Innovation Board Agenda, Minutes and Paper
09:00 – 11:00, 15 December 22nd 2021

In attendance
Stuart Brocklehurst, Icarus Allen, Sally Basker, Stephen Mariadas, Paul Coles, Layla Burrows, Claire Gibson, Victoria Hatfield, Dan Pritchard (Tech SW), and Andrew Dean.

Apologies
Cathrine Armour, David Ralph, Chris Evans, Adrian Dawson, Jane Portman, Mark Ratcliffe, Martyn Ashford, Wayne Loschi and Ian McFadzen.

Agenda Items
Declarations of Interest
Members conformed that there were no Conflicts of Interest but that a number had areas of interest and activity which might require a Declaration of Interest in future. These were in relation to:

Stuart Brocklehurst: Applegate had been in receipt of Innovate UK funds in the past and had established links with both of the HEIs on the Board.

Sally Basker: Exeter Science Park had been in receipt of LEP grants in the past and Sally was a Non-Executive Board Member at Exeter Maths School and the UK Science Park Association. As an organisation they provide innovation services.

Steven Mariadas: SWIOT had close relationships with both of the HEIs and with 5 local FE colleges. . They had received money from Dept of Education and the High value Manufacturing Catapult.

Layla Burrows: Innovate UK was encouraged to join Boards such as the Innovation Board. Layla does not assess bids so there was no conflict of intertest.

Claire Gibson: Claire was leading work around Ocean Futures, some associated strategic planning and longer-term planning in the LEP and the Build Back Better Plan.

Icarus Allen: Icarus was a Chief Executive of PML and PML Applications Ltd. PML had utilised Innovate UK funding in the past. PML were also involved in the emerging Ocean futures piece and had links with MJOD and other branches of government associated with their core activities.

Paul Coles: None.

Victoria Hatfield: A Governor of a School. In her work on the Council she had links with the Exeter Science Park and Exeter City Futures. The Council was in receipt of Government funding from Homes England and MHCLG.

Dan Pritchard: Dan is the MD of Astley Media and Co-Founder of TECH SW. he therefore is involved in Comms for a number of regional organisations including the LEP and SWBC.

Minutes from the meeting held on 22nd September 2021
The minutes were amended to recognise that David Ralph had attended.

Paul Coles raised the issues that Lord Grimstone was working with a list of Investment Opportunities seeking overseas investment: [Investment opportunities - great.gov.uk international](https://www.great.gov.uk/international) Gravity is listed as is Marine Autonomy in Plymouth, Photonics in Torbay and SW Sustainable Aviation.

Paul wondered if the Technopole work should also be communicated to Lord Grimstone's team to enable them to pitch our strengths to foreign investors. There was support for this.

ACTION: Paul Coles to communicate information on the Technopole, Ocean Futures and Environmental Intelligence strengths to Lord Grimstone's Team.

Stuart Brocklehurst updated the Board on engagement with stakeholders.

Stuart had circulated a paper from Sally Basker and Ian MacFadzen and himself giving further detail on the Technopole. (Circulated with the minutes).

Presentation on the Innovate UK action plan for business innovation 2021 to 2025 (Layla Burrows)

Layla shared a presentation with the Board. This was circulated with the minutes.

If there were to be another Strength in Places fund (or similar) then the Ocean Futures concept seemed the most appropriate vehicle at the moment. Elements of this could include Environmental Intelligence and Technopole support for SMEs to engage.

Paul Coles pointed out the moving political landscape given the delayed Levelling Up report, County Deals and concerns over the future of LEPs.

Sally Basker suggested Innovate UK should communicate directly with the UK Science Park Association and asked if MPs had a role in supporting the campaign for greater innovation investment. Layla agreed that this made sense.

Layla Burrows stressed the desire to increase EDGE and KTN funding and there was time to help support these bids.

Icarus Allen felt the current three established regional proposals were not mutually exclusive.

Victoria Hatfield asked if the budgets were regional, and Layla confirmed they were national. There are no regional budgets currently.

Stuart Brocklehurst cited SMEs sometimes contact them and lack understanding of how to approach the funding and who and what was eligible.

Layla suggested that any failed applications should speak to Innovate Finance centrally for clarification as there can be easy mistakes around areas such as 'risk' that could be quickly remedied to improve scores.

Presentation on the Digital Platform Proposals around the Technopole (Dan Pritchard)

Dan Pritchard presented the TECH SW update on the Digital Platform piece and the presentation was circulated with the minutes.

