2012

Delivery of a Science and Enterprise Park at Loughborough – Phase 1 Report

LOUGHBOROUGH UNIVERSITY CAMPUS VIEWED FROM THE WEST WITH THE SCIENCE AND ENTERPRISE PARK IN THE FOREGROUND

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Table of Contents

1 Introduction

The consultancy assignment

Charnwood Borough Council (CBC or the Council) commissioned Kathrin Peters and Charles Monck at the beginning of November 2012 to assist the Council in undertaking a critical review of the case for an extension of the Loughborough University Science and Enterprise Park (SEP) largely on the basis of evidence produced by Loughborough University (the University). The objective of the commission was to explore the business case for the development and establish the set of development parameters required to secure the delivery of the project from available information. The work was undertaken in advance of the publication of the Draft Core Strategy and was designed to assist the Inspector in the consideration of the policy set at the Core Strategy examination.

This document presents work done under Phase 1 of this assignment. Subject to the Council's acceptance of the validity of the business case, the consultants may be invited to undertake a second phase of work to advise on the delivery mechanisms needed to address the agreed parameters through the preparation of a delivery statement.

Background

The development of a science park at Loughborough can be traced back to 1984 when Loughborough Technology Centre (funded by Leicestershire County Council) opened off the Epinal Way adjacent to the University. The development of the park itself started in 1990 when British Gas selected a site adjacent to the University's campus for its new Gas Research Technology Centre (GTRC). This site was later acquired by the University for occupancy by knowledge based businesses. Other developments followed including the development of a Sports Technologies Institute and the opening in 2010 of SportPark. To date the SEP comprises 64,000 sq m.

In 2007, with support from the East Midlands Development Agency (*emda*), the University acquired a site of 9.2 hectares to the west of the main university campus (Extended Phase 2). This site was subject to a feasibility and business planning exercise undertaken by DTZ for *emda* and the University in 2007. Due to changes in the economic environment and available support measures, Phase 2 has not yet been fully developed, with the exception of SportPark on two hectares of this site. However, the University has expressed commitment to proceed with Phase 2 and indeed is currently developing its strategy to extend SEP significantly beyond Phase 2 on a site of just under 30 hectares to the west of its existing development (to the east of Snell's Nook Lane) and, in the longer term, a site of 42 hectares (on a site to the west of Snell's Nook Lane). There is therefore a wish to safeguard the total 70+ hectares for science park use, to be developed in phases over the long term.

There are, however, concerns at CBC that it appears that SEP development so far has been slow and that there may not be enough evidence to give confidence that the site will be taken up for science park use within an acceptable time scale. This is against the context of interest from a developer to use part of the site to the west of Snell's Nook Lane for mixed developments including an allocation for B8 warehousing and distribution.

The purpose of this project is to review available evidence and provide an informed judgement whether the case for safe-guarding some 70 hectares of land for science park use can reasonably be made.

Planning context

There has been a long standing strategic commitment to the extension of Loughborough SEP to support the growth in the high technology and knowledge economy. That commitment can be traced through a series of regional and sub regional strategic planning documents. The former Leicester and Leicestershire Structure Plan (2005) required land for one substantial science park up to 50 hectares in area. The extant East Midlands Regional Plan (2009) sustains that policy commitment with a call to local authorities to, "…..ensure that the needs of high technology and knowledge based industries are provided for."

The Borough Council has embraced those policy commitments through successive iterations of its development plan. The adoption of the Borough of Charnwood Local Plan (2004) consolidated and extended marginally the original allocation, which had been confirmed through the Loughborough Local Plan (1994).

The Planning and Compulsory Purchase Act 2004 initiated a new plan making process.

In May 2005 the Borough Council published for consultation a Core Strategy Issues and Options Paper. That process gave rise to the identification of five options for the development of a substantial science park:

- Option 1 – Land West of Loughborough, South of A512
- Option 2 – Land West of Loughborough, North of A512
- Option 3 – Brownfield Sites in Loughborough. (This option was eliminated due to the lack of a suitable site of the scale required by the Structure Plan).
- Option 4a – Wymeswold Airfield
- Option 4b – South of Sileby. (This option was eliminated due to a lack of details on the suggested site and the fact that this location would score poorly in terms of the locational strategy set at County and Regional level).

A further option was identified through the consultation process:

- Option 5 – Land South of Loughborough.

In February 2006 the Council published "Charnwood 2021: Science Park Preferred Option." The document was accompanied by a Sustainability Appraisal Report which included an assessment of the social, environmental and economic effects of Options 1, 2, 4a and 5 listed above. The final policy wording for the Science Park was also subject to Sustainability Appraisal.

The preferred option focused on a 50 ha extension to the west of the established science park (Option 1) with the intention of progressing the proposal through a development plan document. It was subsequently decided to incorporate the proposal into the emerging Core Strategy and the site

was once again the subject of consultation in October 2008 in "Charnwood 2026: Planning for our Next Generation."

This commission will inform the policy set to be included in the submission draft Charnwood Local Plan Core Strategy.

Work programme

The project started with an inception meeting on the morning of 5 November 2012 attended by David Hankin (CBC Regeneration and Economic Development Officer), Paul McKim (Programme advisor to CBC Forward Planning Team), Kathrin Peters and Charles Monck. The meeting clarified the objectives of the assignment and provided background information.

The inception discussions were followed in the afternoon of 5 November by a meeting with representatives from the University including Jon Walker (Director of Enterprise Development), Steve Rothberg (Pro Vice Chancellor Enterprise) and Carl Potter (GVA – advisor to the University). The meeting was also attended by David Hughes, Economic Development Strategy Manager from Leicestershire County Council (LCC) and David Hankin of CBC. The focus of the meeting was to identify areas of investigation and review and to discuss a process to provide additional information to the consultants within the short time available for this assignment. It also addressed issues of confidentiality and disclosure.

Following up from the meeting the consultants developed an information collection framework which was sent to the University on 8 November 2012 (see Annex A) with a request to forward relevant information by 23 November. Areas of investigation were as follows:

- Corporate strategy
- Estates strategy
- Technology transfer, commercialisation, linkage and enterprise strategy
- Revenue, expenditure, funding
- SEP as a property development
- Evidence of uptake and demand for SEP space/premises and services
- Organisation and management of the SEP – current and future
- Marketing of the SEP
- Lessons learned.

Further information on the economic rationale for the SEP extension and competing schemes was collected through consultations with Andy Rose of Leicester and Leicestershire Local Enterprise Partnership (LLEP), David Hughes of LCC and Steven Robson of Loughborough Technology Centre.

Given budget and timing, there has been no additional fieldwork; this Phase 1 report is based on information provided by the University, CBC, LCC, LTC and LLEP.

Approach: Key considerations and main risks

The report approaches the review by exploring one key consideration and three major risks:

- The key consideration is the extent that the development of SEP addresses national, regional, local economic and social priorities.
- The first risk concerns demand. Will there be sufficient demand to justify the allocation of the land on the east of Snell's Nook Lane for the extension the SEP and to reserve the land to the west of Snell's Nook Lane for the long term growth of the University and the SEP.
- The second risk relates to whether the University working with partners and large tenants has the capacity to fund the steady development over a 15-year period.
- The third risk, which has held back development to some extent hitherto, relates to planning. Though draft allocations for the SEP have been made in successive plans since 2004, these proposals have never been adopted. The current proposed allocation for the SEP is being considered along with other major proposals on the west side of Loughborough which will have a big impact on the town and the road infrastructure in particular.

The success of the SEP will also depend on the priority that the University places on its development, marketing and management. SEP already is – and has the potential to become even more – a major enterprise which needs to be embedded fully within University strategy and requires adequate resourcing for its operational management.

Report structure

This introduction is followed by chapter 2 which provides background on the historical development of SEP and summarises the proposition for its extension. Chapter 3 embeds the scheme within the wider strategic context for Loughborough, Charnwood and Leicestershire and chapter 4 discusses evidence on how committed the University is to the successful implementation of the SEP extension. Chapter 5 assesses take-up of space for commercial uses and chapter 6 analyses take-up of space by the University. Both chapters use this information to make some space demand extrapolations. Chapter 7 provides future demand scenarios and chapter 8 summarises conclusions at the end of Phase 1.

This report has been produced by assimilating and interrogating an extensive set of data and reviews which are summarised in Annex A under three headings (A: university; B: the science park; C: economic context). Some of these documents are in the public domain but others contain commercially confidential information. While we have drawn extensively on all documents and made reference to most of them, only a limited number are attached as annexes to this report. These are Annex B (information collection pro forma produced for the University to help structure the requested information); Annex C (Senior Management support for SEP 2 within Loughborough University, a paper written for the consultants by Steve Rothberg); Annex D (Towards a Development and Marketing Strategy for the Loughborough University Science and Enterprise Park written by Jon Walker in September 2012).

Acknowledgement

This project has been undertaken in a short time scale and we would like to express our gratitude to representatives of Loughborough University (in particular Jon Walker, Steve Rothberg and Tim Walton), Carl Potter from GVA, Andy Rose from LLEP, David Hughes from LCC, Steven Robson of LTC and David Hankin and Paul McKim representing CBC. All made information available without delay and helped to achieve the tight deadlines.

2 The SEP proposition

This chapter summarises the historical development of the SEP and maps out options for the future.

Historic development

The SEP has developed in a number of phases which comprise developments adjacent to the campus as well as those on the campus itself.

Loughborough Technology Centre

The origins of a science park at Loughborough go back to 1984 when Loughborough Technology Centre (LTC) was developed off the Epinal Way at the edge of the University campus with support from Leicestershire County Council. Originally, LTC comprised just under 2,000 sq m of space and was extended in 2003 when a further 1,130 sq m were added with support from the LCC and *emda*.

We understand that LTC has had high occupancy levels throughout its life and is currently the home to 20 technology oriented businesses. LCC and the University have co-operated in the provision of business support and this collaboration has enabled tenants to benefit from the expertise and specialist equipment located on campus. LTC has access to the University's computer system, internet and email facilities via a fibre optic broadband link as well as access to the University Library.

The 1990s

In the early 1990s, a site adjacent to the core campus (Holywell Wood) was chosen by British Gas as the site for a new corporate research and development facility which was opened as the Gas Research Technology Centre (GRTC) in 1992, comprising 42,000 sq m of high quality laboratory testing, office and training facilities. This was subsequently enlarged to 53,400 sq m. Due to changes in its corporate strategy, British Gas retreated from R&D in the mid 1990s and once plans to vacate the GRTC had been announced, the University took the first lease on the GRTC site and started making it available to other technology-based occupiers. As a separate development, Loughborough Sound Images (LSI), a university spinout company (1983) and leading supplier of digital processing boards and subsystems, opened on a 4,400 sq m building on the campus. 1997 saw the merger of LSI with Blue Wave. [1]

In total, at the end of this period, developed space on the park amounted to 58,000 sq m.

2000 – 2010

This period saw a number of developments and extensions to the park including:

- Loughborough Innovation Centre on the main campus site providing 3,000 sq m of space
- In 2003, the University purchased Holywell Park from Advantica (previously GRTC)

[1] See document A24 for information on the different SEP phases

- Also in 2003, Loughborough University Science and Enterprise Park (SEP) was formally launched – initially providing alternative use for 40% (in 2003) growing to 80% (current) of the former GRTC site
- In 2007 detailed negotiations took place with Ericsson about location at SEP which were ultimately unsuccessful. We understand that there were planning uncertainties associated with the site. The company's land requirements exceeded the area of the extant planning consent and balance of the allocation remaining from the adopted local plan. The company perceived a risk in pursuing an application for a site largely within the countryside with the potential of delays arising from a departure from adopted policy. There may also have been some uncertainty as to whether the gateway policy at the time was too restrictive to allow Ericsson to be located on SEP
- Also in 2007, the University – with the help of *emda* – acquired a site consisting of 9.2 hectares This site is often referred to as Phase 2
- Also in 2007, the University acquired the former LSI building from Motorola, the new owner of LSI (renamed Loughborough Park)
- In 2008, the Sport Technologies Institute opened in Michael Pearson East Buildings
- In 2008, the Energy Technologies Institute, a research consortium involving Loughborough, Birmingham and Nottingham Universities and BP, Caterpillar, EDF Energy, E.ON UK, Rolls-Royce and Shell, moved into the Holywell Building.

The overall space provision at the end of this period was around 58,000 sq m (gross) However, within this overall enveloped there had been a significant amount of restructuring and reassignment.

2010 – 2020

In 2010, SportPark opened, creating a further 6,000 sq m of employment space for national governing bodies of sport. This is a £15 million development and includes some key names in British Sport including the Amateur Swimming Association, British Swimming, England and Wales Cricket Board, England Squash, the English Federation of Disability Sport, Great Britain Wheelchair Basketball, Institute of Sport and Recreation Management, the Institute of Swimming, Leicestershire and Rutland Sport, Volleyball England and the Youth Sport Trust. These organisations are working side by side in a high quality environment that encourages partnership working, sharing of best practice, collaboration and innovation. Based in purpose-built accommodation in a parkland setting on a 2 hectare site at the western entrance of the University, sports bodies are able to access expertise and knowledge from across the Loughborough campus including the University's Business School, its Sports Development Centre, the School of Sport, Exercise and Health Sciences and SportPark's close neighbour, the Sports Technology Institute.

Other developments in this period included:

- Intelligent Energy relocated from the Innovation Centre to Holywell Park, expanding in the process (2010)
- Rolls Royce Fuel Cells moved from Loughborough to the US to start manufacture on the basis of the results of the completed R&D project (incentivised by high grant support from US sources) (2010)
- In 2011, the remainder of the Innovation Centre tenants relocated to Holywell Park until a new purpose-built facility becomes available.

