



Stronger City Economy Scrutiny

12th February 2019

Report title	Innovation	
Cabinet member with lead responsibility	Councillor John Reynolds City Economy	
Wards affected	All	
Accountable director	Richard Lawrence, Director Regeneration	
Originating service	City Economy	
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Report to be/has been considered by		

Recommendation(s) for action or decision:

The Scrutiny Panel is asked to consider the approach which is in place to enable economic growth in the city, and how this is supporting innovation and enterprise.

1.0 Purpose

- 1.1 To update members of Scrutiny of activities which are underway supporting business growth and innovation, building on from the report presented April 2018

2.0 Background

- 2.1 In April 2018, members received a comprehensive report on Innovation showing the connection between the UK's Industrial Strategy and Wolverhampton's City Strategy, on growth and innovations. The report also outlined the benefits to businesses who choose

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to invest in innovation and gave a number of examples how the city is including this agenda across a range of partnerships and in its business growth activity.

- 2.2 Members also received a presentation and had the opportunity to discuss, with a representative from the University of Wolverhampton, the current mechanism in place to support, unlock and grow businesses and enterprise in Wolverhampton.
- 2.3 Since then a paper 'Business enterprise research and development', was released in November 2018, presenting the current impact of R&D on the UK's business sectors. It identified that:-
- Expenditure on research and development (R&D) by businesses in the UK was continuing to grow and had increased 4.9% between 2016 and 2017. This trend was predicted to continue growing.
 - Pharmaceuticals remained the largest product group, but software department had shown the highest growth over this period, reporting an increase of 34.7%,
 - UK government funding of civil R&D had, for the first time, overtaken that for defence.
 - Employment in those investing in R&D reported they had increased their workforce 7.4%
- 2.4 The report ranked business sectors according to its contribution to R&D. The medical sector made the highest contribution, followed by automotive, computer gaming, and sharing the fourth position was aerospace, technical testing and software development.
- 2.5 Although the report didn't set out any comparisons it is not unsurprising to see the growth in software due to its relationship with the other sectors. Especially prevalent is the key driver that is underpinning many manufacturing businesses, as they implement Industry 4.0. Advanced manufacturing is a key sector for Wolverhampton's economy, it is therefore important that the Council maintains relationships with this sector and also with the city's growing digital and business and professional services.
- 2.6 Building on the report presented last year, this report focuses on activities which have been underway to support economic growth in the city, looking at the business relationship activity, and how this has led to innovation and growth.

3.0 Enterprise in the City and the Council's role

- 3.1 The city is home to 8,654 businesses, 94% are SMEs, connected to many national supply chains. A key priority for the City of Wolverhampton Council is to develop a strong understanding of local strategic businesses priorities in order that their interests are represented in the Council's corporate objectives and opportunities related to economic growth are promoted to the people and wider business community
- 3.2 Local business retention and growth, as well as inward investment are central to the City of Wolverhampton's ambitions of delivering managed growth and increasing employment and prosperity and well-being. Within the Strategic Economic Plan (SEP) the City of

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Wolverhampton, sets out objectives and priorities for securing economic growth over the coming years that will be taken forward by the Council, stakeholders and partners. It identifies the key strengths of the local economy and the sectors, technologies and opportunities that the city will focus on and also sets out the high-level actions and initiatives needed to deliver these.

- 3.3 To improve economic conditions for the City of Wolverhampton, it is increasingly important that the Council with other public-sector partners consider how to respond to the needs of existing companies, alongside attracting new businesses, entrepreneurs, start-ups and spin out companies so that it ensures Wolverhampton has an environment that both encourages and facilitates growth and stimulates and supports innovation.
- 3.4 The approach Enterprise is adopting, looks to
- Develop strong relationships with our business community, to facilitate growth by connecting opportunities and initiatives to help businesses unlock their potential, and also gain a better understanding of the needs of businesses, in the city.
 - Provide a structured approach to communicate between the City Council and key businesses, on economic development issues.
 - Enable business to develop a strong voice to support their effective representations with the regeneration / growth agenda of Wolverhampton
 - Facilitate the development of sector specific projects and programmes, or discussions, in support of economic strategies

4.0 Current Performance

- 4.1 Using this approach officers from Enterprise have, over the past 2 years, engaged with more than 670 businesses in the city. These have comprised of different sizes and sectors, and resulted in the team connecting companies to a range of business growth support initiatives, that have in turn led to a number of key outcomes being secured for the city
- 4.2 Within this activity, officers have been able to assist businesses to invest in innovation and technologies that have led to job creation, business growth and private investment in Wolverhampton.
- 4.2 There has been particularly focus on Small Medium Enterprises (SME), with over 510 SMEs in the city receiving engagement from the team. 210 of these have been supported through a dedicated business support programme called AIM (Advice Investment Markets).
- 4.3 The strong relationships which have developed, have helped officers understand the challenges and opportunities business in our city face. In return the business has received dedicated support, enabling them to access business support programmes for areas such as coaching, marketing and productivity, supply chain developments, skills and employment, as well as innovation and low carbon.
- 4.4 This relationship-led approach, has enabled

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- 44 businesses to receive grants totally £475,000, which generated £1.1 million private sector investment and created 95 new jobs for the city.
- 24 businesses to connect to Innovation products (worth around £26,500)

4.2 The team have discovered that businesses in the city are supplying or producing for a wider range of markets, including; supplying filters to the Canadian Navy, steelwork to the Piccadilly line extension and Heathrow T5, architectural services to the Istanbul Airport redevelopment, and windows and doors to hotels in Abu Dhabi.