Stuart Brocklehurst confirmed the Open Procurement for any Platform and that any platform would be set-up by LEP funds and issues such as IP and data controller will need careful management and

structuring. Transferability will also be key. Structures around management and control will also be key.

LEP and the HEIs have expertise to support this.

Dan Pritchard recognised that there were already players (such as the Science Parks) in this field that needed to be successfully linked into this work.

Layla Burrows asked if Innovate UK funding would be appropriate and agreed to have a conversation about this as the developer was an SME.

Sally Basker asked if this was 'the Technopole' and Dan felt it was a part of a larger Technopole Ecosystem.

Claire Gibson stated that the LEP saw this as the first stages in establishing a Technopole. They will provide a grant to Tech SW who will no doubt need to use and embed other resources. The LEP will be the owner.

Victoria Hatfield asked if existing delivery routes such as Slack had been reviewed and Dan confirmed this.

Discussion following the IDE Survey Results and attached Paper (Andrew Dean)
The presentation was circulated with the minutes.

Stuart Brocklehurst recognised that the results indicated that the SWIOT would be critical to helping meet these skills needs.

Steven Mariadas agreed to lead an Agenda item on Skills at the next Board meeting in March.

Victoria Hatfield was interested in how colleges and universities could work better together with schools and local enterprises and that this varied locally.

Claire attended the Skills Advisory Panel and there is a Refresh of current skills strategies (SIF) so we should make sure we join these up.

Sally Basker asked that we remember the difference between jobs and careers and longer-term career paths were available that competed with other regions.

Verbal update on the latest Technopole developments (Stuart Brocklehurst)
Stuart Brocklehurst met with the SAP and there had been an enthusiastic response from college principals. The All-Party Parliamentary Group had explored potential major asks from the region and there was broad support for existing plans and for a considerable ask.

Stuart had also circulated a paper outlining Draft Technopole Requirements

ACTION Andrew Dean to circulate document developed by the HEIs and Geoffrey Cox

ACTION ALL please to take this and to see which elements they would emphasise, agree with and disagree with. Particularly those areas that they would emphasise, with comments back by 1st March 2022.

Layla Burrows has introduced Chris Evans to a colleague to explore skills and therefore Chris needed to be included in discussions around how Skills relate to the Technopole.

Verbal update on the Oceans Future Business Plan (Adrian Dawson)

Nothing new to add. The Oceans Future Business Plan has now been developed. *Topic held over to next meeting.*

Verbal update on the Environmental Intelligence request of government (Andrew Dean)

Nothing new to add. The Environmental Intelligence Request has now been developed. *Topic held over to next meeting.*

Any other business and new opportunities (All)

Claire Gibson stated that the LEP was to make new resource available – up to £8m in Digital awards including one to help deliver their Build Back Better Plan. This latter would include £2.6m in capital resources around Tourism and Data Analytics and Digital Innovation. Including areas potentially such as Marine Geospatial, AI, Agritech and Environmental Intelligence. LEP will go out with a call for EoI for up to £2m. Claire would like to have conversations with potentially interested parties. Formal documentation to be made available in mid-January.

ACTION: ALL get back to Claire if interested.

Date of next meeting: Monday 14th March 2022, 2-4PM

Contact

Chair - Stuart Brocklehurst stuart.brocklehurst@applegate.co.uk

Secretariat - Andrew Dean a.dean@exeter.ac.uk

Results of the first HotSW IDE Panel Survey

Background

The IDE Panel is a volunteer group of entrepreneurs and leaders in innovation driven enterprises (IDEs). The IDE Panel was established as a recommendation of the MIT-REAP exercise in which the HotSW LEP took part alongside other member s of the regional innovation ecosystem. The make-up of the IDEs is provided in the Annex.

This survey, the first of its kind, looked at two specific topics:

- The availability of grow-on space for IDEs
- Skills needs and recruitment concerns within our IDEs

Approximately half of the IDE Panel members responded (20 of 41).

Grow On Space

When asked if in their local area (where their business is based) there was sufficient Space available for their organisation to grow and expand, 55% of respondents replied 'yes' (Figure 1.)