To date, SEP comprises premises with a gross area of 63,700 sq m (net lettable space of around 40,000 sq m). Of this, 22,000 sq m is occupied by commercial businesses, 12,200 sq m by University related research activities and 2,700 sq m is used as a conference centre[2].

Current land holding

The current – and potential future – land holding is summarised in Table 2.1. and Map 2.1.

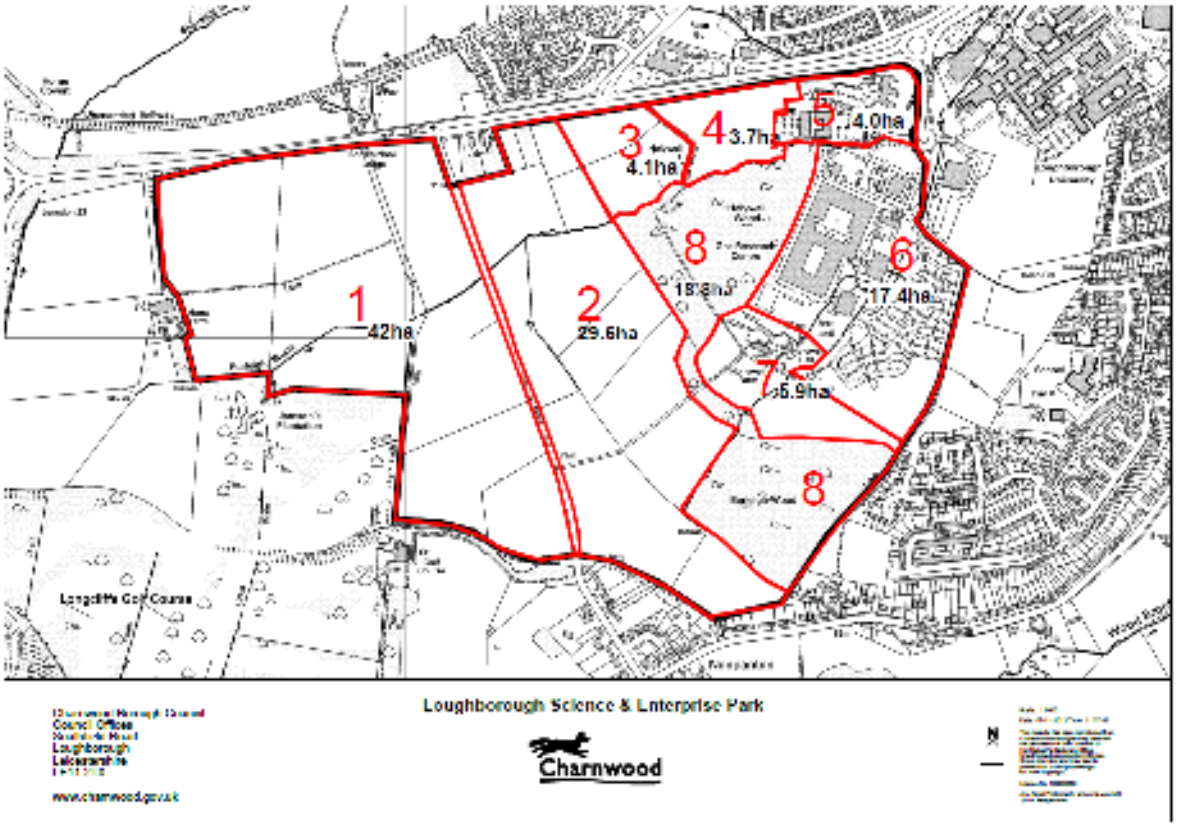
Table 2.1: Current and potential future land holding for SEP (hectares gross)

Site (land is within the control of the University unless otherwise specified)	Complete/ Commitment	Woodland	Available	Total
Holywell Park (formerly British Gas site) (6)	17.4			17.4
SportPark (5)	2.0			2.0
Sport Technologies Institute (formerly LSI) (5)	2.0			2.0
Balance of original allocation for Phase 2 (4)	3.7			3.7
Approved extension for Phase 2 (3)	4.1			4.1
Existing woodland and linking planting belt (8)		18.8		18.8
Holywell Farm site (7)			5.9	5.9
Balance of land east of Snell's Nook Lane (2) (7.5 optioned to William Davis Limited)			29.6	29.6
Land to the west of Snell's Nook Lane (Wilson Bowden option) (1)			42.0	42.0
Total	29.2	18.8	77.5	125.5

Source: Document reference B14; numbers in brackets refer to site parcels on Map 2.1

[2] Document reference A29

Map 2.1 : SEP Current and potential future land holdings



Progress to date

SEP is a sizeable science park in national comparison and it has been very successful in seamlessly letting space (some of it big) which was vacated by other users. Despite its scale and the success of reusing available space, people have asked why the University has not made more progress to develop the land that it acquired from 3M Healthcare and National Grid Transco. Some answers to this question are provided in a paper prepared by GVA (document reference A19) which sets out a chronology of development. A number of factors stand out:

- The University's first priority was to fully utilise the substantial amount of space that became available when it purchased the buildings from the National Grid and Motorola in 2003 and 2007.

- The masterplan for the whole site could not be developed until the completion of the purchase of the 9.8 ha Phase 2 site from 3M Healthcare with the help of *emda* in 2006. But it was not until December 2008 that negotiations were completed with National Grid Transco for the overage on this land and this site only obtained planning permission in 2012.

- Whilst the local authority has approved specific developments on a piecemeal basis (SportPark in March 2008 and the Phase 2 land in July 2009), the overall development of the SEP has been under review by the Planning Authorities since May 2004 when Charnwood published its Core

Strategy Issues Paper ' Towards a Charnwood Local Development Framework'. Because the allocation of the land for science park uses is still in draft and has yet to be adopted, this has been a factor which held the University back from being able to take the SEP forward.

- Meanwhile, it has taken the University a long time to determine how it will fund the development of the SEP. Following the DTZ report in 2007, the University decided to seek a suitable joint venture property developer partner. This approach was brought to an end in May 2010 when negotiations with a potential developer ceased. Since then, the University has reviewed its gateway policy and introduced a more flexible approach, without undermining the ethos of the SEP. Concerns were also raised by developers about the restrictive nature of the planning permission, compared to other science parks such as Keele and Coventry.

- In addition to these factors, the environment for development projects was severely affected by the global economic crisis which started to impact in 2008. Another factor was the change in regional economic development institutions following the 2010 General Election, in particular the closure of *emda* as one of the nine English regional development agencies.

Until very recently a holistic view of the development, marketing, funding and management of the SEP as a single entity has not been taken. In the period 2007-2010 an integrated team worked to bring forward proposals for SEP phase 2, but these efforts were undermined by the economic climate. The more recent development of an integrated approach spanning all aspects of the SEP is welcome. Going forward, it will be important for the University to demonstrate its commitment to the development of the park by giving it full strategic as well as operational support. The shape and form of such commitment could be explored further in Phase 2 of this consultancy project.

The future

In the short term future, it is expected that the SEP space will increase further with the construction of a new 3,000 sq m Innovation Centre to free up space in the Charnwood Building for other users and offer grow-on space.

Looking into the medium to longer term future, and from a site capacity perspective, the future supply potential is summarised on Table 2.2.

Table 2.2: Projection of site capacity				
Site	Gross area (ha)	Less 40% parkland	Net area (ha)	Capacity @ 0.2 plot ratio and 1.5 storeys (sq m)
Extended phase 2 (Planning permission received in June 2012)	7.8	Not applicable		35,780
Holywell Farm site	5.9	2.36	3.54	10,620
Balance of land east of Snell's Nook Lane	29.6	11.84	17.76	53,280
Land to the west of Snell's Nook Lane (Wilson Bowden option)	42.0	16.80	25.20	75,600
Total	85.3			175,280

Source: Document reference B14.

The Science Park Development Plan Document (DPD) (2006) assumed a typical plot ratio of around 0.2 and development at an average of one and a half storeys. That was considered to represent a typical plot ratio for quality business parks within a parkland setting. Originally 50% of the gross site area (excluding Holywell and Burleigh Woods) was to be landscaped to create the parkland setting; subsequent planning consents have acknowledged 40% as being appropriate. This is an important assumption that will need to be tested by reviewing these parameters on science parks with similar characteristics.

How strong is the SEP proposition in comparison with other science park developments in the East and West Midlands

Start ups and very small companies requiring small units in an incubation/ innovation centre will tend to select the facility closest to where they live, unless they positively want to work from a particular centre, due to its services or links to a particular University or other source of knowledge. Otherwise, small firms will only look elsewhere if there is no suitable space or their local centre is perceived to be too expensive. The main cities and towns in the East Midlands are well served by incubators and innovation centres providing a good choice. Loughborough is served by two facilities, the Loughborough Technology Centre and the Innovation Centre on the SEP.

However, the incubators in Leicester, Nottingham and Derby are all in inner city locations. In Leicester there is a small centre run by De Montfort University, a virtual incubator run by the University of Leicester and construction of a new innovation centre has just started on the Leicester Science Park, adjacent to the National Space Centre. There are three main technology centres in Nottingham: the Hive is run by Nottingham Trent University, the Enterprise Lab is on the University of Nottingham Innovation Park, and BioCity is in the city centre. In Derby there are four centres linked to the University. Loughborough will continue to be a competitive location for start-ups and small technology firms mainly drawn from Loughborough and people living in the triangle formed by the cities of Leicester, Nottingham and Derby.

For established technology-based firms requiring additional space to expand flexibly over time, we believe that the underlying package of benefits available makes Loughborough and the SEP site at the University a very competitive location for firms based in the Leicester – Nottingham- Derby triangle. This is because of its location close to the M1 offering easier access for owner-managers than the centres of Leicester, Nottingham or Derby. Over the years, the Borough of Charnwood has accommodated a significant number of major technology-based companies many of which have had strong R & D activities which reflects this locational strength.

It will be important to factor in the potential availability of the former Astra Zeneca site, consisting of 124,000 sq m of offices, laboratories and clean room space on a 28 hectare site on the northern edge of Loughborough part of which is currently being evaluated by the new owner in anticipation of a more structured marketing campaign. Much will depend on how the site is to be divided up and marketed. At this stage, it is not clear what impact it will have on the SEP. However the SEP possesses a number of competitive advantages including the potential of linkages with the University and a range of shared amenities as well as reputational benefits. It is also closer to the M1 and offers a more attractive working environment.

In summary, within SEP's catchment area of expanding technology-based firms, there are two science parks and BioCity in Nottingham, all of which are inner city locations. There is no comparable space in Leicester and Derby in terms of size and amenities – though each city has a number of well established and successful business and office parks.

Document Reference B16 sets out a summary of alternative science park locations in the East and West Midlands for providing expansion space for existing firms in the two regions and their capacity to attract inward investment projects. In general the main source of demand will be from existing technology-based firms who will tend to opt for their local science park, if it is within a 20 to 30 mile radius of their existing operation. For larger mobile investment projects from other parts of the UK and overseas, only science parks able to offer suitable serviced sites would be considered. Our comments are set out in Table 2.3 below:

Table 2.3: Summary of science parks in the East and West Midlands

Science Park/ location	**From LU**		**Grow-on space**	**Inward investors**
	Miles	**Minutes**		
East Midlands				
BioCity Nottingham	18	32	Limited space available	No land
Nottingham Science and Technology Park	17	28	Limited space available	Limited land available
University of Nottingham Innovation Park	20	30	Competing site in an inner city location	Competing site in an inner city location
Leicester Science Park	10	18	Not yet operational	Limited site
MIRA Technology Park	30	36	Under development with up to 162,500 sq m of R&D space.	Competitive site with Enterprise Zone status but not as centrally located as SEP
Eastern Region				

Colworth Science Park	67	84	Too far away for businesses in the Leicester Nottingham Derby (LND) triangle	Limited site
Cranfield Technology Park	66	80	Too far away for businesses in the LND triangle	Competitive site rural location
West Midlands				
Birmingham Research Park	44	75	Too far away for businesses in the LND triangle	No land
Birmingham Science Park Aston	40	60	Too far away for businesses in the LND triangle	Limited land available
Longbridge Innovation Centre	53	68	Too far away for businesses in the LND triangle	No land available
Coventry University Technology Park	37	47	Too far away for businesses in the LND triangle	No land available
University of Warwick Science Park (South side of Coventry_	40	48	Too far away for businesses in the LND triangle	Very limited plots available
Wolverhampton Science Park	50	73	Too far away for businesses in the LND triangle	No expansion land
Keele Science and Business Park	53	68	Too far away for businesses in the LND triangle	Has not attracted inward investment companies

Source: GVA (document reference B16) and information and views held by the consultants

From this analysis it is clear that for the market for grow-on space there is limited competition from the other science parks in the East and West Midlands because they are too far away from Loughborough and service a different local catchment area. The main competition will be from the University of Nottingham Innovation Park, in time the Leicester Science Park (albeit a small scheme and not associated with 'technology honeypots') and the MIRA Technology Park. In the mobile investment market, there may be some competition from the Innovation Park in Nottingham and MIRA's Technology Park. Most of the other science parks lack the land to be able to accommodate large projects.

Competing office park supply and rental levels

Rents on science parks tend to follow the office market. Well established parks with a strong image and high profile are often able to secure a premium, particularly for smaller spaces which form part of an Innovation Centre, though this depends on the underlying approach towards setting rental levels.

GVA's paper [3] concludes that that the industrial and office sectors have been largely stagnant following the 2007/8 financial crisis, with the result that there has been very little new development in since 2008. Rents on the five man business parks in Leicester have averaged £12.50 to £14.00 per sq ft. In Nottingham there has been very little new development in its largest business parks and no progress has been made at two new sites. Rental levels are around £14-£15 per sq ft in out of town locations and up to £17.00 in the city. In Derby, the two main business parks, Pride Park and Wyvern, are almost full. Rental levels are similar to Leicester.

