

D2N2 LOCAL ENTERPRISE PARTNERSHIP

TIME TO INNOVATE

PLAN FOR HELPING LOCAL BUSINESSES TO GROW THROUGH INNOVATION



EXECUTIVE SUMMARY



Innovation is in the DNA of Derby, Derbyshire, Nottingham and Nottinghamshire. From the first fully-mechanised factory in the world in Derby's Silk Mill some 300 years ago, to ground-breaking achievements in drug discovery and Magnetic Resonance Imaging (MRI) in Nottingham towards the end of the 20th century, the D2N2 area has been at the forefront of developing innovative products and processes.

It is increasingly recognised that today's competitive advantage in advanced economies will stem primarily from Innovation. So now it is even more important that we harness the creativity and know-how found in the D2N2 area. Helpfully, we have a strong foundation on which to build, with world-leading capability in areas such as advanced manufacturing, life sciences and design that is located in our local business base - and

also in our three Universities.

The D2N2 Strategic Economic Plan highlights Innovation as one of four strategic priorities that will deliver the goal of 55,000 jobs by 2023. This draft action plan is a proposed blueprint for delivering an Innovation ecosystem that will spearhead and accelerate economic growth in the D2N2 area – helping local businesses across all sectors to exploit their potential for Innovation and growth.

The three Universities have played a leading role in drawing up the plan, working with our partners in business and in local government. Responding to a review of 'Universities and Growth' by Sir Andrew Witty, the Government has recently made a long-term commitment to supporting universities in a third mission (alongside teaching and research) to contribute to economic growth. While Universities already do make an important contribution to the UK economy, there is scope for doing much more to channel their extensive knowledge and expertise for the benefit of businesses, thus helping to fuel growth. We are committed to playing our full part in helping to deliver the plan.

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Innovation

Innovation – the commercial exploitation of new ideas in the form of new products and processes, new organisational techniques, new markets and new sources of supply – is a key characteristic of high-growth businesses, and is a pre-requisite for the growth of the economy. The D2N2 area has many examples of businesses that have started and grown through innovation, but there are many more whose innovation potential has yet to be fully exploited.

Barriers to Innovation

Lack of time, skills and finance are often quoted by businesses, particularly smaller companies, as the main barriers to innovation. Another key factor is that many businesses will be unaware of the support that is available to help them innovate – and, even if they are, the routes for accessing knowledge and expertise are currently not easy for them to navigate.

Baseline Position

The D2N2 area has many of the ingredients that make up a successful innovation ecosystem:

- Its **business base** has a number of large, well-established technology-based companies, with significant supply chains in the locality, particularly in Transport Equipment Manufacturing; it has growing clusters of commercial activity in sectors that are developing new technologies, such as Life Sciences, Low Carbon and Creative Industries; and it has other sectors whose competitiveness depends on finding innovative solutions, such as Food & Drink Manufacturing, Construction, Logistics and Visitor Economy.
- There is a **strong base of knowledge** in the area, in its businesses and in its three universities, which already work closely with businesses large and small. The universities have differential and complementary expertise in a range of fields, some of it leading the way nationally or internationally.
- There are active sector and technology based **networks** in the area and a number of examples of successful **centres of innovation**, such as BioCity in Nottingham, which provide a focal point for businesses and associated business support.



Action

This action plan 'Time to Innovate' seeks to help businesses to overcome the barriers to innovation. It builds on successful innovation support programmes and assets already in place and addresses gaps in provision to meet businesses' needs. The main features of the plan are as follows:

Business Support for Innovation

- Create a '**Time to Innovate**' **toolkit**, offering businesses - particularly SMEs – access to local and national support from the following range of options to help them to innovate:
 - **Start** to Innovate: support to innovation-led start-up and early-stage businesses, e.g. through incubation facilities
 - **Skills** to Innovate: providing businesses with the skills and knowledge they need to deliver successful innovation, including through training, coaching and graduate placements
 - **Technology** to Innovate: offering specialist support to access technological expertise and facilities
 - **Finance** to Innovate: helping access finance for introducing an innovation and finding a route to market, including equity investment, loans or grants
 - **Place** to Innovate: providing access to specialist accommodation, facilities and equipment
 - **Network** to Innovate: tapping into the contacts and expertise in business-led sector, technology and supply-chain based networks

- Provide easy access to the toolkit through D2N2's emerging **Growth Hub**, which will offer businesses coherent online information and adviser support – and create an integrated D2N2 network of innovation support providers underpinning the Hub.

