

# Speech: Midlands Engine Investment Fund

Thanks, Nick, it's a pleasure to be here.

In the very heart of the Midlands Engine.

And a nearly a year on from the launch of our [Midlands Engine Strategy](#).

We've achieved great things over the last 12 months, including:

- announcing a new East Midlands Manufacturing Zone pilot
- agreeing a second devolution deal with the West Midlands Combined Authority
- launching an ambitious [Industrial Strategy](#) – with opportunities for the region to boost productivity and skills

But there's much more to come.

We're committed to making the Midlands a powerful engine for economic growth.

When we say we'll build an economy that works for everyone; we mean it.

But, to just step back a bit, if you can put your money into anything, anywhere in the world – why would you invest in the UK today?

Why the Midlands?

Well, we all know that Midlanders are very grounded people.

It's where Sir Isaac Newton discovered gravity after all.

And very sensible.

It's where John Cadbury invented my favourite chocolate.

And if there's anywhere that shows that something small can be mighty.

It's the Midlands.

Where the Mini Cooper was invented.

Where Tolkien dreamed up the hobbits.

Where 27,000 Midlands business – many of which are small enterprises – exported £47.5 million of goods globally.

It's an exciting time for the Midlands Engine.

In December, Coventry was awarded UK City of Culture 2021.

And Birmingham announced as the hosts of the 2022 Commonwealth Games.

Derbyshire, too, is set to showcase the marvels of Midlands' manufacturing at a new museum where it all started...

...on the site of the world's first ever factory.

We want to harness its huge potential and help give small firms across the Midlands that much needed boost to grow their business.

To generate jobs to benefit the whole Midlands and, ultimately, the British economy.

Which continues to confound the pessimists.

With growth forecasts for 2018 and 2019 upgraded to 1.9%.

More people in work than ever before.

And interest rates remaining low.

Giving British businesses a great opportunity to grow – and those who invest in them, a great return.

Investing in the UK, and The Midlands Engine, is a no-brainer.

Because the 'heart of England' is just that – the lifeblood powering this country's prosperity...

...not to mention innovation, culture and even cuisine.

And I'm not just saying that because I'm a proud Midlands' MP. It's the land of Shakespeare and the steam engine.

Charles Darwin and Rolls Royce.

Newton and Nightingale.

Wedgwood and Walkers Crisps.

And, of course, that most English of dishes – the balti!

Yet, too often these strengths go unsung and are overshadowed by our preoccupation with the North / South divide.

But it's Birmingham – where we are today – not somewhere in the North or the South – that is England's second city.

And it's the Midlands' regional economy that's worth more than £230 billion – larger than countries such as Denmark.

An economy that boasts over 14% of the UK's high-growth businesses.

That's underpinned by a prime central location – within easy reach of London

and the UK's Northern heartlands.

And by excellent transport links.

A road and rail network that connects the Midlands with the rest of the country...

...with the new HS2 route set to cut journey times dramatically.

As well as 2 international airports that connect the region to Europe and the world.

Then there are its many universities, with their cutting-edge research and teaching excellence.

And with people under 20 making up a quarter of the region's population, its young, dynamic workforce.

So the economic case for the Midlands is clear.

Which brings us to the [Midlands Engine Investment Fund](#).

Why this fund and why now?

Because it's not just the small businesses in line for funding who'll benefit.

The growth and the jobs they generate, as a result, will benefit the entire Midlands – and, ultimately, the British economy.

So we all have an interest in supporting them and seeing them succeed.

And ensuring that every single part of the UK can play to its strengths and spread prosperity ...

...something which is absolutely central to our Industrial Strategy and creating a country that works for everyone.

The Midlands Engine Investment Fund is doing just that...

...which is why, as the Midlands Engine Ministerial Champion, I'm proud to give it the government's full backing.

As you know, the fund is the result of investment and collaboration involving many players...

- my department and the Department for Business, Energy and Industrial Strategy
- the British Business Bank
- Local Enterprise Partnerships (LEPs)
- the West Midlands Mayor and business leaders
- and also European funding

And I want to thank everyone involved – many of you who are here today...

...who have helped forge these strong partnerships at a national and local level.

We can see these efforts starting to pay off...

...with the first companies to receive small business loans and debt finance under phase one of the fund already reaping the rewards.

These include Direct Digital Controls, in the West Midlands.

A business that specialises in installing and maintaining energy and environmental control systems.

Thanks to investment from the fund, it's expanding. It's now set to take on four new employees and train an additional apprentice.