In contrast, GVA make the observation that many science parks have experienced significant demand and growth, leading to new developments and rises in the level of occupancy, due to the increased number of technology and knowledge based businesses, many of which have been growing despite the recession. This is in line with our observations. Science parks are offering a combination of a high profile location, property on flexible terms in an attractive environment, a supportive research and business community and access to a wide range of services, not generally available on business parks. Most science parks actively promote this mix of benefits directly to knowledge based firms, rather than relying on more traditional property marketing techniques.

In its review of viability, GVA concluded that SEP should be able to secure rents at or around £14.50 per sq ft (excluding service charges and rates), assuming good quality space. This represents an increase on current rental levels being charged by the SEP. In our view, these higher rental levels will depend to a large extent on how the science park is marketed and managed in the future.

We conclude that the SEP proposition as a property offer is strong due to its size, location and expansion possibilities. The next chapter positions the science park within the wider economic development and planning environment in Leicestershire, Charnwood and Loughborough.

[3] Document reference 19

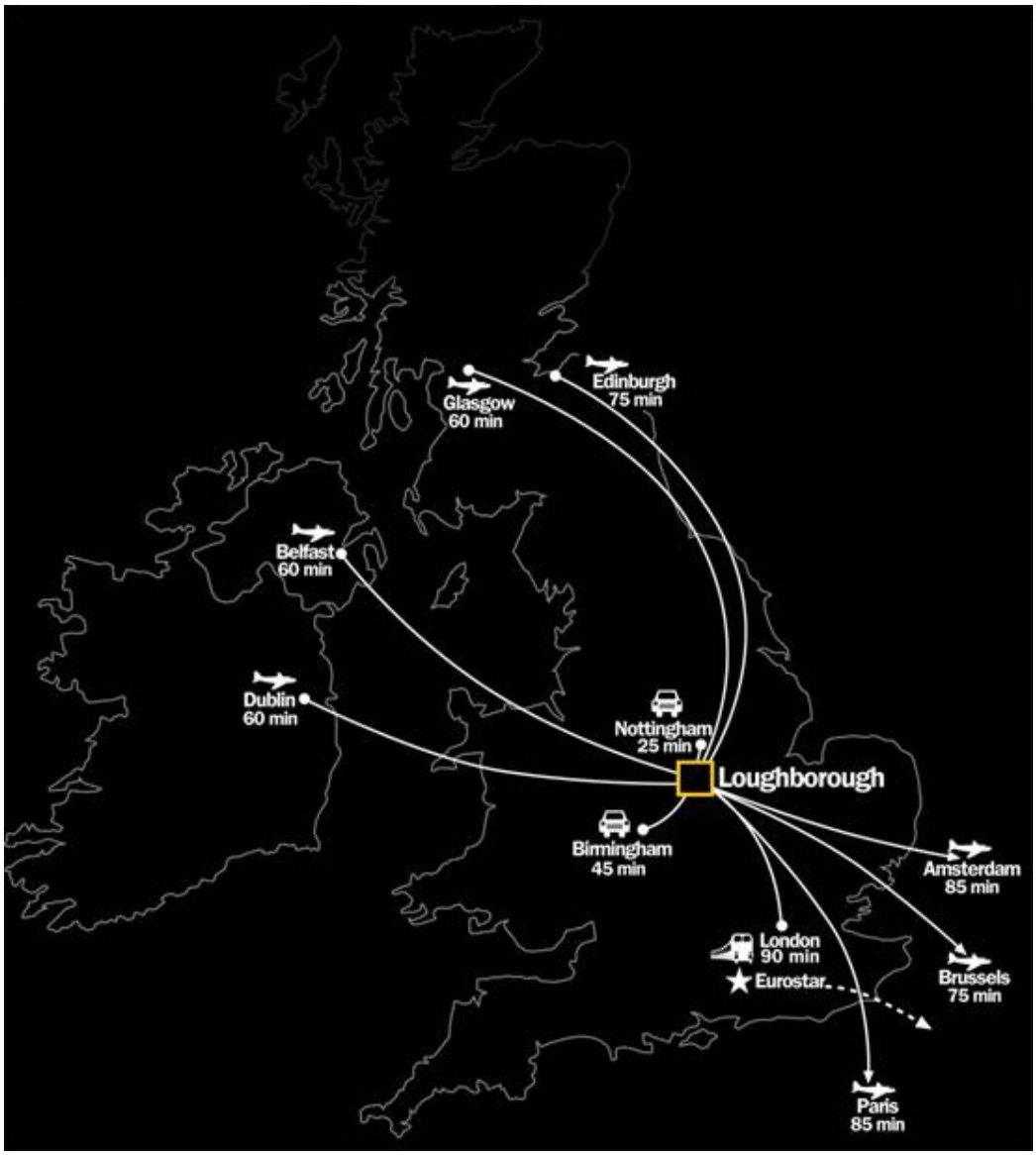
3 The economic and planning context

This section provides economic development and planning context for Loughborough/ Charnwood, Leicestershire.

At the heart of England

Many counties and district make claim to it but Charnwood and Leicestershire are located in the centre of England and the United Kingdom with easy access to excellent transport links including the M1, M6 and M42/A42 motorways, a variety of rail routes and East Midlands Airport.

Map 3.1: Loughborough in the heart of the UK



Loughborough/Charnwood

The Borough of Charnwood is centrally located between the East Midland's three principal urban centres: Leicester, Nottingham and Derby. It benefits from excellent accessibility to the national road and rail networks and is close to the East Midlands International Airport. [4] It has a population of around 166,000 of which about one third live in Loughborough.

The economy is relatively diverse and balanced despite the damaging effect of the economic recession. There remains an important manufacturing sector and while job losses in textiles and engineering continue to be a cause for concern, new technology industries are expanding. The local workforce contains a high level of professional and skilled occupations. Charnwood has the highest share of knowledge based businesses in employment across all Leicestershire districts. [5]

Loughborough is the Borough's principal employment centre. In recent years, the town's economy has diversified from the traditional textiles and engineering into more knowledge based and technology oriented sectors. A key component of the service sector is research and development. However, one of the key contributors to high value jobs (Astra Zeneca) vacated its site at Loughborough Industrial Park in 2011 in the wake of consolidation activities.

Through its Corporate Plan for the period 2012 – 2016 ("Our Place")[6], the Borough Council is committed to ensuring that Charnwood continues to be a prosperous and thriving Borough which embraces innovation and enterprise whilst providing a range of employment opportunities. The Council is pledged to work with LLEP and other parties to support priority projects including the delivery of Loughborough Science and Enterprise Park.

The commitment is reflected in the approved Regeneration Strategy (August 2012), the Sustainable Community Strategy and the vision underpinning the emerging Local Plan Core Strategy. That vision recognises the pivotal role played by Loughborough University in the local economy through education, research and dynamic businesses initiatives to be supported by the delivery of an expanded science park.

Accordingly, nurturing existing knowledge based businesses and attracting further employers within that sector is central to the Council's strategy. The development and extension of the SEP therefore fits well within the district's overall economic ambitions and spatial objectives.

Leicestershire

Leicestershire has a growing population of around 648,000 (2011).

Leicestershire County Council is committed to achieving sustainable growth through accelerated growth in existing sectors and improved business survival, productivity and increased business in emerging growth sectors. [7] Officers are working closely with partners to maximise the securing of

[4] Charnwood Local Plan
[5] See LLEP Economic Growth Plan 2012 – 2020 (document reference B1).
[6] Document reference C10
[7] See LCC Cabinet 13 November 2012: Economic Growth Priorities. Report to the Chief Executive (document reference C2)

funding to help meet these priorities, including through the Regional Growth and Growing Places Funds and the European Regional Development Fund.

LCC is committed to the work undertaken by the LLEP which was formed in May 2011 to stimulate economic growth across Leicester and Leicestershire. The partnership consists of public, private and third party bodies and is formally recognised by Government. The Economic Growth Plan sets out the LLEP's strategic objectives, priorities and actions and is in part an economic development plan, infrastructure investment plan and a labour market plan.

The plan includes a range of ambitious targets to be achieved by 2020 including a rise in productivity, a 3% per year employment plan, a rise in the share of professional and managerial occupations (from 40% to 48%) and a rise in the share of employment in knowledge based sectors (from 32.7% to 43%). It also aims to increase the number of new enterprises per 10,000 population from 53.4% to 61.3% and to help make existing businesses more profitable.

The plan also maps out a number of sector priorities including distribution and logistics; food & drink manufacturing; tourism & hospitality; knowledge based businesses; high-tech manufacturing; business & financial services; creative design, media and performing arts; and space and aerospace.

In summary, LLEP aims to create 25,000 additional private sector jobs, attract £ 2 billion private sector employment and increase GVA by £4 billion to £23 billion. The plan acknowledges the key role played by Leicestershire's three "world class" universities in achieving these targets .

Table 3.1 summarises how these additional jobs may be distributed between key projects in the county.

Table 3.1: LLEP Target Projects

Project	Investment (£ million)	Jobs
Strategic Rail Freight Terminal Near East Midlands Airport	500	6,000
Loughborough Science and Enterprise Park	200	3,500
Enterprise Zone at MIRA Technology Park	300	2,000
IT Contact Centres at Carlton Park in Blaby	150	2,000
Business and Financial Services centre in Leicester	20	1,000
Food and drink manufacturing Enterprise Zones in Blaby and Melton	50	1,000
Bruntingthorpe Technology Park in Harborough	30	700
RGF Round 1 & 2 projects	30	600
Environmental Technologies Zone in NW Leicestershire	50	300
Creative Enterprise Zone in Leicester	10	150
Leicester Technology and Innovation Park	20	150
Rail Engineering Zone – Great Central Railway	25	100
Major employment site developments	500	7,500
Total	**1,885**	**25,000**

Source: LLEP – Presentation by Andrew Bacon (LLEP Chairman)

There is no doubt that SEP as a strategic site for knowledge based businesses is set to play a major role in achieving these ambitious targets. This is all the more important as the autumn statement provided LLEP (as all other Local Enterprise Partnerships) with additional resources to play a proactive role in economic development through an allocation of £250k for running costs over two

years, an increase in national infrastructure funding (£450 million) and the establishment of the innovation technology fund (£60 million). All of these may be material in assisting the LLEP in delivering its priorities.

Planning context

CBC Local Development Scheme (LDS) and National Planning Policy Framework (NPPF)

CBC is currently preparing its fourth Local Development Scheme (LDS) which takes account of changes in legislation since 2008 and the work undertaken to evidence the Core Strategy over the last six years.[8] This is within the context of the Localism Act which received Royal Assent in November 2011 and made changes to the planning system to reflect the localism agenda. The form and content of each plan will be shaped by the National Planning Policy Framework (NPPF) which was published in March 2012. At the heart of the NPPF[9] is a presumption in favour of sustainable development as a "golden thread" running through both plan-making and decision-taking.

For plan-making, this means that:

- Local planning authorities should positively seek opportunities to meet the development needs of their area
- Local Plans should meet objectively assessed needs with sufficient flexibility to adapt to rapid change unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the policies in the NPPF taken as a whole or specific policies in the NPPF indicate development should be restricted.

For decision-taking, this means:

- Approving development proposals that accord with the development plan without delay and
- Where the development plan is absent, silent or relevant policies ate out-of-date, granting permission unless any adverse impact of doing so would significantly and demonstrably outweigh the benefits when assessed against the policies in the NPPF taken as a whole; or specific policies in the Framework indicate developments should be restricted.
  The NPPF further requites local planning authorities to prepare infrastructure delivery plans for their areas and introduces tests for the assessment of planning obligations.

The NPPF further requires local planning authorities to prepare infrastructure delivery plans for their areas and introduces tests for the assessment of planning obligations.

The Local Development Framework (LDF)

The LDF is a portfolio of planning documents which provide the basis for decisions to be made on planning applications. In addition to the LDS, the LDF should include the following Local Development Documents:

[8] See Charnwood Local Development Framework. Local development Scheme April 2012 to March 2015 (document reference C11).
[9] See NPPF, page 10.

- Development Plan Documents (DPDs)
- Supplementary Planning Documents
- Statement of Community Involvement
- Annual Monitoring Report.

DPDs have statutory status and carry the most weight when making decisions on planning applications. They are subject to independent examinations by an independent Planning Inspector and undergo a rigorous procedure of community involvement and consultation. Key policy fields to be covered include:

- overall strategy
- environment
- population and housing (such as new housing allocations on previously developed land and new housing allocations on Greenfield sites)
- employment and business
- rural land and economy
- transport and traffic management
- central areas and shopping
- recreation and tourism
- community facilities.

Borough of Charnwood Local Plan Core Strategy

The emerging Borough of Charnwood Local Plan recognises the SEP as an integral and important component of a west of Loughborough growth strategy.

The Charnwood Cabinet in September 2012 endorsed its preferred development strategy. For north Charnwood the strategy envisages the development of a sustainable urban extension on land to the west of Loughborough with provision for 3,000 homes and 16 hectares of employment land supported by schools, services, amenities and open space to encourage a self-sustaining community. The preferred site enjoys close links to the SEP which will be enhanced through the provision of new roads and sustainable transport linkages. The west Loughborough strategy is consolidated by the intention to designate Shepshed, west of the M1 and well connected to the SEP by road and public transport links, as a Direction for Growth to provide for a further 500 homes.

The commitment to the west Loughborough strategy affords the opportunity to foster partnership approaches to co-ordinate public and private investment in the delivery of critical infrastructure to deliver collateral benefits for all of the constituent parts of the strategy. The SEP, as a major source of high quality jobs for the residents of the community sits at the heart of the spatial strategy.