4.3 Some examples of businesses in the city which the team have worked closely with are:

Jag Sahota is the MD of Vogue Ltd, a leading and very creative manufacturer of heated towel rails, designer radiators and accessories established in 1989 and now with a turnover of over £7 million and over 100 staff. Research is conducted in many technology disciplines to support its very own innovative heating products and developments, with the company reflecting trends in interior design/fashion to bring in new lines using its in-house team of innovative and skilled craftsmen

AtmosVR : The company create virtual reality and, augmented reality content that is used in a range of technologies. Using the latest applications, the company is becoming one of the market leaders, supporting a number of clients from a range of sectors.

AM Griffiths : The company who have been involved in construction and have links in the city stretching back 130 years have worked with its IT partner to develop a smartphone app to assist in the management of its construction sites. It allows site managers to manage on site quality assurance and health and safety issues in real time. In order to reduce the risk of delays and associated costs that all stakeholders face as a result of unpredictable weather, AMG also developed the AMG RoWeRS method of building on a number of recent projects. RoWeRS utilises on site construction techniques and technology to reduce the amount of wet trades required in the building process, this optimises the construction process so programmes are less reliant on drying times, whilst also avoiding potential delays caused by down time due to inclement weather

McAuliffe have teamed up with the University of Wolverhampton's Environmental Technologies and Resource Efficiency Support Service (EnTRESS) and Brownfield Research and Innovation Centre (BRIC), to share industry knowledge and resources

'Stones Throw Media set up by two former students of University of Wolverhampton, with a key goal in mind - to make the world of corporate video more exciting. Being innovative has been at the heart of what they do through use of animation, video, drones, personalised video as well as teaching many businesses on how to shoot their own video content. This led to them winning the 'Micro Business of the Year' award at the 2018 Express & Star Business Awards'

4.4 Strategic Company Relationship

4.5 The City of Wolverhampton is home to a number of strategic businesses that are involved in automotive, aerospace, steel, leisure and food and drink. The most

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prominent cluster are those in the advanced manufacturing sector, which has businesses such as JLR, Tata Steel, Liberty Group, Collins, HS Marstons and Moog.

- 4.6 Technology innovation and R&D are at the heart of these businesses. Steering these companies is Industry 4.0, an accreditation which captures automation, manufacturing technologies, cloud technologies, the internet of things (IOT), leading to the creation of 'smart factories'.
- 4.7 Officers have developed a close working relationship with the aerospace sector, especially Collins (formerly UTC), based on the Stafford Road. The company makes a direct contribution of 6% to the UKs aerospace industry. Officers have been working closely with the business, in partnership with the University of Wolverhampton to support a commitment the CEO made, with Siemens. The company have stated they want to :
- Increase the pace of adoption of digital technologies
 - Faster innovation of these technologies
 - Stronger more ambition leadership
- 4.8 Work is underway looking at the facilities, the productivity and training and development, to support the company to achieve its vision, here in Wolverhampton.

5.0 Summary of Key Activity

- 5.1 It is important Members recognise that innovation, R & D and investment in technologies, feature across a range of businesses in the city. There are companies who are developing the software, technology, infrastructure, and there are those who require technology to enable their business to adapt and grow.
- 5.2 Officers are working alongside these companies, to understand their challenges, learn about the opportunities and to connect them with initiatives and business support programmes. Officers recognise that there is no, one single approach to engagement, and the service has itself, undergone some innovative thinking to look at how to create sustainable business relationships for the Council. The outcome of this approach, engaging with strategic businesses, supply chains and SMEs, can now be seen.
- 5.3 The key to the success has been to put the business at the heart of activity. By listening and taking their lead on actions and response, the small team of Officers have identified themselves as 'enablers', helping to facilitate opportunities and look at options which may be beneficial to the business.

4.0 Questions for Scrutiny to consider

- 4.1 Members are asked to recognise the value innovation and R&D has to the growth of the city's economy, and to consider what role the Council has, in driving innovation for the city.

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5.0 Financial implications

5.1 The small team undertaking the majority of this work are currently funded through an EU programme, which is due to close at the end of March 2019. The team are waiting to hear if the continued funding application, has been approved. This funding would resource continuation of this work to early 2022. [ES/04022019/L]

6.0 Legal implications

6.1 There are no legal implications arising from this paper

[Legal Code: TS/04022019/Q]

7.0 Equalities implications

7.1 There are no new equalities implications arising from this report

8.0 Environmental implications

8.1 A key priority for businesses in the city is to review and reduce the impact their activities have on the environment. Through the relationship's officers are developing we are aware of the steps being taken by companies to reduce their carbon footprint and introduce efficiencies in their operations.

9.0 Human resources implications

9.1 There are no human resources arising from this paper

10.0 Corporate landlord implications

10.1 There are no implications

11.0 Schedule of background papers

11.1

- Supporting City Businesses to innovate, Stronger City Economy Scrutiny 17 April 2018
- Business enterprise research and development, UK: 2017 (<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopmentexpenditure/bulletins/businessenterpriseresearchanddevelopment/2017>)