Figure 1. Availability of sufficient grow on space locally

Yes	11 (55%)
No	6 (30%)
Don't know	3 (15%)
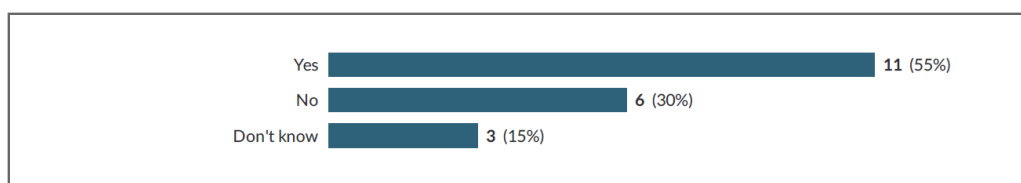
Of those responding 'Yes' that there was enough space, over 60% felt that nonetheless they were not able to access that space. When asked to reflect on this and the availability of grow on space more generally there were a number of common themes and confirming shortages "I hear a lot about space in Exeter, but I also hear people in North Devon (Barnstaple etc) saying that such innovation space is limited:"

Lack of flexibility

- A lack of affordable space and a lack of flexibility within spaces that are available.
- Many hubs/locations still insisting on long leases (and) 5 days a week occupancy, when we know of many companies looking for more flexibility.

There is a gap in the market for different forms of provision with support

- There is a fantastic opportunity - our client (xxx) is seeing high levels of interest (25 new tenants in 2021 so far) - companies returning from remote working no longer want to work just anywhere - they are looking for the right environment/added value - connections/support progs/links with unis etc.
- Space is one consideration, but close location to other industries and research organizations (especially universities) helps with new idea generation and innovation.
- My business is purely online, and all contractors are remote, although mostly in the UK, so this isn't much of an issue. Co-working spaces would be nice though.

Sectoral problems

- We need spaces that meet the needs of the creative industries sector which are versatile and accessible to the regional universities R&D resources.
- Low marine-based facilities.
- If we didn't already own our site, I feel that it would be impossible to set up a new textile business with circa (a large number of) employees (with the resultant industrial processes) in the Southwest.

Others had found that spaces were available locally:

- I think the Exeter/East Devon area is reasonably well served.
- No, I have found access to space to be pretty well catered for.

There was recognition that the definition of an IDE and how it was recognised and understood was an important factor in overcoming gateway questions at venues such as Science parks and that some sectoral needs were different to others:

- The HiTech industry requires CLEAN industrial space not Garages or offices. The EPIC centre is the first attempt to provide this in Torbay but industrial space is also required to address the manufacturing needs in Hi Tech sector.

<u>Summary</u>
Recognising that this is a relatively small sample size, nonetheless the fact that over half of respondents identified a lack of suitable local grow-on space is significant. Further, the finding that those responding that there 'was' enough space still felt they could not access said space, reinforces concerns.

Skills and recruitment findings

The survey asked IDEs about their recruitment activities, 'hard-to-fill' vacancies, skills gaps, the availability of suitable training and their own training activities.

Hard to fill vacancies

Of the 20 respondents 17 had recruited or tried to recruit during the last 12 months and 10 of these (nearly 60%) found that their vacancies were 'hard-to-fill'. This is considerably higher than the economy average reflecting the nature of the posts being recruited. Last month CIPD reported almost half (47%) of employers had vacancies that were 'hard-to-fill', and more than one in four (27%) expected the number of these vacancies to increase in the next six months[1].

The IDE Panel respondents had 37 current vacancies – typically 1 or 2 per organisation but one larger employer had 15 current vacancies. The listed vacancies were included:

- Sales Co-ordinator
- Digital Content Specialist
- HPC Engineer (Background in Computer Science or Electrical Engineering), preferably with a Post Graduate Degree
- Post-grad engineering and technology posts
- Experienced machine tool operators, toolmaker Experienced sales engineer and experienced production manager

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[1] https://www.cipd.co.uk/about/media/press/151121hard-fill-vacancies-increase

- CFO, Manufacturing
- Administration
- Operations Assistant
- Technical Administrator
- Shop floor operatives, technical textiles experts and graduates