- Work up models for introducing the following **cross-D2N2 financial support** programmes for SMEs:
 - an **Innovation Voucher** that helps SMEs to buy in innovation support from the provider of their choice, building on the models operating in the iNets and in the D2N2 universities and linking to national SME voucher programmes
 - an **innovation coaching and development** support programme for leaders of high-growth SMEs in the D2N2 area, linked to and leveraging in national funding for business growth, involving Pera and the universities' Business Schools
 - a **technology-based innovation support package**, linked to and leveraging in national funding from the Technology Strategy Board
 - early-stage financing** for innovation-led start-ups
- Explore the scope for making **existing successful innovation programmes** accessible by all eligible businesses in the D2N2 area
- Develop plans for a D2N2 **Knowledge Economy Skills Scholarship programme**, and support the **expansion of Higher Apprenticeships** to increase businesses' capacity to innovate.
- Continue to work with the providers of the **Manufacturing Advisory Service** and the **Growth Accelerator** to ensure that national funding earmarked for the D2N2 area is targeted effectively on the needs of local businesses; and work in partnership with the **Technology Strategy Board** to ensure that the area maximises its potential for drawing on its programmes of support.

Innovation Infrastructure

- Develop the potential of the area's **flagship innovation parks and centres** – for example BioCity/MediCity in Nottingham, University of Nottingham Innovation Park¹ (UNIP), other developments within Nottingham Enterprise Zone, and the proposed Infinity Park in Derby – as magnets for high-value inward investment, and as centres for incubating new innovation-led businesses.



- Facilitate networking by the **innovation and incubation centres** across the area, enhancing their potential as places where businesses can learn from each other and access outreach support from providers in the knowledge base, and increasing incubation capacity (particularly in priority sectors).
 - Explore options for improving the visibility of and business access to **technology prototyping, testing and proving facilities**, linked to the Technology Strategy Board's Catapult centres nationally.
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- Support the development of successful **business-led networks** that offer specialist innovation support to businesses in Life Sciences and Food & Drink manufacturing, and consider the need for specialist support in the other priority sectors, drawing on the lessons of iNets.
 - Hold an annual '**Venturefest**' event, in collaboration with partners in Leicestershire and the Technology Strategy Board, celebrating innovation in the wider region and providing opportunities for high-growth businesses to engage with potential investors.

¹ There is an application to Government pending for UNIP to be designated a 'University Enterprise Zone' from June 2014, supported by D2N2.

- Establish an **Innovation Observatory** to monitor and benchmark the area's performance on innovation; to inform the development of the action plan; to evaluate D2N2's innovation programme; and to identify opportunities for competitive advantage in new technologies.

Exploiting the Knowledge Base

- Continue to develop **specialisms in the local business and knowledge base**, aligned to national technology and sector priorities: i.e. sectors – Transport Equipment Manufacturing, Life Sciences, Low Carbon goods & services, Food & Drink Manufacturing, Construction, Visitor Economy and Creative Industries, Transport & Logistics and; technologies – Advanced Manufacturing (including Advanced Materials), Bioscience (including Synthetic Biology and Regenerative Medicine), Digital Economy (including Satellite Applications), Energy (including Energy Storage) and Agri-Science.
- Continue to develop **world-class clusters** in Transport Equipment Manufacturing and in Life Sciences, encouraging more intensive support interventions in these clusters
- Work **across LEP areas** in collaboration with other LEPs/businesses/universities to develop these local specialisms and clusters, including Transport Equipment Manufacturing (for example with Loughborough University, Birmingham University and the Manufacturing Technology Centre) and Life Sciences (with Loughborough University and Charnwood Medical Campus).



- Work in collaboration with large employers such as Rolls-Royce, Toyota, Bombardier, Alliance Boots and the NHS to strengthen the innovation capabilities of their **supply chains** in the D2N2 area.

Resources

Delivery of the plan will be **funded primarily through D2N2's European Union Structural and Investment Funds 2014-2020 programme**, which has provision of £21.4m for Innovation, and scope for funding other innovation-related activities from other priority themes, e.g. Low Carbon, Skills and SME Competitiveness. With an intervention rate of 50%, the total funding for the Innovation theme would be £42.8m, with the match-funding coming from a variety of sources, including universities, research-intensive NHS Trusts, national growth and innovation support programmes, and SMEs' direct contributions.

Success Measures

Success will be measured against the following **key indicators**:

Outputs

- Number of businesses that are supported to introduce new products and processes to the market
- Number of businesses that are supported to collaborate with the knowledge base
- Growth in the supported businesses, as measured by additional jobs

Outcomes

- Growth in the proportion of D2N2 businesses that are innovation-active
- Leveraged national and European funding for innovation
- Growth in expenditure on R&D in the D2N2 area