There's Olberon, a medical devices company, based in Nottingham.

Finance from the fund will have a huge impact on its international commercial sales...

...by allowing the firm to develop existing links with distributors and market its products more effectively.

And also BCME, owner of specialist education provider – Echo Factor – in Leicester...

...which will use the fund's support to maximise student numbers and become more self-sustaining.

And, Renewable ON Ltd, a clean energy lighting specialist, from Milton Keynes.

The loan funds it has received will go towards cash flow including stock, wages and marketing to fulfil initial orders.

Many of these sorts of small companies struggle to access the financial support they need from mainstream lenders...

...because they don't meet conventional criteria on security or risk.

The Midlands Engine Investment Funding ensures that they will finally get this help...

...and be able to grow, generate jobs and realise their untapped potential.

But, as I said earlier, these ripples of prosperity will spread far beyond those who receive the funding.

And we can already see evidence of this, with an increased buzz around business start-ups...

...stronger SME growth and improving business confidence.

All of which are fuelling a greater demand for external finance.

And I expect this momentum to build following today's launch of the Fund's remaining equity and proof of concept funds.

Funds that will back the Midlands' most innovative small companies – start-ups, scale-ups and everything in between – to succeed.

That will support them to work with our top universities.

That will help them develop and test pioneering technologies, processes and products and bring them to market.

And provide venture capital to realise the ambitions of our high-growth companies.

Having spent 19 years in finance – including in private equity and investments...

...I know, first-hand, what a difference this investment in ground-breaking ideas and technology will make.

Putting the Midlands on track to create the world-class companies of the future.

So, with over £250 million now available – and these funds being matched pound for pound by investment from the private sector...

...there's a huge prize at stake.

A boost for around 1,500 SMEs across the Midlands.

An estimated 3,800 jobs created as a result.

And, vitally, a return that will be ploughed back into the region to drive growth in years to come. I know that these companies' ambitions – and those of the Midlands' business sector, as a whole – know no bounds.

And neither do ours.

Which is why Sir John and I undertook a trade mission to China last November to promote closer business links with the Midlands Engine.

This was a great success, with 18 Midlands' companies from a variety of sectors taking part.

And lots of interest and enthusiasm generated among Chinese businesses and potential investors...

...some of whom are in active discussions about future trade and investment prospects in the Midlands.

We're now looking to follow this up with a Midlands Engine trade mission to India later this year.

I know that you're thinking...

...but this is not a showdown between whether Birmingham or Mumbai does the best curries!

There can only be one winner in that contest – clearly those that my mum makes!

We're going all out to spread the word overseas about the Midlands Engine and the endless opportunities it offers.

Because the Midlands...

...it's dynamic businesses and talented, hard-working people...

...are, without doubt, up there with the best in the world.

With an illustrious past that few countries can match, never mind regions.

And, with the [Midlands Engine Investment Fund](#) delivering more jobs, growth and productivity...

...an even more exciting future ahead.

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## **[Press release: Less than a quarter of charity auditors complied with new reporting rules, according to review](#)**

Fewer than one in four auditors alerted the charity regulator to matters of material significance identified in their charity audit reports, [according to a new review](#). The Charity Commission has found that, of the 114 auditors who gave audit opinions containing information they were required to report to the regulator in the six months to October 2017, only 28 contacted the Commission.

The Commission says it is now working with the accountancy profession to raise auditors' awareness of requirements and address this under-reporting, which it describes as raising a 'significant concern' about the adequacy of reporting to the Commission by auditors.

The regulator undertook the review to test compliance with [rules that came into force from May 2017](#), extending the list of reportable matters to include modified audit opinions, such as paragraphs about an emphasis of matter or a material uncertainty regarding going concern – meaning there are doubts as to the charity's ability to remain solvent.

The new rules are designed to help the regulator intervene in a more timely way, notably where charities face financial difficulty putting their future at risk. They follow the [Public Administration and Constitutional Affairs Select Committee's inquiry into the collapse of Kids Company](#), which recommended clearer guidance to auditors on the issues regulators expected them to report.

Of the 28 auditors who made a required report to the Commission, only 6 did so promptly, or within one day of signing the audit opinion; 3 waited more than two months to alert the Commission.

**Michelle Russell, Director of Investigations and Enforcement at the Charity Commission, says:**

Auditors provide vital reassurance that a charity's accounts are true and fair and by extension in helping ensure charities are transparent and the Commission can regulate effectively. So it is very important that accountancy professionals understand the requirements on them in auditing charities' accounts.

