadership in driving, delivering and communicating the Midlands Engine Partnership's programmes of work. A Midlands Engine communications campaign will help secure a high-level of positive recognition and promote engagement and active involvement across the region.

BUILD THE EVIDENCE BASE

To understand the complexities of a Brexit-ready economy we need a robust picture of the Midlands both now and in the future, using evidence to focus delivery. We will evaluate what we are doing to see what works and learn from this. Good policies and effective decisions must be underpinned by the best and most up-to-date information possible. For these reasons, we want to create the Midlands Economic Observatory.

The region is already home to a variety of economic observatory bodies. We propose to draw from their work to build a framework which supports an agreed economic observatory model at a regional level. We want to undertake the UK's first place-based sector assessment of the potential impact of Brexit, including consideration of spatial elements and impact on each LEP area and the two Core Cities in the Midlands.

We will start to measure the economy of the Midlands using an agreed set of indicators to allow better reporting to Government on the additional impact of policy change and investment activity. This will create the evidence base we need to inform the key interventions that will be most effective in accelerating growth. It will also play a critical role in evaluating how funding has been spent and what returns have been achieved.

TURN THIS VISION INTO A REALITY

This vision sets out the work packages and priority projects of the Midlands Engine and the Midlands Engine Partnership's response to the Government's Midlands Engine Strategy.

It is the result of an unprecedented level of collaboration with businesses and Government. Senior stakeholders have come together as never before under robust governance arrangements.

It sets out our intent to collaborate across the region to enable the Midlands of 2030 to be the engine of the UK economy.

In the coming months our incoming Chief Executive and the Midlands Engine Partnership will develop the detail that turns this ambition into reality with the support of Government.

Our Operating Budget, including the £4 million from Government for the next two years, will be used to fund a fully resourced secretariat, deliver marketing and communications activity and, as agreed by the Midlands Engine Executive Board, to prioritise projects and develop business cases.

We have been grateful for the support of senior Ministers and we welcome the Secretary of State for Communities and Local Government working with us on our exciting plans as the Minister for the Midlands Engine and our champion in Government.

We have set out in this vision our bold direction of travel and the role of the Midlands in supporting the Government's Industrial Strategy, both in the short term and in the post-Brexit world, confident that when the Midlands succeeds, Britain succeeds.



GLOSSARY

CBI	Confederation of British Industry
DIT	Department for International Trade
ERA	Energy Research Accelerator
FSB	Federation of Small Businesses
FDI	Foreign Direct Investment
FTZ	Free Trade Zone
GDP	Gross Domestic Product
GVA	Gross Value Added
HS2	High Speed Two
IoD	Institute of Directors
LEP	Local Enterprise Partnership
LGF	Local Growth Fund
MEIF	Midlands Engine Investment Fund
MEIH	Midlands Engine Investment Hub
SIA	Science and Innovation Audit
SME	Small and Medium Enterprise



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