

Heart of the South West Local Enterprise Partnership

LEP Board Paper agenda item 6a.

Report title: Innovation Board update

Date: 18th September 2020

Purpose: This paper is for **noting**

(overwhelming papers should be for decision)

Link to LIS: Indicate by **bolding** which area the paper links to.

Inclusive Growth		Clean growth		
Energy	Engineering		Digital	
Ideas/ Innovation	People/Skills	Infrastructure	Bus. Environment	Places

Non- LIS purpose: n/a.

Timing: strategy to be presented on 27th November 2020

Financial Impact: (cost or cost saving): none at present

Decisions requested: none at present

Author and contact details: Stuart Brocklehurst stuart.brocklehurst@applegate.co.uk

Summary

The LEP decided in 2018 that an Innovation Board for the area should be formed. In practice, this only came into being early in 2020.

BEIS is running a 'Lite'¹ version of the Regional Entrepreneurship Acceleration Programme (REAP), delivered by Massachusetts Institute of Technology (MIT), in a pilot programme for six UK regions, including Heart of the South West. This is being used to form an innovation strategy which will be presented to the November Board meeting for approval.

Exeter University has agreed to provide the secretariat for the Innovation Board, with Chris Evans leading.

This paper summarises MIT's approach with REAP and shares the current direction of the work.

¹ <https://reap.mit.edu/shortprograms-uk/>

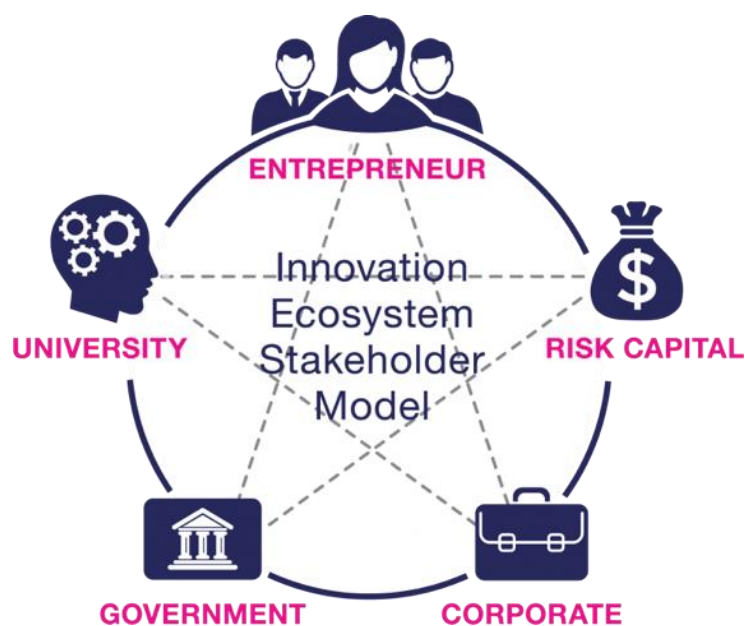
MIT's Regional Entrepreneurship Programme

MIT launched the REAP initiative in 2012, since then over fifty regions from across the world have participated.

MIT distinguish between the general mass of Small and Medium Enterprises (SMEs) and what they term Innovation Driven Enterprises (IDEs): the rarer species driven by Research and Development, product rather than service businesses, creating registerable intellectual property, often hiring PhDs and working closely with universities. MIT asserts, based on their research, that regions which create the right conditions to propagate IDEs will see the strongest economic growth. An individual IDE is higher risk and so more likely to fail than a single SME. Collectively, however, the population of IDEs can deliver exponential growth whilst SMEs' progression is linear, and a few successful IDEs can trigger the creation of many SMEs to support them and their highly paid staff.

Creating an effective innovation ecosystem relies on the interplay between innovation capacity (the presence of research institutes and universities) and entrepreneurial capacity (the existence of risk-taking entrepreneurs and access to investment capital). One without the other will not create IDEs, nor deliver meaningful economic growth. Specific points include:

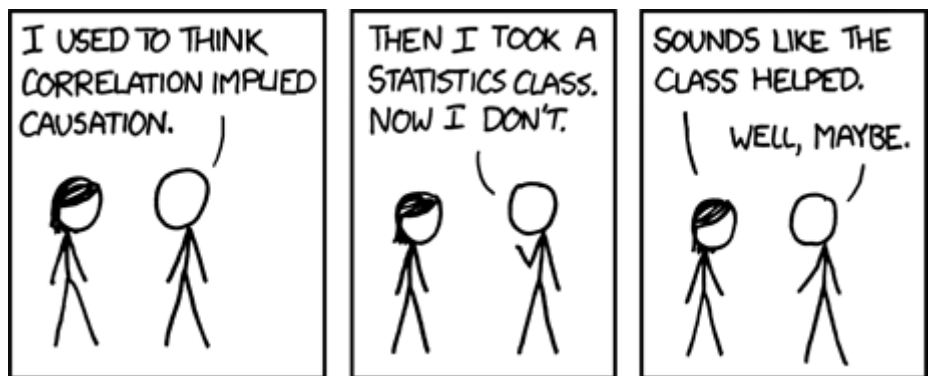
- buildings alone achieve nothing: MIT cite countless example of shiny science parks and innovation centres delivering no benefit to their regions;
- innovative businesses tend to emerge in clusters, such as Silicon Valley or Boston's Kendall Square;
- effective interaction between entrepreneurs, academics, corporates, investors and government (local and national).



Towards an innovation strategy for the Heart of the South West

Our participation in REAP to date has been a combination of workshops and webinars run by the MIT team plus research and events conducted locally by Chris and her university colleagues. Entrepreneurs, risk capitalists, research institutions and others have participated in the process through surveys and seminars. Hence, we have combined theory, data and analysis, though definitive conclusions lie further ahead.

The narrative to the REAP process could easily lead to an easy conclusion to focus resources at the location within the region most likely to propagate a tech cluster: Exeter. Undeniably there is evidence that successful IDEs have often been located in defined areas, but it may, perhaps, not be a given that such proximity is an unavoidable necessity, rather than solely one route to access investment, research and talent.



The enduring after-effects of the pandemic might quite possibly reduce the significance of physical clustering, if meetings continue frequently to be virtual and staff work remotely. A 'distributed hub' of businesses spread across a wider area within reach of excellent research facilities when required could provide an alternative model. More fundamentally, a concentrated intervention in one location would scarcely fit with our own commitment to inclusive growth and the national focus on levelling-up.

Provisionally we have identified three 'must win battles':

- gain government recognition and support as a world leading centre for environmental data science;
- grow a culture that encourages entrepreneurship and scale-up;
- leverage our existing assets to support IDEs effectively, regardless of location within our region.

² <https://xkcd.com/552/>

In practical form, this might translate to, for example, a renewed Strength in Places style bid for environmental data science delivering one narrow area of strength and a South West Technopole bringing together the assorted science parks and innovation centres to deliver a broad support offer tailored to IDEs – but with virtual membership, for firms anywhere across the area.

The process continues, conclusions will be presented to the LEP Board in November in the form of a proposed innovation strategy.