This review shows that, at this time, too few auditors are complying with their statutory duty to report matters of material significance to us as soon as they identify them. This potentially puts charities at risk. It is important that we identified and responded to this quickly and so we are working with the accountancy profession to help raise awareness of auditors' reporting requirements and ensure they meet them.

A [review published last year](#) analysed the reasons auditors gave modified audit opinions in 2016; these included concerns, on the part of the auditor, that charities did not have sufficient evidence to support their stated income or expenditure.

The Commission has been liaising with both the [Institute of Chartered Accountants in England and Wales \(ICAEW\)](#) and [ACCA, the global body for Professional Accountants](#), about the findings from the report.

ACCA has welcomed the report, saying that "there is a responsibility on the profession to uphold the highest of standards" and that it would work with the regulator to "ensure the value of audit and all reporting for the charity sector remains a top priority".

Independent examiners were not included in this review, as the revised directions and guidance that referred to their duty to report matters of material significance to the UK regulators, only took effect from 1 December 2017. The regulators published [updated guidance for independent examiners](#) in September 2017.

# Press release: The Destruction of Pharaoh's Host, by John Martin, at risk of leaving the UK

Arts Minister Michael Ellis has placed a temporary export bar on *The Destruction of Pharaoh's Host*, by the British artist John Martin (1789-1854), to provide an opportunity to keep it in the country.

The watercolour is at risk of being exported from the UK unless a buyer can be found to match the asking price of £1,509,102.

The drawing illustrates the Biblical story (Exodus 14) of Moses releasing the waters of the Red Sea, after they had miraculously parted to allow the fleeing Israelites to cross, thereby drowning the pursuing Egyptian army.

Employing a panoramic composition to magnificent effect, Martin plays with the scale of the figures and the scenery to maximise the epic nature of the drama. The emotional force of this scene of deliverance and retribution is heightened by a blood red sunset below a sweeping black sky.

Although Martin is best known for his spectacular oil paintings and mezzotints (a tonal print technique that was ideally suited to capturing his bold use of light and shade for dramatic effect) illustrating John Milton's *Paradise Lost* and the Bible, he also created a series of framed 'exhibition watercolours', which in scale and visual impact were intended to compete for attention and patronage with oil paintings.

Martin's mezzotints of Biblical subjects, such as *The Destruction of Pharaoh's Host* published in 1833, were hugely popular and influential with admirers including Charles Dickens and the Bronte sisters who grew up with them on the walls of their father's parsonage.

Martin's large-scale watercolour treatment of the same subject from three years later was intended to capitalise on his popular success, and *The Destruction of Pharaoh's Host* demonstrates his bold use of the medium in the eye-catching brightness of the colours, with the tonal range expanded through extensive use of black pigment, bodycolour, and gum arabic.

Martin's artistic reputation did not endure – despite the influence he played in shaping the epic scale and grandeur of Biblical and historical epics in films by directors like Cecil B. DeMille – as his standing suffered from the disapproval of the art critic John Ruskin and the artist's focus later in his life shifted to planning ambitious engineering schemes to deliver clean water



and an efficient sewage system to London.

The subsequent and enduring shift in taste away from the use of watercolour for grandiose narrative subjects, allied to a longstanding critical downplaying of the significance of the medium to British art, meant that Martin's stature as a watercolourist was long overlooked, until interest in his work began to revive in the early 1950s.

Martin's importance is now more widely recognised and celebrated, and the ambition, boldness and grandeur of *The Destruction of Pharaoh's Host* exemplifies his unique contribution to British watercolour history.

Arts Minister Michael Ellis said:

This incredibly dramatic picture captures the imaginative and apocalyptic subjects for which Martin is best known.

I hope it can remain in the UK, where it can be admired and studied for many years to come.

The decision to defer the export licence follows a recommendation by the [Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest \(RCEWA\)](#), administered by The Arts Council.

RCEWA member Lowell Libson said:

Working in watercolour played a significant part in Martin's art throughout his career although he is now best remembered for his exhibition works in oil. *The Destruction of Pharaoh's Host* not only demonstrates Martin's mastery of the medium but underlines how he employed it to achieve emotional and dramatic effects of a subtlety which were impossible in his larger scale oil paintings. *The Destruction of Pharaoh's Host* numbers amongst the greatest of Martin's watercolours.