We asked what the reasons for the 'hard-to-fill' vacancies were typically both a lack of suitable applicants a general lack of applications (Figure 2.).
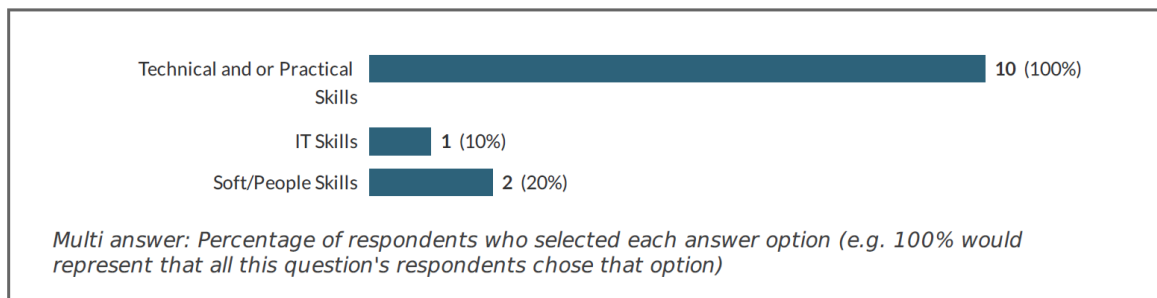
Figure 2. IDE Reasons for Hard to Fill vacancies
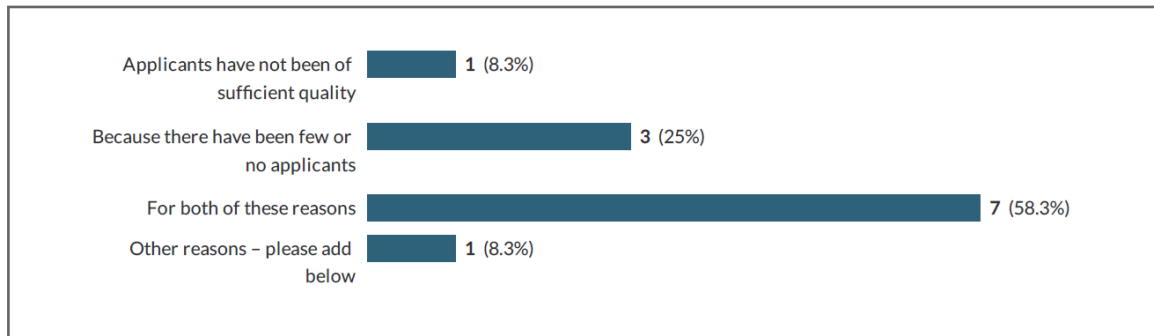
Skills that were hard to find

Further, when those that had struggled to finds the right skills amongst those applying, all cited Technical or Practical Skills (Figure 3.) rather than IT or soft/people skills.

Figure 3. Skills lacking in applicants

The technical skills that respondents cited as difficult to obtain are given below with a particular preponderance of engineering-related skills:

- HPC Engineer with broad experience in Linux server systems, MPI programming and understanding of engineering and science-based simulation software
- Post-grad engineering academic skills
- Skills around engineering manufacturing
- Engineering, finance
- Lack of customer service experience
- Technical skills in Agritech
- SEO skills at a suitable level
- DevOps Lead

- (People with) academic technical degrees who can demonstrate the aptitude to train and learn
- Technical textiles
- STEM graduates

Where IT skills were hard to find, these were cited as:

- Lack of customer service experience
- Lack of attention to details
- Machine learning and data science
- SQL, Telecom network architecture and services

The soft/people skills that were cited as hard-to-find were:

- Poor communication written and verbal
- Leadership, team management, communication

Implications for the IDEs

Those IDEs struggling to recruit the applicants they needed cited the following impacts on their businesses, typically extra strain on other staff and impacts on business growth and what they could deliver:

- Extra hours for some members of staff, some projects delayed.
- Team has had to pick up the extra work
- This is always ongoing and not specific to a period or location. It's the nature of the highly specialised work.
- Posts stay open, delay in completing projects
- Our business is being restricted to some extent
- This has restricted our pace of growth
- We have had to outsource for certain roles, and our existing team members have been over-stretched
- Highly stressful Operations Team as we successfully win contracts but always tight on resourcing projects
- Unable to keep up with record high demand and difficulties due to higher absenteeism during the pandemic

Actions to overcome recruitment difficulties

Respondents have tried to overcome the recruitment problems in a number of ways – which together largely cover all possible options (different recruitment approaches, agencies, increased pay and conditions, innovating new relationships and building new links and outsourcing).

- Finally filled the position
- Used specialist national recruitment agencies (expensive) for the first time
- We prefer word of mouth references with hands on, paid for internships or trial periods before hiring
- Advertise further afield to attract, consider on-the-job training using less qualified.
- Pay rates have been increasing. We are trying for more automation in some areas.
- Signed the Defence Covenant and seeking to recruit from those leaving the armed forces
- Outsourced certain roles

- Used a local employment agency which really helped
- Increased activity with Exeter College, DCC Economy Team, MDDC and the Education and Training Foundation regarding T-Levels and restarting apprenticeships etc.