The emerging development strategy has been informed by the assembly of a broad evidence base. That has included the co-operation of the County highway authority in the commissioning of MVA Consultancy to test the strategic options through the Leicester and Leicestershire Integrated Transport Model (LLITM). Stage 2 of that modelling work is now progressing to inform the transport impacts of the Council's preferred development strategy.

The next chapter will analyse the role of the University in the development of the Park.

4 Loughborough University and the SEP

This chapter provides background on the University's teaching, research and enterprise activities before focusing on the role the University plays in the development of the SEP at present and how this may develop in future.

Teaching & learning and research

Loughborough University was established in 1909 as a technical college providing courses in engineering, science and the arts in the centre of Loughborough. Land was acquired on the Burleigh Estate enabling the early development of the University as it stands today. In 1966, Loughborough was awarded its charter as Loughborough University of Technology and it was renamed Loughborough University in 1996. The University is now one of the largest single site universities in the UK. It has established a broad disciplinary base across science, engineering, social sciences and the arts. The last (and current) strategic plan (2006/07) "Towards 2016" emphasised that throughout each decade of the University's history, it has tried to change and grow in a way that has reflected its distinctive strengths and addressed the challenges of its external environment. [10]

In 2011/12, the University had a total of 16,018 students (full time and part time). This was an increase by 4.4% over the last five years.

The University is organised into ten Schools. These are summarised on Table 4.1 below with their full time student numbers.

[10] See Strategic Plan 2006/07 (document reference A15). A new Strategic Plan is currently being initiated under the new Vice Chancellor

Table 4.1: Loughborough University student numbers by School			
	Full time and part time students 2007/08	**Full time and part time students 2011/12**	**Change (%)**
School of aeronautical, automotive a, chemical and materials engineering aeronautical engineering; automotive engineering, chemical engineering; materials	1317	1432	+8.7
Business and Economics business; economics	2951	2811	-4.75
Civil and Building Engineering civil engineering; construction; transport management	1197	1309	+9.4
Design Design; ergonomics;	685	735	+7.3
Electronic, Electrical and Systems Engineering electronic and electrical engineering; systems engineering	938	1033	+10.1
Mechanical and Manufacturing Engineering manufacturing engineering; mechanical engineering; product design; sports technology	1136	1251	+10.1
Science chemistry; computer science; informatics science; mathematics; medicinal chemistry; physics; publishing	2433	2529	+3.9
Social, Political and Geographical Sciences geography; history; international relations; politics; social sciences	1702	1781	+4.6
Sport, Exercise and Health Sciences human biology; psychology; sports science	1400	1439	+2.8
Arts, English and drama	1398	1440	+3.0
Teacher education	125	258	+106.4
Total	15338	16018	+4.4

In terms of student experience, the Loughborough University has been rated one of the best Universities in the UK for more than five years. In 2011 it came second after Dundee, followed by Sheffield, Oxford and Cambridge. This was after five years of coming top.

In terms of research, the University's priority over the last ten years has been to improve research performance across the full range of its disciplines and to embed research performance in all the performance management and reward systems.

The University aims to:

- Widen its funding base and secure regular research council funding across a broader range of subject areas
- Achieve national pre-eminence and critical mass in research in all areas in which it chooses to compete
- Strengthen its international profile and achieve recognition in international league tables.

In order to deliver internationally significant outputs, the University has facilitated interdisciplinary research and established external partnerships. At the time of the 2006 Strategic Plan, these included health, informatics, materials, sustainability and systems engineering.

In terms of its research quality, the 2008 Research Assessment Exercise (RAE) confirmed the University as one of the top 20 research universities in the UK.[11] Loughborough was considered to have made outstanding progress since 2001. The Times Higher Education magazine named Loughborough as one of the three rising stars amongst research-intensive universities (the others being Leeds and Exeter). Using a simple measure (combining research profile and volume of staff), Loughborough's research across six departments – the School of Sport and Exercise Sciences, the Wolfson School of Mechanical and Manufacturing Engineering, Aeronautical and Automotive Engineering, Chemical Engineering, Materials, and Human Sciences - was rated the best in the UK. Information Sciences, Social Sciences and Civil and Building Engineering were assessed as being in the top five of the country.

More recent developments since 2006 highlight the way the University is moving forward in terms of excellence and relevance of its research[12]:

- The Energy Technologies Institute was secured by the University in a highly competitive process as the HQ for this £1 billion public-private partnership which has created 50 new (mostly high value) jobs and extensive external profile. Commercial partners include BP, Caterpillar, EDF Energy, E.ON UK, Rolls-Royce and Shell
- SportPark, implementing a long term vision for a 'house of sport' for governing bodies of sport with a 6,000 square metre development now providing employment for 600 people
- Support for the National Sport and Exercise Medicine Centre of Excellence (East Midlands) was announced in January 2012. The Centre will help people to be more active, treat injuries caused by exercise and conditions associated with lack of exercise. The national centre will be made up of three network partners around the country with Loughborough being one of them. Securing £10 million from the Department of Health was a key catalyst for this project. This brought forward a planned (strategic) development known as HEBS2 by several years and added the possibility of a clinical delivery facility. While this project is reusing an existing site on the main campus, it would be entirely possible that a similar – or even larger – development might require a new site.

[11] See Loughborough University: Research Assessment Exercise 2008. www.lboro.ac.uk/research/rae/index.html

[12] See Jon Walker: Towards a Development and Marketing Strategy for the Loughborough University Science and Enterprise Park (document reference A1)

In summary, Loughborough University is a medium sized university with wide recognition for the quality of its teaching and research. It is located on a large single site campus which may well contribute strongly to the high scores it consistently achieves on the student experience.

External research linkages

Loughborough University is one of the most active universities with respect to external research linkages. For 2010/11, it was in 10th place of all UK universities when ranked by the amount of collaborative research (just over £19 million). The list is topped by Cambridge (£52 million), Edinburgh (just under £ 33 million) and Nottingham (just under £30 million). [13]

A paper by Steve Rothberg analysing the 2012 Higher Education Business and Community Interaction (HE-BCI) survey and benchmarking data [14] [15]reaches the following conclusions. "Our 2012 HE-BCI survey return reported a very significant increase in HEIF (Higher Education Innovation Fund) eligible income, due principally to a historic under-reporting of our activity. In July 2012, we completed a detailed benchmarking exercise using data submitted in the 2012 HE-BCI survey. To place LU performance in context, a set of benchmark institutions were chosen covering the following range of characteristics: an aspirational HEI (1994 or Russell Group members only), HEIs with similar size to LU, regional institutions (Midlands 5) and top 20 (based on the Complete University Guide). "

The paper shows LU performance relative to these benchmark institutions and ranked by total HEIF eligible income. Loughborough, based on its 2012 return, is placed in the middle of all Russell / 1994 Group HEIs and in the upper half of the benchmark group.

Steve Rothberg argues that the effect of institutional size is significant in the rankings and must be taken into account for a valid analysis of institutional performance. When calibrating the data in this way, Loughborough is placed in the middle of all Russell / 1994 Group HEIs and in the upper half of the benchmark group. York is regarded as setting a long-term target for Loughborough University (achieving around £60k/RT[16] FTE[17]); £50k/RT FTE would match Surrey and put Loughborough around the top ten (by normalised eligible income) of this group. This is considered a reasonable medium term (five year) aspiration for an institution with a high proportion of Science, Engineering and Technology (SET) subjects and a reputation for working with business. Currently, LU achieves £36k/RT FTE. To reach £50k over five years would be 7% annual growth. This would bring LU close to £30 million by the 2015 return.

In the next part of the analysis, HE-BCI survey data are broken down into their individual categories including the number of Knowledge Transfer Partnership (KTP) awards currently held. In general, there is such variation within each category that it is difficult to draw useful conclusions. The data are therefore shown normalised by RT FTE. The variations between institutions in each category are still apparent and so a row for the whole benchmark group is added with a statement of LU performance in percentage terms to make comparison simple. The University's excellent record in

[13] See Higher Education Business Interaction performance tables (document reference 17).
[14] Steve Rothberg: 2012 HEBIC survey and benchmarking (November 2012) (document reference 8)
[15] The data cover a number of indicators including collaborative research; contract research; consultancy; facilities; short courses; regeneration and development programmes; IP revenues.
[16] RT means normalised by academic staff
[17] FTE is full time equivalent

collaborative research is clear and only Cambridge has a higher normalised metric in this category (£38.7k/RT FTE versus £37.2k/RT FTE) but this metric does not currently contribute to the HEIF allocation. For HEIF allocations, contract research is the key category and here LU manages 70% of the benchmark group overall level.

The group of secondary metrics (in the sense of their overall contribution to the eligible income calculation) comprises consultancy, facilities and short courses. In consultancy and short courses, the University trails the benchmark group overall levels by significant margins. On facilities, the University is some way ahead of the benchmark overall level because of specialist facilities it offers on the existing SEP and for sport. Relative success in attracting regeneration grants and KTP awards brings significant benefit to the regional SME community.

In summary, there are a number of areas of business and community interaction where the University is already performing well (in particular collaborative research) while there are others (contract research, consultancy, short courses) where there is scope to intensify activities. We understand that intensifying business and community interaction is one of the strategic goals of the University and this is set to have direct and indirect effects on the SEP through attracting companies to the park itself, as recipients of services or through raising the outward facing profile of the University more generally.

Enterprise

The most significant change in Towards 2016 from previous plans was the establishment of Enterprise as the third core activity of the University alongside teaching & learning and research. This followed the appointment of a Pro Vice Chancellor (Enterprise) and was later extended with the appointment of Associate Deans (Enterprise) in all Schools and the creation of the University Enterprise Committee.

Towards 2016 states: “We are well placed to maximise the commercial applications of our research. However, we are not complacent of our performance and are aware that ... the competition is extremely strong.”[18]

The following objectives were set:

- increase the breadth and depth with which all academic areas of the University are involved in innovation and knowledge transfer
- increase the number of disclosures that come forward for potential exploitation, extend the range of our industrial partners
- become more adept at supporting spin out companies
- increase the international impact of enterprise activities
- in developing the campus ensure that an environment is provided which allows new companies to thrive and major industrial partners to benefit from being close to LU research groups.

Enterprise-related activities are supported by a Pro-Vice Chancellor for Enterprise who is supported by an Enterprise Office. Performance review and reward mechanisms are supposed to reflect enterprise-related performance in addition to more traditional metrics of teaching and research.

[18] Document reference 15

"Increasing the profile of enterprise will have implications for all areas of the University: professional development, review and reward, support and learning programmes."[19]

The implementation priorities within the field of enterprise are summarised in "University Strategy 2006 – 2016. Enterprise Implementation Planning Priorities 2012/13"[20] They include:

- Ensure academic staff contribute to the Enterprise agenda and create an impact from their academic work
- Provide students with opportunities to experience excellent formal enterprise education and extracurricular activities; and individual support with their enterprise ideas, with support being maintained beyond graduation
- Exploit the physical assets of the University to contribute to Enterprise success
- Support staff in working constructively with external organisations with complementary objectives
- Ensure that the University processes and practices support the development of Enterprise and provides clear frameworks for operation
- Enhance the University's reputation at the international, national and sub-national level.

A number of policies, processes and structures are currently being developed to achieve these Enterprise-related aims and objectives more smoothly than at present. [21]

To date, the University has generated the following spin-outs/subsidiaries (employees in brackets):

- Intelligent Energy (279)
- Progressive Sports (6)
- CASCAiD – a subsidiary which the University purchased from Leicestershire County Council (36)
- Axilica (4)
- Dialog Devices (6)
- Phase Vision (12)
- Polyfect Solutions Ltd (11)
- Adept Management (11)
- Laser Optical (8)
- Micropore (6)
- Antrum (?)
- Charnwood Molecular (19)
- Hazid (7)
- IPSOL Energy (1)

In summary, the University is clearly taking the Enterprise agenda very seriously and is making additional provision to enhance its impact in this field. The University has already helped to create a number of spin-out companies (some of them tenants on the SEP) and is working towards more activities in this field through stimulating entrepreneurship across the institution.

[19] Document reference 15, page 12
[20] Document reference 2
[21] See Document reference 2

How does the SEP fit into University strategy?

We have been told that there is strong senior management support for the expansion of the SEP. A separate paper by Steve Rothberg specifically produced for the purpose of this review outlines the elements.[22] "What we now refer to as SEP2 features prominently in all relevant University strategic documents. Our current University strategic plan for 2006-2016 makes very explicit commitments to developing the Science and Enterprise Park and these were formally reaffirmed by the operations committee in January 2012. The current Enterprise Implementation Plan reiterates this explicitly, with reference to the need to develop a new strategy for its delivery following the decision not to proceed with the plans proposed in 2010. In the meetings of summer 2012, the University's Senate and Council both gave support to the project to develop SEP2."

The benefits are seen to include:

- Fulfilling the University's responsibility to the regional economy and thereby HEFCE's expectations for universities to play a full "anchoring" role in their area
- Opportunities for academic engagement on the University's doorstep, from student work placements to major collaborative research projects
- Provision of a supportive environment to nurture the businesses that the University spins out from research as well as graduates (ultimately providing a financial return)
- Reputational enhancement as a consequence of large scale engagement with business
- A significant income stream that diminishes the University's dependence on government funds
- The potential to attract a significant inward investor bringing even greater opportunities and reputational enhancement
- Maintaining the supply of high quality jobs (such as those recently lost by the closure of Astra Zeneca) to preserve the status of the town of Loughborough.

In summary, we see a strong strategic fit between the SEP and the University. This might be strengthened even further in the process of developing the new Strategic Plan under the leadership of the new Vice Chancellor (Professor Robert Allison) who has been in post since September 2012. Moreover, it will be crucial for the strong strategic support to be translated into fully resourced operational support for managing both the expansion into Phase 2 (and beyond) and the current development. The consultants' view is that SEP is already sufficiently large to warrant full time management support and an adequate marketing budget. The case for a full time science park director will become even stronger once Phase 2 gets under way.

