DEMAND AND FEASIBILITY STUDY FOR ESTABLISHING HIGH QUALITY SCIENCE PARK(S)

Executive Summary

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Policy background

1. The adopted Leicestershire Structure Plan makes provisions for small technology transfer facilities and for one high quality science and technology park close, or with transport links to centres of higher education in the county. A similar policy has been carried through in the Draft Leicestershire, Leicester and Rutland Structure Plan currently subject to consultation.

2. Although some progress has been made in identifying small scale sites for technology transfer, large sites had not been identified through the planning process, with the exception of the Loughborough Science Park which is now fully committed for development. The SQW/BBP Partnership was commissioned in October 1998 to consider the demand and feasibility for development of further facilities for technologically advanced companies, to make recommendations as to the best options, and to advise on an appropriate policy framework that would be supportive but also conducive to such developments.

3. Policy support for high-tech firms and technology transfer features strongly in both national and regional strategies. The Government's recent (December 1998) White Paper on industrial competitiveness highlights the importance of 'knowledge-based' industries and raises some planning issues particularly relevant to cluster development. Regional Planning Guidance also advocates 'provision of science and business parks related to existing industrial and research facilities' and the 'knowledge economy' is also the central theme in the emerging economic strategy for Leicestershire.

Demand for science park(s)

4. It is concluded that there is a strong case for supporting development of a hierarchy of sites for high-tech firms in Leicestershire including:

    ■   incubators to support spin outs from the county's universities and other high-tech start ups. Incubator facilities should be as close as possible to the related research institutions

    ■   well-managed ready-built small units for existing high-tech SMEs, preferably involving one or more of the universities in the development and/or management of the sites. There is currently a shortage of ready-built, high quality B1 units under 1,000 sq.m in the county. Such provision should satisfy local demand from relocating high-tech firms which could total up to 47,000 sq.m a year (gross, across the county)

- at least one substantial science park development (in addition to existing provision) in a high quality location that is well related, but not necessarily in close physical proximity, to local universities. The development could include provision for new businesses and small businesses (as above) but should also be suitable for accommodating expanding local firms and high-tech inward investors.

5. So far the county has not had a high profile for high-tech investment, despite its excellent location and proximity to six universities and nearly 100,000 students. The substantial technology resources of the East Midlands region, which include over 1,000 research-based firms, are not fully recognised or supported by appropriate infrastructure. For example existing science and technology park floorspace in the East Midlands region totals only a third of the provision in the West Midlands despite broadly similar levels of high-tech industrial activity.

6. Although a number of initiatives to encourage better linkages between high-tech firms and universities are currently under way, it remains desirable to encourage the clustering of the county's currently fragmented research and technology base, preferably close to one or more of the universities, and provide the conditions for a strong visual impact. Experience elsewhere suggests that well managed science parks provide a conducive environment for growth, help improve links between firms and related universities as well as act as catalysts for further investment and area promotion.

Best locations and site options

7. The best locations for additional provision of specialist facilities are those that are most likely to be developed – in terms of both commercial attractiveness and public sector involvement – and those that are most likely to deliver the intended economic development benefits. In relation to economic development, the best site options are those that secure the involvement of a university (eg as a partner in a joint venture development, or in strategic management) and offer the best opportunities for clustering and for improved linkages between firms and related universities.

8. A range of sites have been assessed with reference to criteria based on best practice elsewhere and developed in consultation with local authorities, property professionals and business support organisations in the county. Although most of the sites identified through an extensive consultation process are well-located and can accommodate some demand from high-tech firms, only a minority can be developed as science parks and therefore capable of delivering the related economic development and technology transfer benefits.

9.   The best locations for additional provision to meet local demand are in Leicester and Loughborough, as close as practicable to the three universities. Two such potential site opportunities have been identified: land adjacent to the National Space Science Centre in Leicester and a possible extension to the Loughborough Science Park. Sites should be large enough to allow a mix of size of units to be developed, so that firms can move within the site as they grow.

10. It is not possible to be prescriptive about the best location for provision to meet demand from high tech inward investors. Such firms have less need to be very close to a university, although proximity may help establish or reinforce links. They will certainly require an accessible location well related to the strategic road network, and to the main sources of technically qualified labour. Sites should therefore offer easy access to the M1 and preferably be located on the edge of either Leicester or Loughborough and be accessible by public transport. Such sites may provide an opportunity for combining provision for SMEs and inward investors on a single site.

Development and feasibility

11. There are few examples of science parks being developed solely with private sector capital. Private developers have generally been unwilling to undertake large scale projects with planning permissions restricting use to R&D and related activities only. In most cases they are also reluctant to undertake speculative development without some assurance of a commercial return. Most science parks require patient capital – that is owners who can afford, and are willing, to take a long-term perspective on returns on their investment. Consequently the public sector is in most cases required, in one way or another, to reduce the risk of development.

12. The local authorities cannot rely on the planning system to achieve their objectives, although it can provide an important facilitating context. Controlling private development by limiting permitted land uses to use class B1(b) (research and development) may frustrate the project entirely, or it may be overturned later on appeal. It would therefore be preferable to use a Section 106 Agreement (planning obligations entered into in agreement by both the developer(s) and the planning authority), or failing that, carefully worded planning conditions. On large sites it may be possible to agree a restrictive condition on part of a site in return for more flexibility on the remainder.

13.   There will almost certainly be a need for some public funding, preferably involving equity participation, but at least to ensure some control over the uses allowed onto the science park. Possible alternatives to a substantial equity interest include securing a covenant on part or all of the site in return for gap funding, or taking a head lease on one or more of the buildings.

14.   Achievement of science park projects will require close collaboration between public and private sectors. The partnership should involve representatives of the development industry, the universities, the relevant planning authorities, and possibly one or more high tech firms. It should be closely linked to the Regional Development Agency, which could be a crucial source of both policy support and resources. An early approach to the RDA with a specific proposal, in order to influence their agenda, is advisable.

Next steps

15.   Whatever progress is made in implementing proposals for additional science parks, this should be seen as only one part of a range of support necessary to promote the growth of high tech business activities in the area. Science parks are highly visible symbols of high tech growth, and can therefore act as 'flagships' for promoting an area, both internally and externally. This is a very important role, but on their own science parks will have limited impact.

16.   Other initiatives, such as measures within universities to support technology transfer and links with firms, support for technical training, supply chain initiatives, support for technology entrepreneurship, access to risk finance, and targeted promotion, are all important. Many of these measures are already included in the emerging Economic Strategy for Leicestershire, and are also expected to be high on the agenda of the East Midlands RDA. An initiative to support development of more science parks in the county would therefore be timely.

17.   The next steps should be:

- To agree on the best site(s) to pursue in the short term

- To agree the key partners and lead responsibility for taking these proposals forward

- To develop a specific proposal based on a mix of public and private funding, to be submitted to the RDA as soon as practicable.