Of those looking to offer vocational and placement activities, the following were popular:

- Apprenticeships
- Placements
- Internships

None currently offered T-Levels and approximately 40% of the IDEs were not offering any of the (above) options. When asked as to why they were not offering these, the responses largely reflected the small size of most of the regional IDEs and the specialist nature of the businesses. Others cited a preference for outsourcing and freelancers, and one was unaware of what T-Levels were.

Skills lacking in IDE enterprises

The survey asked specifically if (independent of recruitment issues) there were skills lacking in the IDE enterprises. A large proportion - 75% responded that YES this was the case. They further cited the following skills as currently being lacking in their enterprise (broken down by broad area):

Engineering and Technical

- Testing skills
- Technical textiles
- Multi-skilled fabricator
- Design engineer
- Marketing and Sales Engineer
- Specialist technical skills -photonics knowledge and experience
- Optical design
- CAD

Technology/IT/Digital

- Digital literacy
- Niche digital marketing skills
- AI and Satellite Image Analysis
- Data presentation
- Software development
- Software design and programming

Graphic Design

- Graphic designer
- Graphic Design and media

Other

- First steps into management
- Videographer
- Marketing strategy
- Social media and newsletter writing

Impact on IDEs from current lack of skills

IDEs cited a number of impacts on their enterprises from a lack of skills, these have been grouped as:

Impact on business performance and cost

- (Impact on) Short term growth potential
- Skilled people are expensive
- Reduced promotional activity
- Delays scaling and removes focus from the technical products being developed
- Means I have less time to focus on top level thinking
- Slows down R&D, delays release of new products, hit to income
- Hard to move quickly and promote effectively

Internal impacts and changes to business model

- Major distraction in a small team
- Having to bring in good developers and pay them whilst they learn these new skills
- We rely on a small number of experienced staff to train and share skills
- Higher workloads on existing staff, slower developments, and slower resolution of technical/quality problems
- Offering our support to businesses remotely (instead)
- We have to pay to out-source

Suggestions for addressing the lack of skills

IDEs recognising an internal lack of skills were asked what they felt was needed. There responses are grouped below:

Link with education providers

- Work with the FE colleges to develop skills
- Work with local universities to develop photonic technology schools to develop potential new staff
- In progress, new training schedule implemented

Changes needed to education provision and signposting in the region

- Better free courses, better advertising of those courses
- Create incubation centres and flexible freelance networked workforce specific to the creative industries and link these to the regional university and enterprise networks
- Greater interactions with universities and more placements as part of courses
- Exposing students to more than just the science skills but also economic and sales/marketing skills
- More recruitment support options - it's hard to know where to advertise and which recruitment agencies are a good fit.
- Re-open the Chemistry Department at Exeter University
- Start some technical textile degree courses in Devon.
- Produce more local STEM graduates in Devon.
- Massive improvement in state education in Devon.
- Optical design training in University/college

Other

- Affordable housing in Devon.
- Allow recruitment from the EU into the manufacturing sector

Internal Training

IDEs were asked if in the last year they had arranged or funded any training for their employees. Three quarters had provided training and typically this was both 'on-the-job' and 'off-the-job' (Figure 3.).

Figure 4. Training delivered to employees
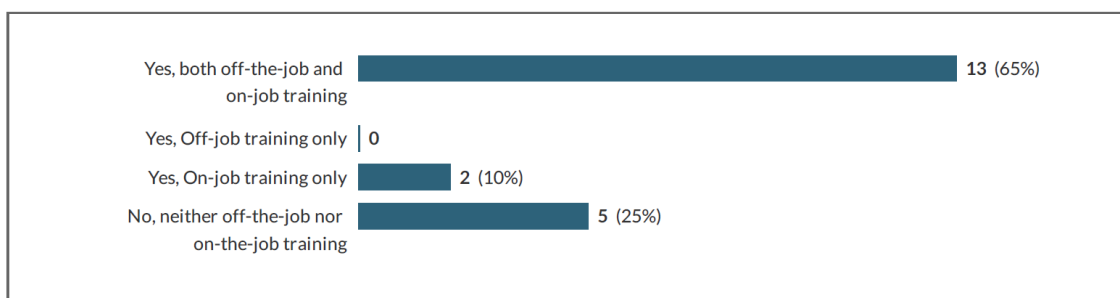
Those employers who had not trained did not cite specific courses/topics that were not available. But one identified that "Our local college often advertises courses, but they aren't guaranteed to run unless the applicant numbers are sufficient. That's disappointing."