The strong interest of the University in developing the SEP is also reflected in a revised Gateway policy which addresses the fact that the old policy was too restrictive and in fact may have been one of the reasons that have prevented at least one major inward investment project (Ericsson) to locate to the SEP.

"At is meeting of 2 November 2012, the SEP Project Management Board supported a significant revision to the Gateway Policy. The revisions relaxed the requirement from links to be agreed which was felt to be unrealistic and inappropriate. In our experience of working with business partners across the academic portfolio, we have learned that such links need to be developed in areas of

[22] Document reference A6

genuine need and mutual interest. They rightly follow from the development of a relationship rather than being offered at the outset." [23] The status of the new Gateway Policy is that the PMB has broadly endorsed it and the University needs now to embed it in a development strategy and ensure that the wording is suitable in relation to planning requirements. There are tentative plans to communicate the new policy widely as part of a "re launch" of SEP in 2013, as part of an overall marketing campaign.

In terms of operational management of the SEP, a complex picture emerges:

- There is a high level Science and Enterprise Park (Phase 2) Project Management Board (PMB) which is chaired by the University's Chief Operating Officer (Caroline Walker) and includes the Pro Vice Chancellor Enterprise (Steve Rothberg), the Director of Enterprise Development (Jon Walker) together with lettings and capital projects staff drawn from Facilities Management Services
- The Pro-Vice-Chancellor (Enterprise), supported by the Director of Enterprise Development, has responsibility for bringing forward a strategy for the further development of the SEP
- There is no dedicated SEP management and marketing team which looks after the existing park
- Marketing has been predominantly reactive and because of shortage of space there has not been a systematic process of logging and classifying enquiries. Currently all enquiries are directed to the Pro Vice Chancellor Enterprise
- Linked to the low key marketing there is little visibility of the SEP as a major science park
- Lettings and the on-going management of the SEP are the responsibility of Facilities Management whose remit does not extend to the development and marketing of the park other than from a facilities perspective
- Other groups also have some activities in the area (for example the Enterprise Office is responsible for the Innovation Centre and the Sports Development Centre has close links with SportPark tenants)
- There appears to be a lack of evidence on the development path of SEP tenants and the benefits they gain from being part of it.

The next two chapters analyse the commercial and University take-up of space on the SEP to date and presents views on what this may mean for future demand.

[23] See document reference A10

5 Commercial take-up of SEP space and services

The portfolio

In summary, at the end of November 2012, the Science and Enterprise Park consisted of six sets of buildings with a gross area of 63,700 sq m (net lettable area of 40,000 sq m) where around 55 organisations occupied 36,920 sq m of space. Currently the SEP generates a total rent of around £4.3m, made up of £2.5m from 39 tenants and £1.8m from the 15 university occupiers and the Conference Centre (based on an internal charge of 11 per sq ft). In addition the County Council's Technology Centre, which in our view would benefit from being seen (and managed) as an integral part of the SEP, consists of a further 3,080 sq m with 20 tenants.

The composition of the SEP is summarised in table 5.1 below:

Table 5.1: The SEP he Holywell Park facility

	Gross area sq m	Net area let to occupiers sq m	No of firms	No of University tenants	Estimated Rent £'000
Holywell Building	2,548	1,556	1	1	£181*
Sir Denis Rooke	3,837	2,725	-	Conference Centre	£317*
Former Chem Tech	1,757	828	-	1 HPN	£96*
Charnwood Building	45,351	23,687	24	12	£2,978
East and West Michael Pearson	4,424	4,048	2	1	£492*
SportPark	5,778	4075	12		£215
Total	63,695	36,920	39	15	£4,279

* Internal rent charge assumed to be £11 per sq ft.

Though very few people are aware of it, Loughborough is already one of the larger science parks in the UK, in terms of space available. The figures for four of the leading science parks are set out below for comparison:

- The University of Warwick Science Park (excluding their satellite incubation centres), has 32,300 sq m of space on 17 ha (42 acres) and 127 tenants.
- The Birmingham Science Park – Aston consists of 42,000 sq m of space and 130 companies on a 9 ha site.
- The main campus in Manchester Science Parks consists of 30,000 sq m of space and 118 tenants.
- Surrey Research Park has developed 66,300 sq m of space, accommodating 108 firms on 22.3 ha of its 28 ha site.

Holywell Park

British Gas acquired a 66 ha site adjacent to the University, where it developed four research facilities in 1992 as summarised in Table 5.1. The complex consisting of a series of laboratory and testing facilities with a capacity of 53,500 sq m was sold to the University in 2003. Initially National Grid Transco (British Gas) increased its floor area with the addition of a bespoke testing facility but subsequently their requirement reduced.

Today there are three groups of occupiers housed in the buildings on Holywell Park:

- ten commercial tenants occupying a total of 16,950 sq m of space paying rent of £1.69m and a service charge of £1.56m (including two tenants in Michael Pearson West Building - see below)
- an Innovation Centre with 17 small firms occupying 970 sq m and paying a combined rent and service charge of £203,000 per year
- 14 academic departments, research institutes and the conference centre occupying 8,600 sq m.

The Motorola Building

Loughborough Sound Images moved into their own premises on the British Gas site. The company, which sold out to Texas-based Blue Wave, was purchased in 2001 by Motorola Computer Systems. Subsequently Motorola relocated the business and the building was sold to the University in 2007. The buildings were renamed Michael Pearson East and West. They have a gross area of 4,424 sq m and a net area of 4,048 sq m. The East building houses the Sports Technology Institute and the West building is occupied by several tenants including Cascaid which is a wholly owned University subsidiary.

SportPark

SportPark consisting of 6,000 sq m (gross) was completed in 2010. Twelve sports associations and governing bodies occupy 4,075 sq m of space, which generates a total annual rental income of £215,400 and a service charge of £206,500.

Historic take up

As summarised in Table 5.2, ten tenants are on commercial leases occupying 16,950 sq m of space. They are currently paying an average rent of £10.23 per sq ft (range from £5.70 to £11.70 per sq ft) and service charges of around £9.44 (range from £2.77 to £12.41 per sq ft).

Table 5.2: Large commercial occupants in the SEP (excluding SportPark)

Number of tenants	Prior to 2003	2003-7	2008-9	2010	Total
0-200 sq m	2				2
200-1000 sq m	1	1	1		3
1000-2000 sq m		1		2	3
>2000 sq m	1			1	2
Total no of tenants	4	2	1	3	10
Lettings in period (sq m)	7,680	1,967	927	6,376	16,950

The five largest tenants are:

- GL Noble Denton (6,752 sq m). The operation was formerly Advantica, which British Gas sold to Germanischer Lloyd in 2007. After further buy outs this became GL Noble Denton. They subsequently sold their quality control and testing facility to BSI (see below), and surrendered a high bay lab area to Intelligent Energy
- Intelligent Energy (4,075 sq m) is a University spin out which is engaged in the development of hydrogen fuel cells. It relocated from 1,500 sq m of older premises elsewhere in the University to 3,500 sq m of space in the Charnwood Building in January 2010. It now occupies 4,075 sq m and is requiring additional space that cannot be provided within the Charnwood Building.
- Prima Solutions (1,150 sq m)
- BSI (1,523 sq m) became a tenant when they acquired GL Nobel Denton's quality control and testing facilities.
- Energy Technology Institute – a collaborative research and development consortium, supported by the EPSRC.

The other five tenants are engaged in radio communications, paint pumps and sprays, research into different energy sources, IT programmes for careers and a non conforming call centre.

Since 2003, there have been a number of other tenants in the Holywell Park. Rolls Royce Fuel Systems occupied 3,500 sq m between January 2005 and December 2010, when they moved to the United States, which were offering substantial relocation grant.

When the University acquired Holywell Park from British Gas, there were a number of other tenants engaged in non conforming activities. These firms included FCM Travel, which moved out in 2011, and Construction Skills which left in December 2010. Polytan Sports Surfaces (UK) Ltd also moved out at the end of 2010 as the University was unable to offer them additional space.

Innovation Centre (within Charnwood Wing)

At its launch in 2002, the Innovation Centre was located on the main campus in a building with a lettable area of 2,400 sq m. Over a ten year period, it has helped 90 innovative companies to prosper, a quarter of which have already graduated into larger premises. The web site lists 54 companies that have graduated from the Innovation Centre[24]. Only one company (Intelligent Energy) appears to have moved to larger premises on the SEP. At the end of 2010, the Innovation Centre relocated to a smaller facility within the Charnwood Wing with net lettable area of around 1,000 sq m.

At the end of November 2012, there were 17 tenants in the Innovation Centre[25], occupying 968 sq m of space. Two of these tenants are spin outs from the University (Axilica and Phase Vision) and CommAgility is a spin out of Motorola/LSI. Occupancy development is summarised on Table 5.3.

[24] See: www.loughborough-innovation.com/tenants/graduated
[25] Document reference A12. Tenant analysis of Charnwood

Table 5.3: Occupancy in the Innovation Centre			
Number of tenants	**2011***	**2012**	**Total**
Rent a desk	-	5	5
> 50	4	2	6
51-100	2	1	3
101 – 200	2	-	2
>201	1	-	1
Total	9	8	17
Lettings in period	726	242	968

* most of the tenants in 2011 relocated from the old Innovation Centre

In 2011, the Innovation Centre had 14 tenants as well as hot desk tenants occupying 1,250 sq m[26]. Five firms (Lachesis, ASIC-P, Connect Midlands, Dialogue Devices and EMCBE) had left and three new firms were admitted (excluding the five hot desk tenants). The average rent (including service charge) being paid is £20.70 (range from £18.30 to £23.40 per sq ft).

SportPark

As summarised in Table 5.4, twelve national governing bodies of sport moved into SportPark in the spring of 2010. The Amateur Swimming Association (ASA) is the largest occupant with 1,900 sq m and acted as the anchor tenant for the development[27].

Table 5.4: Occupancy in SportPark	
Size of unit	**Number**
0-50 sq m	3
51-100 sq m	2
101 – 400 sq m	5
>400 sq m	2
Total no	12
Area occupied sq m	4,075

The Studio

The Studio, which has a net lettable area of around 40 sq m, has its main base in the new Design School on Campus. The Studio provides a dynamic and supportive environment for Loughborough University's creative graduates to develop their ideas into commercially viable products, services or social enterprises. The benefits include:

- professional work space
- access to University facilities and assistance
- workshop space for product development (where needed)
- online portal for business planning and development
- business support and guidance
- business skills and intellectual property advice
- professional development training
- mentoring and access to relevant expertise

[26] Document reference A18. List of occupiers in Charnwood in 2011
[27] Document reference A12: Analysis of tenants on the SEP

- access to funding and investment
- supportive network of peers.

There are currently 17 student enterprises attached to the Studio, of which three have started trading. This is unlikely to have much impact on the overall development for space in the SEP going forwards, though it will be important to encourage these enterprises to develop.[28]

Loughborough Technology Centre (LTC)

LCC opened the Loughborough Technology Centre in 1984 on a three acre site adjoining Loughborough College (opposite the eastern part of the University campus)[29]. After completing an extension in 2003 it now has a total lettable area of 3,080 sq m, divided onto 34 units ranging in size from 18 sq m to 280 sq m of space. The LTC offers space without any reception or shared services, though all units get free access to the internet via the connection with the University. It is managed remotely by the County Council. Tenants pay a rent of £8.50 for the old units and £10 per sq ft for the newer suites, together with service and management charges of £2.25 per sq ft. In addition, tenants pay their own electricity/heating costs and rates. Currently 30 of the 34 units are occupied by 20 companies engaged in a range of mainly technology related businesses. Three of the four unlet units are expected to be occupied in the next month. Seven firms have been in the centre for more than ten years, eight moved in between 2002 and 2009, and five in the last three years (2010-12). Of these, seven firms have taken additional units since moving into the Centre[30].

Spin outs from the University

The University has a long track record in the creation of University spin outs. It is generating an average of around one spin out every other year – though there are wide variations between years. In 2006/7, it had established five new firms. At that date there were eight firms, which had been active for more than three years, and these firms were employing 25 staff and generating sales of £500,000. By 2011/12, the number of active firms had increased to 14 (compared to 8 in 2006/7) and these firms were employing 407 people (25) with sales of £4.26m (£500,000)[31].

Of the 14 spin outs and subsidiaries[32], eight are located in Loughborough. The largest firm, Intelligent Energy, employs around 270 staff and is located in the Charnwood Wing. CASCAID[33] has 36 staff and occupies 800 sq m in the Charnwood Wing. Progressive Sports is based in the Sports Technology Institute. Two smaller companies are in the Innovation Centre and one is in the County Council's Technology Centre. One spin out has not started trading and one is located elsewhere in Loughborough. The other six companies are based in Nottingham, South Derbyshire, Coventry and Reading (see Table 5.5 below).

[28] Document Reference A21: List of live projects
[29] Document reference B17-20 LCC Web site
[30] Document B27: List of tenants in the Loughborough Technology Centre
[31] Document reference A17: HEBIC performance table (1-5) and A20: Analysis of spin outs
[32] Document Reference A20: Analysis of spin outs
[33] CASCAID was purchased by the University from Leicester County Council

Table 5.5: Location of Loughborough University spin out companies 2012			
Location	**No**	**Number of staff**	**No**
Loughborough	8	1-10	8
Nottingham	2	11-25	4
S Derbyshire	2	26-100	1
Coventry	1	> 100	1
Reading	1	Total employment	406

Future demand

From our experience and the substantial body of evidence from the UK Science Park's annual survey, there will be four main sources of demand for space on the Science and Enterprise Park:

- Space required by academic departments and specialist research units (see next section)
- Incubation space (15-150 sq m) for start ups (including academic spin outs) and very small companies with shared services available on an 'easy-in easy-out' tenancy agreement
- Grow-on rented space (150 sq m upwards) from local and regional companies attracted to move to Loughborough
- Larger inward investment companies requiring their own facilities.