The RCEWA made its recommendation on the grounds of the picture's outstanding significance in the reassessment of John Martin – the most popular artist of his day, dismissed by the art establishment and ignored for almost a century – whose influence on the development of epic, visionary landscape painting, both in Britain and in America, is now widely acknowledged.

The decision on the export licence application for the picture will be deferred until 21 May. This may be extended until 21 September if a serious intention to raise funds to purchase it is made at the recommended price of £1,509,102.

Organisations or individuals interested in purchasing the picture should contact the RCEWA on 0845 300 6200.

An image of the picture can be downloaded via our [flickr site](#).

ENDS

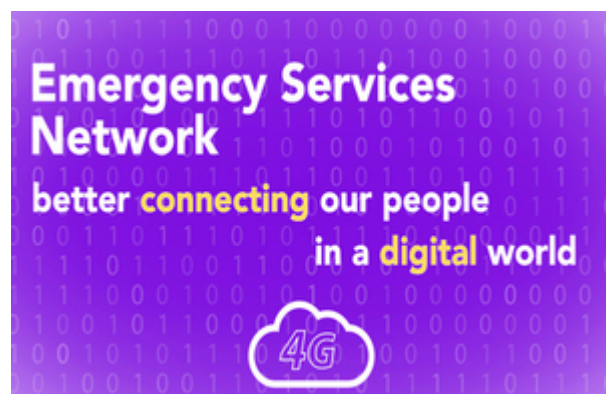
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## Notes to editors

1. Details of the picture are as follows: Watercolour by John Martin (1789-1854), The Destruction of Pharaoh's Host, signed and dated: 'J. Martin/1836' (lower right). Pencil and watercolour with gum arabic heightened with body colour and with scratching out; 23 x 33  $\frac{3}{4}$  in. (584 x 857 mm).
2. Provenance: (Probably) J.E. Jesse, by 1876; with Agnew's, London; with Leger & Son, London, by September 1954, sold in or after 1958 to George Goyder; Sotheby's, London, 11 July 1991, lot 192, where purchased by private owner (sold for world auction record price for watercolour by this artist £107,800); Christie's, London, 3 July 2012, lot 139 (est. £300,000-500,000, sold for £758,050, also world auction record).
3. The Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest is an independent body, serviced by The Arts Council, which advises the Secretary of State for Digital, Culture, Media and Sport on whether a cultural object, intended for export, is of national importance under specified criteria.
4. The Arts Council champions, develops and invests in artistic and cultural experiences that enrich people's lives. It supports a range of activities across the arts, museums and libraries – from theatre to digital art, reading to dance, music to literature, and crafts to collections. [www.artscouncil.org.uk](http://www.artscouncil.org.uk).

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## [News story: Emergency Services Network reaches new milestone](#)



This is a significant milestone for the project which will provide emergency services with a new cutting-edge communication system.

Engineers performed the test on 8 February between an EE mobile mast site in Bristol and a location in Basingstoke. This is the first time Motorola Solutions' software has linked together with the live EE mobile phone network and demonstrated prioritisation of emergency services communications on a public network.

Minister for Policing and the Fire Service Nick Hurd said:

This is a complex project which will provide the emergency services with the most advanced communications system of its kind anywhere in the world – which is why successful tests like these are an excellent achievement.

Members of the public are already seeing some of the incidental benefits of the project like its improvement of the 4G mobile network – 90 per cent of the UK is now covered.

Other progress in the delivery of ESN includes:

- the introduction of handheld devices – 130 have now been produced for testing
- the first new rapid response vehicle has been tested and more are currently in production
- Transport for London has now laid 'leaky feeder' cables in almost 100km of tunnels out of a total of 420km in the London Underground
- there have already been over 100 genuine 999 calls received through masts in place due to ESN where there was previously no coverage, demonstrating the ability of ESN to help save lives even before the roll out is complete

More information on the [programme](#).

Published 22 February 2018

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## **Guidance: Better regulation framework**

*Updated:* Guidance updated to reflect the announcement of the BIT for this Parliament and the appointment of the RPC as the independent verification body. This version replaces the interim guidance published on 22 February 2018.

This guidance is intended for government officials. If you are developing or implementing policies that will regulate or deregulate business or civil society organisations, this document contains the guidance you will need to comply with the regulatory framework. It replaces the 'Better regulation framework manual', which may be referenced in other documents, and the 'Better regulation framework: interim guidance' that was published in February 2018.

You should also read the [guidance on how to transpose EU Directives into UK law](#).