Summary

The labour market nationally and locally is particularly tight now with many employers struggling to recruit. It is therefore not a surprise that our IDEs are struggling to recruit, however the percentage of employers struggling is considerably higher than the recent figures from CIPD. Applicants for vacancies typically were both lacking the requisite skills – and in short supply.

The greatest current shortage of available skilled labour identified by the IDEs were workers with suitable technical and practical skills – most related to engineering, manufacturing, and technology. The lack of recruits was undoubtedly undermining IDE performance and productivity, and therefore with a knock-on impact on the regional economy. IDEs were seeking several different approaches to overcome the staff shortages.

Within their existing workforces, IDEs were able to identify skills shortages, the greatest concentration of these were in the 'Engineering and Technical' and 'Technology/IT/Digital' sectors. As with the persistence of 'hard-to-fill' vacancies the lack of internal skills was undoubtedly undermining business performance and leading to new ways of operating. To overcome the problems with skills and to support them with skills provision some IDEs are already seeking closer links with colleges and universities. They are also looking for new courses and qualifications locally.

Annex. Respondent details (Firmographics)

Enterprise size

Over half off respondents were from enterprises with 5-24 employees.
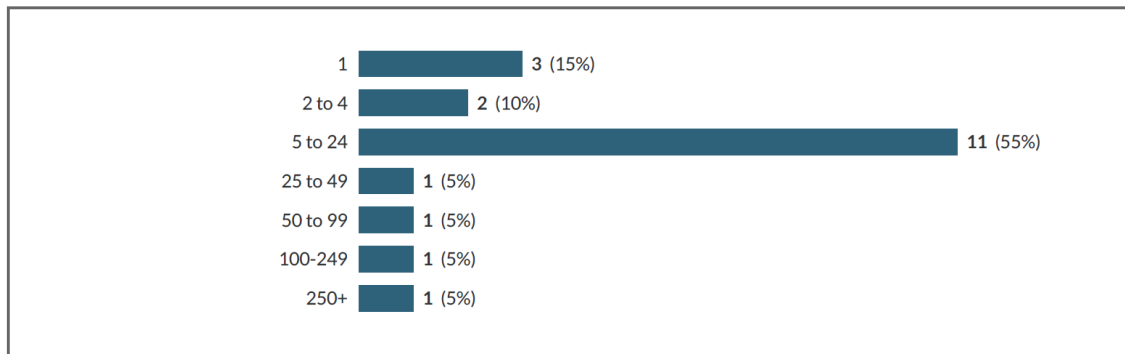
Sectors

IDE respondents came from:

- Information & Communications (25%)
- Manufacturing (20%)
- Engineering and Engineering Research (10%)
- Business Services (5%)
- Arts & Other Services (5%)
- Health & Social Work (5%)
- Education (5%)
- Aerospace (5%)
- Publishing and media (5%)
- Consultancy and Wholesale/Distribution (5%)
- Horticulture, specifically garden and planting design (5%)
- Photonics (5%)

Innovation Board Membership

Organisation Types	Organisation	Member	Email
CHAIR	Applegate	Stuart Brocklehurst	stuart.brocklehurst@applegate.co.uk
LEP Representative	HotSW LEP	David Ralph	david.ralph@heartofswlep.co.uk
2* Universities	Exeter Plymouth	Chris Evans Adrian Dawson	Chris.Evans@exeter.ac.uk adrian.dawson@plymouth.ac.uk
3* Key Research Assets	MET Office UKHO PML	TBC Cathrine Armour Prof Icarus Allen	TBC cathrine.armour@ukho.gov.uk jia@pml.ac.uk
2* Science Parks	Exeter SP Plymouth SP	Sally Basker Ian McFadzen	sbasker@exetersciencepark.co.uk ceo@plymouthsciencepark.com
1 Rep for Innov Centres	EPIC	Wayne Loschi	wayne.loschi@tda.uk.net
1 SWIOT and FE	SWIOT	Stephen Mariadas	stephenmariadas@exe-coll.ac.uk
1 LA ECC, PCC, SCC or DCC	ECC	Victoria Hatfield	victoria.hatfield@exeter.gov.uk
1 LA from another LA	South Somerset	Alex Parmley	alex.parmley@southsomerset.gov.uk
1 Corporate Rep	Babcock	Mark Ratcliffe	Mark.Ratcliffe@babcockinternational.com
1 LEP Board Observer	Independent	Paul Coles	paul.3.coles@outlook.com
1 Innovate UK	Innovate UK	Layla Burrows	layla.burrows@innovateuk.ukri.org