Data from the most recent UK Science Park survey of its member parks[34] shows that the majority of tenants by number are small (79% have less than 15 staff and 69% are in premises of less than 150 sq m). 12% are in grow-on space (400-10,000 sq m) and 2% are in very large premises of more than 10,000 sq m. In terms of origin, 16% are spin outs and departments of the University, 31% were drawn from a 5 mile radius, 32% are from 6-30 miles, 14% are firms from elsewhere in the UK and 8% are foreign firms. Given its location we would expect Loughborough to have a similar mix of occupants, in terms of origin though a higher proportion in larger premises over 150 sq m.

a) Space for start ups and very small companies

The evidence suggests that there is good scope to attract a steady stream of start ups and very small technology-based companies requiring small units and shared services. The Loughborough Technology Centre has attracted around 2-3 new firms each year, and the University's Innovation Centre an average of nine new firms since it was set up in 2002. In both instances, the number of new firms attracted has been limited by the space available. Evidence from other university science parks suggests that whilst a small percentage will require larger self contained grow-on facilities, the majority of these firms will remain small and not wish to relocate. It is therefore realistic to expect that there will be a growing requirement for more small units.

We would expect that provision should be made for around 10 extra units @ 40 sq m per unit per year.

Forecast demand – from 200 up to 400 sq m per year

[34] UKScience Park Association Annual Statistics 2009/10

b) Grow-on rented space

To date, the SEP has only attracted a limited number of established firms requiring grow-on space. This, we believe, is because there has been a shortage of suitable space available and the level of awareness amongst technology firms locally and in the region may not be very high, due to the limited attention given to the marketing and promotion of the science park in the past.

However, we believe that the underlying package of benefits available makes Loughborough and the SEP site at the University a very competitive location for firms based in the Leicester, Derby and Nottingham triangle. This is because of its location close to the M1 offering easier access for owner-managers than the centres of Leicester, Derby or Nottingham. Over the years, a significant number of major technology-based companies, many of which have had strong R & D activities, have been accommodated in Charnwood.

With effective marketing, we would expect that the SEP would be able to attract around six to ten firms per year requiring an average of 250 sq m of space. Some will be firms currently based elsewhere in the region which require larger or better located premises. Whilst there are two science parks and a BioCity in Nottingham, there is little comparable in Leicester and Derby (though each city has a number of well established and successful business parks). Others will be existing tenants on the SEP, including firms housed in Innovation and Technology Centres requiring larger space.

Forecast demand – 1,500 to 2,500 sq m per year

c) Inward investment

Historically the University has a very good track record of working with and attracting firms from outside the region and multi-national companies. This is reflected by the substantial and growing income for collaborative research with industry, highlighted in chapter 6[35].

It is also reflected by the number of major companies who either have or have had operations on the SEP. These include British Gas, Motorola, Rolls Royce, BSI, GL Noble Denton and BAE Systems in the industrial and technology area as well as the substantial cluster that has been established in sport technology and administration. In almost all cases, there have been special circumstances that led these firms to have an operation at the Park.

Hitherto, our understanding is that the Loughborough SEP was not generally on the regional or national shortlist of sites promoted by UKTI's inward investment teams (or *emda* until its demise). This was because it was not able to offer serviced sites and premises within an acceptable time frame that would be required by mobile investors looking at different options.

On the assumption that the planning, marketing, supply and management issues are resolved, we believe that Loughborough will end up being one of only a limited number of locations in England able to offer a substantial site on a science park. Other comparable sites would be in Cambridge, Harwell, Bristol and Daresbury in Cheshire. The choice between these locations will then be influenced by other factors such as location, technology, skills and cost. Significantly, the other high

[35] Document reference A7: Analysis of commercial sources of income 1999/2000 to 2011/12

profile science parks, such as Warwick, Surrey, Aston, Sheffield and Manchester, no longer have the land to accommodate a significant R and D related inward investment project.

We therefore believe that if properly marketed, Loughborough could end up with an above average number of larger technology related investment projects attracting perhaps one significant project involving the development of an average of 5,000 sq m every two years.

Forecast demand – from 1,500 up to 2,500 sq m per year

The next chapter explores the demand for space on the SEP likely to arise for University uses.

6 Take-up of University space

An important distinguishing feature of the SEP compared to other science parks in the UK is that it has been envisaged from the outset that it will accommodate a mix of university research projects as well as commercial occupiers. Thus in considering the land area that will be required it will be important to take account of the need for expansion land for the University.

Overall, the University has been spending an average of around £15-20m per year on new developments. In the ten-year period between 2002 and 2012, around £150m has been spent on 21 major projects. There are currently four major projects at the planning stage, which will involve an investment of around £ 32m over a 2-3 year period, including plans for the development of a new Innovation Centre on the SEP at a cost of around £4.5m. Building developments include the demolition and construction of replacement buildings on existing sites and the provision of new buildings on new sites.

Since it acquired the British Gas facility in 2003, the University has expanded into the existing buildings on the Science and Enterprise Park, and now occupies 41% of the available space (including the conference centre). The main research groups and the area that they occupy are summarised in Table 6.1 below:

Table 6.1: Summary of departmental and research centre space on the SEP

Building	Department	Laboratories sq m	Offices Sq m	Total Sq m
Charnwood[36]	Aero and Auto engineering	922		922
	Wolfson School	517		517
	Computer science		506	506
	Crest	706	351	1,057
	Electrical engineering	889		889
	Informatics		393	393
	LIC		300	300
	Materials	377		377
	SEIC	890	1,128	2,018
	IT services		1,038	1,038
	Chemistry	525	124	649
Holywell Building	Wolfson School			778
Sir Denis Rooke	Conference Centre			2,725
Was 'Chem Tech'	HPN and unsteady fluids			828
Michael Pearson	Sports Technology Institute			2,024
Total				15,021

Overall, in the last ten years there has been an average take up of space on the SEP of around 1,500 sq m per year, predominantly by research groups engaged in joint projects (such as the SEIC working

[36] Document reference A18: Academic departments in Holywell Park

with BAE Systems) and research groups requiring large laboratory space that cannot easily be accommodated within the main department. We believe that this trend will continue due to the growing emphasis nationally on pre-competitive applied research and development to speed up commercialisation. Given the uncertainties of the planning status, it has not yet been possible to factor in significant new University developments on the SEP. Once the proposed allocation of land for university and science park uses has been approved, we believe that the University will increasingly take into account the possibility of new buildings being developed on the SEP. In the main these are expected to be larger facilities from 5,000 to 7,000 sq m. They will be developed as and when new funding becomes available, though it is not possible to forecast with any certainty what will be developed or when. Importantly, the availability of additional land on the SEP campus will enable these developments to be undertaking without impinging on the land currently allocated to playing fields on the main campus. Thus over time, we believe that the uptake of space by the University could rise above the current level of around 1,500 sq m per year.

Forecast demand from 1,500 to 2,000 sq m per year

The next chapter will pull together estimates for future demand for land and premises that arises from the arguments in the previous chapters.

7 Future demand for land and premises on the SEP

Chapter 2 analysed the land which has been proposed to be allocated for the extension of the SEP. This will accommodate both commercial users and university uses. Table 2.2 indicated that land to the east of Snell's Nook Lane could accommodate up to 100,000 sq m and the land to the west a further 75,000 sq m. This is on the assumption that 40% of the land area (excluding the woods) would be set aside for parkland and that the remaining site would be developed with a plot ratio of less than 20% and an average of 1.5 storeys. These assumptions are conservative to secure a science park development with a very high quality environment.

On the commercial side, the demand for rental space from start up and expanding local firms is unlikely to exceed 2,900 sq m per year. Projecting the number and size of large inward investment projects is very much more difficult to estimate. However, it would be reasonable to assume that the SEP could attract perhaps five large projects over a ten year period. If each investment required an average of 5,000 sq m of space, this would result in an average rate of development of around 2,500 sq m per year. Thus, combining the rented space and the developments for larger occupiers, the overall rate of development rate might be around 5,400 sq m per year. Thus over a 15 year period, there could be a requirement of perhaps 81,000 sq m of space and 41 ha (net) of land.

In addition, the University expects further growth of its collaborative research programme. This could result in an additional research space per year being required, which would be located on the SEP. Some of this space would be required for relocating some of the research faculties of existing departments, freeing up space on the main campus. The University also expects to attract additional research funding which is likely to lead to the setting up of new research institutes over the next 15 years. The University has estimated that this could amount to 2,000 sq m of additional space being required per year, resulting in a requirement of around 30,000 sq m and 15 ha (net) over a 15-year period.

The estimates are summarised on Table 7.1 below which includes an optimistic and a pessimistic scenario.

Table 7.1: summary of demand for premises and land over a 15 year period						
	Pessimistic scenario			**Optimistic scenario**		
	Uptake of premises per year sq m	**Uptake of premises Total sq m**	**Site area required hectares**	**Uptake of premises per year sq m**	**Uptake of premises Total sq m**	**Site area required hectares**
Innovation centre space	*200*	*3,000*		*400*	*6,000*	
Grow on rented space	*1,500*	*22,500*		*2,500*	*37,500*	
Inward investment	*1,500*	*22,500*		*2,500*	*37,500*	
Total Commercial uses	3,200	48,000	24	5,400	81,000	41
Total University uses	1,500	22,500	11.25	2,000	30,000	15
Total	4,700	70,500	36.25	7,400	111,000	56

On the basis of the optimistic scenario, by 2027 (in a 15 year time period) all the land on the east of Snell's Nook Lane, which has a capacity for 99,680 sq m of development (see table 2.2), would be developed, and further land parcel of around 5 ha net (around 15%) of the land on the west of Snell's Nook Lane) would be required.

In summary, in the next 15 years, there is a probability that all the land on the east side would be required for commercial occupants of the science park and University research uses. There are also good grounds for believing that some of the land on the west side of Snell's Nook Lane might also be required within the next 15 years, though this will depend on demand from commercial occupiers and the University. Even if this rate of expansion is not achieved in the next 15 years, the longer term growth of the University and the SEP would be constrained if the land on the west side of Snell's Lane were allocated to other uses at this stage.

This needs to be seen in a wider context. Nationally there is a growing recognition of the importance of cross-disciplinary applied research involving collaboration between universities and companies as an engine of economic development in the UK. This will increasingly take place at those universities with strong strategic and applied research departments. This will result in a growth in specialist research institutes facilitated by the public sector and the co-location of research teams from national and international companies. Loughborough is particularly well placed due to its strengths in applied research and the current availability of land to accommodate these new activities. Many of the Russell Group universities, particularly those located in major conurbations, do not have the possibility of being able to accommodate these new developments.

8 Conclusions

The project was commissioned critically to review the case for an extension of the Loughborough University Science and Enterprise Park largely on the basis of evidence produced by Loughborough University. This section summarises the consultants' conclusions.

Progress to date

The origins of the Loughborough SEP go back to 1984 when Loughborough Technology Centre was developed on the edge of the University campus with support from the County Council. In the early 1990s, a site adjacent to the core campus (Holywell Wood) was chosen by British Gas as the site for a new corporate research facility (Gas Research Technology Centre – GRTC). However, due to changes in corporate strategy British Gas retreated from R&D in the mid 1990s and once plans to vacate the Loughborough site had been announced, the University took the first lease on the GRTC site to make it available to technology-oriented companies. In 2003, the University bought the GRTC buildings as the first stage of the SEP development and in 2007 the Motorola buildings, which are now the East and West Michael Pearson buildings. However, no expansion was possible until the University was able to purchase the surrounding land (9.8 ha 'Phase 2' site in 2006, a further 20 ha in 2008 and the 66 ha National Grid site in 2010). The University has subsequently developed SportPark, a 6,000 sq m building on 2 ha of the Phase 2, accommodating 12 national sports associations. In mid 2008 University initiated a process to select a possible joint venture partner for the SEP. Although a possible partner was identified, it was not possible to reach an agreement and negotiations ceased in 2010.

Overall uptake of space since the sale of British Gas Research Centre in 2003 has been impressive. 22,000 sq m has been let to 39 commercial concerns and 15 University research groups occupy 15,000 sq m – an average uptake rate of around 3,700 sq m of lettable space per year, with minimal marketing. Amongst the tenants are – or have been – major international companies (Rolls Royce) and smaller companies (Intelligent Energy) which have been nurtured in the supportive environment to become sizeable operations operating in growth fields.

SEP is now one of the larger science parks in the United Kingdom with a significant spread of businesses, particularly in the energy and sport sectors. It is much bigger than it seems – due to the size and discrete location of the main building complex, formerly occupied by British Gas. But this is not widely appreciated in the region or nationally due to weak marketing and promotion.

The growth of the park may have been even faster had there been available space with planning consent and a more flexible interpretation of entry criteria. We understand that some smaller tenants that started life on the SEP had to leave and move elsewhere because of lack of expansion space and some larger companies (in particular Ericsson) may not have come in the first instance.

Economic development background

There is a strong economic development rationale to expand SEP. It is located in the centre of England with easy access to excellent transport links including the M1, M6 and M42/A42 motorways, a variety of rail routes and East Midlands Airport.

Charnwood Bough Council is already performing well in terms of key economic indicators such as the proportion of knowledge-based employment but it has to overcome set-backs due to the recent closure of the Astra Zeneca R&D facility.

Within Leicestershire, LLEP has identified the SEP expansion as one of the key projects to help create additional jobs over the medium to long term future.

The development of the park with its emphasis on making best use of the distinctive research strengths of the University fit well with emerging “smart specialisation” regional development support measures to be promoted by the European Commission for the next ERDF period 2014 – 2020.

Loughborough University

Loughborough University is strong in terms of its research as well as its teaching performance. Enterprise was included as the third strand of strategic focus in the latest strategy (2006/16) and is set to play at least as important a role in the new strategy, which is currently being promoted by the new Vice Chancellor. The SEP fits into the aspirations for the University to intensify its business and community linkages. A new gateway policy has recently been formulated which addresses concerns that in the past companies may have been excluded from the SEP because of a somewhat inflexible approach towards interpreting entry criteria.

Future demand

Its excellent location, attractive site, potential availability of land and linkage with a technologically strong University makes the SEP an attractive proposition, for technology based start ups and expanding companies, particularly from the Derby/ Nottingham and Leicester triangle, and a strategic site for mobile research and development projects from other parts of the UK and overseas. What makes SEP distinctive in a national context is the close integration between university use and science park use as a true campus-based science park development with significant expansion space.

There are competing schemes (including MIRA and the site recently vacated by Astra Zeneca) but if positioned and marketed with its extensive offer of benefits, SEP would stand an excellent chance of attracting tenants in addition to growing its existing stock of companies.

Its location close to the M1 makes it more attractive for owner-managed companies run by individuals who tend to live in any of the attractive villages within the catchment and this attraction is enhanced by the reputational benefits of being associated with the reputation and service offer of a major research-based University.

Despite the continued recession, innovative technology based companies are continuing to grow and will require additional space. Moreover, the Government is strongly committed to supporting

applied University research and precompetitive development in collaboration with industry is growing, requiring specialist facilities.

Future demand for space on the SEP is expected to come from four main sources:

- An average of 200-400 sq m a year for start ups and very small companies requiring small units and shared facilities in a multi-occupancy facility.
- An average of 1,500 to 2,000 sq m per year for existing technology based firms, predominantly drawn from the Derby/ Nottingham and Leicester triangle, requiring additional space in the range of 150 to 500 sq m
- 1,500 to 2,500 sq m per year for a limited number of larger corporates with R & D related projects from other parts of the UK and abroad requiring a site to develop their own facilities, typically in the range of 1,000 to 5,000 sq m in size.
- 1,500 to 2,000 sq m per year on average for major new University-related research and development projects which cannot easily be accommodated in the existing University facilities.

In summary, we estimate that total demand could range from 70,000 to 111,000 sq m of space over a 15-year period, which would require 36 to 56 hectares of land being available.

Our calculations show that with a set of realistic assumptions, we can see how space to the East of Snell's Nook Lane can be filled over a medium term time horizon and how – provided enough momentum is built – this would require further development on the West of Snell's Nook Lane. If this land is allocated to other users, it could seriously constrain the growth the University and the SEP in the longer term, once the land to the east of Snell's Nook Lane has been developed. These assumptions include:

- A more integrated approach towards the overall strategy, marketing and management of the SEP
- Availability of sites with outline planning permission and rented premises
- The development of a steady supply of rented space for start ups and growing companies
- Access to funding for the further development of the SEP.

Organisation and management

Until very recently a holistic view of the development, marketing, funding and management of the SEP as a single entity has not been taken. The development of the park fell between the remits of Enterprise and Estates. In the period 2007-2010 an integrated team worked to bring forward proposals for SEP phase 2, but these efforts were undermined by the economic climate. The more recent development of an integrated approach spanning all aspects of the SEP is welcome.

It is our view that so far operational management by SEP has been held back by lack of dedicated management resource. Opportunities such as the competition for Enterprise Zone status, was won by MIRA, in part because of the stronger management resource behind the park. The SEP is too important and big a project to be managed without a dedicated science park manager, able to draw on a range of University services in support of the SEP . Given the size of the business – and the aspirations for the site – this needs to be addressed as a matter of some urgency.

Marketing

Marketing has been very low key and reactive without strong branding. This has been partly a reflection of the lack of space and serviced sites available. This has meant that partners and stakeholders such as LLEP and UKTI have not been able to market the SEP effectively to local firms and inward investors. However, once a 'product' is available this would quickly change. This is not to say that it will be easy because the inward investment climate is subdued but there are some footloose projects and unless a product is available and positioned they will never be caught.

Summary

Our summary assessment is that the evidence we have reviewed as part of this project shows that with a set of realistic assumptions we can see how the space the East of Snell's Nook Lane can be filled over a medium term horizon and how – provided enough momentum is built – this would require further development to the West of Snell's Nook Lane. If this land is allocated to other users, it could seriously constrain the growth of the University and the SEP in the longer term, once the land to the east of Snell's Nook Lane has been developed.

However, in order to be confident that this scenario is realistic, any constraints regarding organisation, management and marketing will need to be addressed swiftly. Moreover, there is need for a close examination of the commercial feasibility of the expansion and sources of funding from the University, public and private sponsors.

Annex A

Loughborough Science and Enterprise Park - List of evidence

A **Evidence relating to the University of Loughborough**

1 Jon Walker: Towards a Development and Marketing Strategy for the Loughborough University Science and Enterprise Park (10 September 2012)

2 Loughborough University Strategy 2006 – 2016. Implementation Planning Priorities (undated)

3 Loughborough University Strategy 2006 – 2016. Enterprise Implementation Plan (undated)

4 Andrew Burgess (Director of Facilities Management) : Future of the Campus (2011)

5 Recent Developments of the Campus (21st Century) (undated)

6 Steve Rothberg: Senior Management support for SEP2 within Loughborough University (November 2012)

7 Year on Year performance of HEBCI/HEIF date (1999 – 2011); 3 tables

8 Steve Rothberg: 2012 HEBIC survey and benchmarking (November 2012)

9 Financial Statements 2011-12

10 Steve Rothberg: Gateway Policy

11 Meeting of the Science and Enterprise (Phase 2) Project Management Board – 2 August 2012 (meeting minutes)

12 Completed spreadsheet of tenant analysis (spreadsheet on the basis of template provided by CBC consultants)

13 Student numbers 2007/08 – 2011/12 (spreadsheet)

14 How the University Works – presentation from the University's website

15 Loughborough University – Towards 2016. Strategic Plan 2006/07 edition

16 Organisational chart (from University website)

17 HEBCI performance tables (1-5)

18 Academic Departments in Holywell Park (two identical presentations)

19 GVA Loughborough University Science and Enterprise Park. Viability and Planning Update (2012)

20 List of spin-outs (compiled by the University)

21 Total list of live project in "the Studio" (compiled by the University)

22 Western Power Distribution. Charnwood Borough Electricity Infrastructure Study September 2012

23 The Enterprise Office Staff List (from the website)

24 Jon Walker: Development Phases and Strategy (November 2012)

25 ETI Submission

26 Loughborough University. Update on Estates Strategy. Estates Management Committee 9 June 2011

27 Gateway Policy (2009)

28 Andrew Burgess (Director of Facilities Management): Progress Report on the delivery of the Estates Strategy 2006 - 2016

B **Evidence relating directly to the Science and Enterprise Park**

1 DTZ: Loughborough Science and Enterprise Park Phase 2: Detailed Business Plan. Private and Confidential. 17 April 2007

2 DTZ Appendix A: Loughborough Analysis & Masterplan Development 'A Sustainable Solution' (2007)

3 DTZ Appendix B : Economic Baseline of Leicestershire (2007)

4 DTZ Appendix C: Assessment of UKSPA data (2007)

5 DTZ Appendix D: East Midlands Commercial Property Market Overview (2007)

6 DTZ Appendix E: Current and Pipeline Supply of Science Parks in the East and West Midlands (2007)

7 Appendix F: Optimal Utilisation of Existing Assets at Loughborough Science Park (2007)

8 Appendix H Key Development Appraisal Assumptions (2007)

9 Scott White & Hookins: Loughborough Science Park/Loughborough University: Infrastructure Appraisal (2006)

10 University of Leicester Archaeological Services (Sam Bocock): An Archaeological Desk-based Assessment for a Proposed Development at Holywell Park, Loughborough University, for Loughborough University, Leicestershire (SK 580 180) (2006)

11 Development solutions/planning constraints for a number of science parks in the UK including Pebble Mill (Birmingham), Keele University Science Park, Aston Science Park, Wolverhampton Science Park, Birmingham Research Park, Coventry University Technology Park (undated)

12 Charnwood Borough Council: Charnwood 2021. Science Park Preferred Option (February 2006)

13 Birmingham City Council Grant Outline Planning Permission subject to conditions for the following development (Pebble Mills) - Decision Document Application Number S/00992/03/OUT (2003)

14 Science Park Policy Review (undated)

15 Loughborough Science Park – Plan of Site Area (provided by CBC)

16 Midlands Science Parks (GVA Grimley)

17 LTC Centre Plan (LCC web archive)

18 LTC Centre extensions (LCC web archive)

19 LTC Centre Tenants (LCC web archive)

20 LTC Centre details (LCC web archive)

21 Update of DTZ analysis of competing supply

22 List of former tenants of the Innovation Centre from website.docx

C **Evidence relating to the local and regional economy**

1 Leicester and Leicester Enterprise Partnership – Economic Growth Plan 2012 – 20202

2 Leicestershire County Council Cabinet 13 November 2012. Economic Growth Priorities. Report to the Chief Executive

3 Leicester Economic Action Plan. A plan for jobs and growth 2012 to 2020

4 MIRA Technology Park: UK Enterprise Zone

5 Leicester & Leicestershire Open for Business

6 PACEC Employment Land Study (2012)

7 Jones Lang Lasalle For Sale 70 acres (Astra Zeneca Site)

8 Charnwood Borough Council. Cabinet 27 September 2012. Report of the Strategic Director Housing, Planning & Regeneration and Regulatory Services. Local Plan Position Report and Way Forward.

9 Charnwood Borough Council Cabinet 25 October 2012

10 Charnwood Borough Council: Our place, the Corporate Plan (2012)

11 Charnwood Local Development Framework. Local Development Scheme April 2012 to March 2015.

Annex B

Check-list of evidence to be collected by Loughborough University to strengthen the case for securing future development phases of the Science and Enterprise Park

Evidence can take many different shapes including officially "signed off" strategy statements, minutes from meetings, statistics and summary analyses.

Corporate Strategy

- How has the University's Corporate Strategy evolved? Have there been changes in emphasis?
- What are the University's growth expectations and projections?
- Have there been any teaching/research areas that have grown particularly strongly? Are there any teaching/research areas which are expected to grow particularly strongly in the future?
- What are the projections for the number of undergraduates – post graduates – teaching and research staff for the short – medium - long term? How have these numbers changed over the last few years?
- How does the Science and Enterprise Park fit into the Corporate Strategy?
- Explain the University's governance structure. How does the Science and Enterprise Park fit into the overall governance structure?

Estates strategy

- Historic development of the University site: Provide information on square metres developed, take-up of land and investment over the last ten years and the land currently available for further development on the main campus.
- If available, please forward the current Estates Masterplan and the previous one.
- Provide estimates for the requirement for additional space for University-related activities over the next five and ten years (two estimates) and indicate how this might be divided between the main University campus and the Science and Enterprise Park. Indicate the assumptions underlying your estimates.

Technology transfer, commercialisation, linkage and enterprise strategy

- Please extract key trend information from the University's Higher Education Business and Community Interaction Survey for 2002, 2007 and the last three years (see attached summary spreadsheet).
- In the area of spin-out companies, please describe what has happened to these spin-out companies in order to gauge which ones have located on the Science and Enterprise Park and which might have located on the Park had facilities been available.
- Provide information pertinent to the Science and Enterprise Park from the 2008 RAE and any information currently being prepared for the forthcoming Research Excellence Framework submission.

- Summarise strategic relationships you have with companies (eg Rolls Royce) and indicate where there is a high probability of science park demand arising from these relationships.
- Provide information on particular initiatives/big projects such as ETI – including project application information which may be relevant for the Science and Enterprise Park.
- What is the overall vision for technology transfer, commercialisation, linkages and enterprise?
- How has this evolved or changed? What are the objectives going forward?
- How does the Science and Enterprise Park fit into the technology transfer, commercialisation, enterprise and linkage strategy?

Revenue, expenditure, funding

- Please forward a copy of your latest accounts for the year and 2007/08.

Science and Enterprise Park : Property development

- Provide a list of lettable units and areas in each property (including buildings occupied by tenants in the main University campus) which constitute the Science and Enterprise Park.
- Provide information on the property performance over the last five years including:
    - Area and number of new lettings
    - Area and number of terminations
    - Area of total lettings
    - Area of void space.
- Summarise terms and conditions (rents, service charge and length of lease/license) and how these have changed in the last five years.
- Provide the most up-to-date copy of your Gateway Policy. Elaborate on the process for arriving at a decision whether to admit a tenant to the Science and Enterprise Park.
- Summarise your build programme for the remaining plots on Phase II.
- Provide any indicative plans for the remainder of the land to be developed as part of the Science and Enterprise Park.
- Indicate your views on the development of the 42 hectare site west of Snell's Nook Lane.
- Set out your cost estimates for the further development of the Science and Enterprise Park and how you envisage it will be financed.

Evidence of uptake and demand for Science and Enterprise Park space/premises and services

- Profile companies/organisations already occupying space/premises; provide as much detail as possible on name of company/organisation, how they were attracted, why they came, how they have developed so far, how they may develop in future (see attached template).
- Provide any evidence on the beneficial impact of being located on/associated with the Science and Enterprise Park on the development of companies/tenants. For instance, short case study information to illustrate benefits would be useful.
- Provide information on enquiries including date of enquiry, referral organisation (if applicable), name of company/organisation, activity, size of unit required and where they located (if known). If know, provide information on which competing location they chose.

Competing property

- Provide an update of the DTZ analysis of competing supply, uptake and rental levels in Loughborough and the Midlands.
- Comment on uptake and rental levels on key science parks in the Midlands, particularly the University of Warwick Science Park, Coventry University Technology Park, Nottingham Science and Technology Park and University of Nottingham Innovation Park.

Organisation and Management of the Science and Enterprise Park

- Is the Science and Enterprise Park a free-standing business unit or is it integrated into overall University management?
- Who is responsible for strategy development? Provide strategy statements – board meeting minutes etc.
- Set out the roles which the various University units play in supporting the development and management of the Science and Enterprise Park.
- What is the structure and make-up of staff responsible for all aspects of running the Science and Enterprise Park?
- Provide annual revenue and expenditure information relating to the Science and Enterprise Park for the last five years.
- What are the services (incubation, business development and innovation) offered to tenants of the Science and Enterprise Park? Who liaises with the tenants to facilitate the take-up of services? What is the take-up of these services?

Marketing of the Science and Enterprise Park

- How is marketing organised at present - who is responsible for it and how is it being done?
- What are the plans for marketing of the Science and Enterprise Park going forward?
- Is there a marketing budget for the Science and Enterprise Park and who sets targets and activities?

Lessons learned so far regarding the Science and Enterprise Park

- Are there any lessons learned from the experience so far which will impact on the development going forward?

November 2012

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Senior management support for SEP2 within Loughborough University

Steve Rothberg

What we now refer to as SEP2 features prominently in all relevant University strategic documents. Our current University strategic plan for 2006-2016 makes very explicit commitments to developing the Science and Enterprise Park and these were formally reaffirmed by Operations Committee in January 2012. The current Enterprise Implementation Plan reiterates this explicitly, with reference to need to develop a new strategy for its delivery following the decision not to proceed with the plans proposed in 2010. In the meetings of summer 2012, the University's Senate and Council both gave support to the project to develop SEP2.

Senate is "responsible for the academic work of the University" and its membership comprises the Vice-Chancellor, the Deputy Vice-Chancellor, the 3 Pro Vice-Chancellors and the 10 Deans of School together with over 30 appointed or elected members from the academic staff of the Schools.

Council is the Governing Body of the University and is "responsible for the management and administration of the revenue and property of the University". Its membership comprises our Chancellor, Sir Nigel Rudd, our Senior Pro-Chancellor (who chairs Council), Sir Peter Bonfield, the Pro-Chancellors, Sir John Gains and Lord Sebastian Coe, the Vice-Chancellor and Deputy Vice-Chancellor, the University Treasurer, representatives of the alumni and the students' union, 8 elected members of the university staff and 12 lay members who bring their diverse and senior experience from outside of the University

The Pro Vice-Chancellor (Enterprise) reports routinely to meetings of the University Senate and Council. In the meetings of summer 2012, the following section was included in the report and supported. Discussion centred on the bulleted list at the end of the section.

This bulleted list was debated further and supported at the SEP2 Project Management Board which is chaired by the Chief Operating Officer.

Science and Enterprise Park Phase 2 (from the Senate / Council paper)

Our Science and Enterprise Park, based on Holywell Park, was developed from the site of the Gas Research and Technology Centre (GRTC) developed by British Gas. In 2003, the University purchased the site (originally opened in 1992) and developed the space to facilitate multiple occupancy. Currently, about 60% of available space (in excess of 14000m^2) is occupied by commercial tenants, including the fledging businesses in our Innovation Centre, generating almost £2M/yr in rents. The remaining space is occupied by academic schools with the share of space for this use likely to increase with the relocation of specialist Chemistry laboratories. [Note to consultants: this relocation is no longer likely to happen]

Science and Enterprise Park tenants must meet our gateway policy which is intended to ensure that there is potential for academic engagement with the university e.g. for student work placement of for research collaboration. While there are exceptions, it is my view that we have not maximised the potential for these links.

We now have planning permission to develop Science and Enterprise Park Phase 2 (SEP2) on the land alongside Ashby Road extending up to Snells' Nook Lane. This is timely given the pressure on space in Holywell Park. One high quality tenant, in particular, has very significant plans for growth which we cannot currently meet. In addition, the current location for the Innovation Centre is much smaller that its previous location on East Park and far less suited to such a use. As a consequence of this and compounded by hard economic times, a once thriving Innovation Centre is now struggling to maintain critical mass. A new build Innovation Centre on SEP2 will remedy this situation and free space for other users at Holywell Park, particularly those with requirement for heavily serviced lab space which was the original intention of the building. Placed alongside new build for an anchor tenant, the business plan for such a development begins to look viable but this is a major challenge in the post RDA era. We have the support of the Borough and County Councils, the Chamber of Commerce, the local BIS office and the Local Enterprise Partnership but funds are scarce and currently only in the form of loans not grants. A recent bid for Regional Growth Funds has been made but competition is fierce and terms and conditions are demanding.

The benefits accruing to a University of a vibrant Science Park have been recognised by many of our competitors. The benefits for our development are considerable and include:

- Fulfilling our responsibility to the regional economy. HEFCE's business plan is explicit in its steer to Universities: "We will review institutional knowledge exchange strategies to [give] attention to the local contribution that universities can make as 'anchors' in their areas".
- Opportunities for academic engagement on our doorstep, from student work placements to major collaborative research projects.
- Provision of a supportive environment to nurture the businesses that we spin-out from our own research together with the new enterprises initiated by our graduates. The success of these companies will deliver a financial return to the University.
- Reputational enhancement as a consequence of large scale engagement with business
- A significant income stream that diminishes our dependence on government funds
- The potential to attract a significant inward investor bringing even greater opportunities and reputational enhancement.
- Maintaining the supply of high quality jobs (such as those recently lost by the closure of Astra Zeneca) to preserve the status of the town of Loughborough.

Annexe D

LOUGHBOROUGH UNIVERSITY

Towards a Development and Marketing Strategy for the Loughborough University Science and Enterprise Park

Introduction

1. There has been continuing good development in relation to the Science and Enterprise Park (SEP). A Project Management Board has been established with a wider remit that embraces both longer term strategy and immediate project developments and a proposal to support immediate developments has been made to the latest round of the Regional Growth Fund.

2. The University has also engaged in discussions with CBC in relation to the development of a new local plan, and in particular the Core Strategy DPD. Advice has been sought from our planning advisors GVA and the University is engaged both as a supportive partner in driving local economic development and more formally as a local business and landowner.

3. At the end of August the CBC adopted a regeneration strategy for Charnwood and we are pleased to note that University Science and Enterprise Park is one of seven priority projects central to that strategy.

4. In view of these activities, and also because the new National Planning Policy Framework (NPFF) requires local authorities to assemble evidence to support allocations made in local plans, it is timely to set out emerging thinking about how the land in University ownership to the West of existing development might be used in the future for University uses, including the Science and Enterprise Park. It may also be helpful to set out the principles being developed in relation to the marketing of the site to external businesses and users.

5. In all cases it should be highlighted that this note – provided as information to CBC and to other partners involved in the SEP "External Reference Group" – represents a statement of current thinking and not policies yet formally adopted by the University. However it is likely that those policies will be based on the thinking set out in this note.

Relationship of the SEP to other University activities: what is "the campus"?

6. One of the USPs for the Loughborough SEP is its integration as an integral part of the University campus. In much of the existing SEP a mix of external and University research activities take place side-by-side. This is an important dynamic and has proven attractive to many of the external businesses based there. This integration sets the SEP apart from similar developments elsewhere.

7. As a consequence, it is helpful to conceptualise the University campus as a single entity, on which a range of activities take place but where there may be a stronger emphasis or focus in different areas, zones or 'parks'. So, for example, whilst student residential accommodation is concentrated in Village Park, there are halls right across the campus. In the same way there are enterprise activities across the campus (eg the Studio in the Design School, a GSSI laboratory in Powerbase, UKA, ECB and ASA staff in relevant facilities) as well as the main concentration in the first and second phases of the SEP.

Patterns of Development for the use of University Land

8. In terms of the demand for land for University direct uses (contrasted to activities primarily for external occupiers) development is both strategic and planned, according to long term master planning, and also reactive in response to opportunities that arise for new activities to be developed.

9. In terms of land required for SEP-type developments (ie University developments that are primarily driven by the needs of external users) the balance is more reactive or demand-led, but there are still benefits in creating a longer term strategy into which such reactive developments can be placed and which can be used to stimulate new demand. This is in effect being clear about what "offer" is made to potential occupiers.

10. Our view is that both types of development (University direct uses and SEP-type developments) are desirable and beneficial for the University and for the wider economic prosperity of Loughborough and Charnwood when they can be achieved in ways that accord with best principles of sustainable development.

11. Recent examples highlight this creative and dynamic mix of responsive and strategic development.

    a) **Energy Technologies Institute**. The University secured in a highly competitive process the HQ for this £1B public-private partnership. This has created 50 new mostly high value jobs and extensive external profile. It was possible to provide the space within existing multi-occupancy space, although this required two consequential moves. This is an example of the benefits of rapidly available flexible space, which was one motivation for the original purchase of Holywell Park.

    b) **SportPark**. Here a long term vision for a 'house of sport' for governing bodies of sport led to a new 6,000m2 development now providing employment for 600 people (a mix of new and safeguarded jobs). Whilst this was part of a long term strategy, there was also a reactive element in the need to secure funding (Sport England lottery, CBC and LCC) to make the development possible.

    c) **National Centre for Sport and Exercise Medicine (East Midlands)**. Securing £10M from the DoH was a key catalyst for this project (reactive). This brought forward a planned (strategic) development known as HEBS2 by several years but added the possibility of a clinical delivery facility (reactive – only possible with the extra funding). Whilst this project is re-using an existing site on the main campus, it is entirely possible that a similar or even larger development might require a new site to be available.

    d) **Next stage developments on SEP**. These are desirable and of strategic significance, yet they require also the ability to be highly reactive to funding opportunities (most recently the third round of RGF). A critical success factor, identified also in the CBC Regeneration Strategy, is

the speed with which a site can be brought forward to secure a potential development in a highly competitive market place.

12. There seems therefore to be a good case for retaining full flexibility in terms of the use of University land. Higher Education funding is especially volatile at the moment, and it is certain that HE in 10 years will have moved on significantly from now. Retaining the ability to locate a significant new University related development within an area that had a strong SEP focus is an option that needs to remain open – assuming that such use would be appropriate in this location.

Marketing the distinctive "Loughborough SEP offer"

13. Having reviewed the sorts of enquiries received over several years, and making allowance for the relatively low profile of the SEP as the University has sought to identify the right way forward, it is clear that if we are to maximise the rate of development of the SEP – a goal the University shares with its partners – we need to operate within several distinct markets.

14. The SEP2 PMB has asked for a marketing strategy for the SEP to be brought forward as a matter of priority and has also indicated that it would favour also taking some immediate actions that would help to signal a sense of being "open for business". This is a welcome endorsement of the need to develop a pipeline of demand.

15. A comprehensive marketing strategy is, of course, not just about promotion and it is equally important that we are clear about how enquiries at different levels are handled and that we have the ability to respond effectively and in a timely fashion to leads. This means we need to develop clear offers, where potential occupiers and developers can have confidence in the process and timescales.

16. We expect to develop three distinct offerings for the SEP that will each require a different approach to promotion, enquiry handling and processing. These three market offers are set out in the next sections.

17. **Occupiers within multi-use buildings**
    This represents the main activity of Phase 1 of the SEP and indeed also the first buildings on Phase 2. Occupation ranges from a single person, desk or office through to significant businesses with several hundred staff. Space required is from a few m2 up to 5,000m2. This demand is currently met in a range of ways including:

    a) Holywell Park
    b) The Innovation Centre (within HP)
    c) SportPark (for appropriate groups)
    d) Loughborough Park

    Sustaining and growing this vibrant community is fundamental to continued success for the SEP. Demand for new space comes from business growth of existing occupiers and from new enquiries. The ability to respond to new opportunities has been limited in recent times due to high demand from the University and external users. The current Innovation Centre is sub-

optimally located, and creating sufficient demand to enable a new purpose built development on SEP2 is a priority.

18. **Mid-range sole occupancy in developed to order buildings**
    Success in developing this area of demand is a central part of the concept of Phase 2 of the SEP. One development is currently under discussion with a potential client. Developments are likely to be in the range 3,000m2 to 10,000m2. These could include companies growing organically within the SEP, local/regional/national relocators, growing companies seeking additional sites or potentially some inward investment clients.

19. **Major Inward Investor**
    Such opportunities are less frequent, but have the opportunity to be transformational for the SEP, the University and the local area. An obvious example is the original Gas Research and Technology Centre, whilst the interest of Ericsson more recently highlights how essential it is to have everything possible in place to allow us respond effectively. Such occupiers would probably be in the range from 10,000m2 up to 50,000m2.

    The scale of such a development is likely to mean that it would be hard to accommodate on SEP2, without having a detrimental effect on other development, infrastructure and use of the whole site. There is much better potential for such a development on the land closer to, but still to the East of, Snells Nook Lane (but for which planning permission does not yet exist). There may also be potential for such development to the West of Snells Nook Lane, but this land is not in University ownership.

Implications for the Planning Process

20. For us to successfully take forward the development of the SEP as part of the overall development of the University campus to maximum HE and economic benefit it is very important that the new local plan, and in particular the core strategy currently being prepared, is supportive of these ambitious marketing plans.

21. There has been a long held expectation that the western part of the University campus will be part of an extensive "(west) Loughborough science park" and we are pleased to note that this accords with our emerging strategy for this land to be used for "University purposes, including the Science and Enterprise Park" noting that it is expected that this will continue the existing development which has SEP type uses heavily concentrated on this space, and that this area will be proactively marketed for these purposes.

22. Formal submissions to the process developing the local plan will of course by made by the University advised by GVA in due course. For now this note is provided as information to internal and external stakeholders on the emerging strategy for the development and marketing of the SEP, and as evidence of our proactive approach to marketing the SEP.