

West Suffolk Innovation and Incubation Support Study

A Report to Forest Heath District Council
and St Edmundsbury Borough Council

June 2014

SQW

Executive Summary

1. SQW Limited (SQW) was commissioned by Forest Heath District Council and St Edmundsbury Borough Council (as West Suffolk Councils) to undertake a study on the options for adding to the existing business support offer in the area. The overarching aim of the study was to identify and test options for supplementing the innovation and incubation offer in order to contribute to the growth agenda.

Approach

2. A broad view was taken, considering the potential for physical and virtual offers as part of premises-based innovation centres, and also additional business support services that could be provided. The study also examined a range of locations and sectors across the area in order to identify areas of potential competitive advantage.
3. A three-part framework was adopted to assess the evidence and to determine recommendations for action, covering:
 - strategic policy direction: through a review of LEP and Suffolk County Council documents and priorities
 - business/sectoral/market context: through a review of business and sector data, and evidence on opportunities and strengths of West Suffolk in the context of the wider geography of which it is a part – e.g. links to Cambridge and the wider region
 - review of existing premises and support: through mapping of provision.

Key findings

4. The study reviewed the wider evidence base on the theory and practice of business support and growth and incubation models (see chapter 2). This evidence highlighted the importance of a small minority of high growth firms. These firms are difficult to identify and target, though some strategies can be adopted to identify firms about to or going through an initial period of change ahead of growth. The evidence also highlighted that there is a range of models of incubation, which often vary in their degree of management support and in terms of the technological sophistication of their tenants. The key implications drawn for West Suffolk from this review of wider evidence were as follows:
 - to contribute to growth, support ought to seek to focus on firms with growth ambition and potential, recognising that this may involve casting the net widely
 - any sectoral/technology focus should have a compelling case, and it is likely to be appropriate to target a range of firms
 - whilst some basic information/advice will be appropriate, more strategic support such as coaching may well be more likely to help deliver growth.

5. From the policy perspective (see chapter 3), we have found some common priorities across the two LEP areas that are relevant for West Suffolk, in particular around key sectors (e.g. life sciences, including related to the equine bloodstock, advanced manufacturing and agri-tech). There are also consistent views on the priority attaching to Haverhill Research Park as a growth point. Additional priorities include growth at Suffolk Business Park at Bury St Edmunds, and revitalising other key towns such as Brandon, Mildenhall and Newmarket. Such revitalisation is important to ensure that West Suffolk has an 'attractive offer' to potential businesses and also a skilled labour market.
6. West Suffolk's six point plan for growth includes provision for engagement with the SME base, which can be drawn on and exploited to develop networks and links to appropriate support and expertise across West Suffolk and outside the boundaries. This will need to cover effectively the dispersed geography, including reaching into rural areas.
7. The evidence on the market context, presented in chapter 4, has highlighted that there is some work to do to increase enterprise start-up and growth rates, with, for example, start-up rates relatively lower compared to national comparators following the recession. The evidence base also highlighted different concentrations of activity in terms of sectors and technology areas. There are some concentrations, notably around manufacturing, the equine sector and agri-tech (including agriculture, food and drink production and related manufacturing), and targeted marketing is appropriate to build on these strengths. Capitalising on these strengths will require 'joining the dots' to wider assets and strengths outside of West Suffolk (e.g. Norwich Research Park in the case of food research, and Cambridge in terms of its life sciences and animal health expertise). There are some notable differences in West Suffolk in terms of socio-economic characteristics, for instance in terms of occupational groups and qualifications levels, which may affect the relative desirability of places for in-coming businesses.
8. Despite concentrations of activity, any plans for future growth should keep an open mind with respect to technology focus. We conclude that demand for incubation space and services is likely to come from a range of sources, including existing local businesses (from a range of sectors), in-movers who want a presence in the area through a regional office, and entrepreneurs from the local and wider area (particularly those looking for more cost-effective space than might be available elsewhere).
9. Whilst there are opportunities from the growth of Cambridge and the GCGP Enterprise Partnership's priority to extend the growth of Cambridge to surrounding areas, we provide a note of caution on this. There have been attempts in the past for similar extensions of growth, which have had limited success. It will be important to foster effective links to Cambridge, physically in terms of infrastructure, and through people, business and civic leadership.
10. The review of the supply side, summarised in chapter 6, indicated that there is a range of existing space across West Suffolk. Several towns, notably Bury St Edmunds and Haverhill, appear to have strong demand, with potential supply constraints (though in Bury St Edmunds, new space has come on to the market which ought to cater for demand in the short-term). Demand in other places, such as Brandon, Mildenhall and Newmarket is less certain. There is a limited supply of enterprise space for start-ups in these towns, though there is notably existing vacant space. Any additional provision in these towns would require careful

consideration of what market gaps were being focussed on and would need effective marketing.

11. In relation to business support, the Growth Hubs of both LEPs will hopefully provide a better coordinated service for firms. There is also a range of existing knowledge-based assets outside of West Suffolk, but within LEP areas. These are important foci for activity and it will be important to establish links and networks to them. They include, for example, existing innovation centres (e.g. Hethel Engineering Centre), academic establishments (e.g. University of Cambridge, University of East Anglia and University Campus Suffolk), and research institutes (e.g. at Norwich Research Park and in Cambridge). There is also a prospective innovation service at West Suffolk College focusing on engineering and design activities.
12. There are potential gaps, notably around specialist and expert advice to firms based in innovation centres, greater capacity for networking within and outside West Suffolk and action to foster a greater enterprise culture.

Recommended actions

13. Our recommended actions can be summarised under the following sets of activities:
 - Premises: covering different locations across West Suffolk with a short-term priority at Haverhill Research Park (i.e. the joint LEP priority) and actions for space in/around Newmarket and Bury St Edmunds. Premises could incorporate marketing to encourage a focus on particular sectors/technologies, e.g. Haverhill for advanced manufacturing (including linked to life sciences), Newmarket for animal health, and Bury St Edmunds for advanced manufacturing and agri-tech. Developing clusters of activity will inevitably take some time, and it will be essential in the case of animal health and agri-tech to 'join the dots' with the research, assets and capabilities in the areas outside of West Suffolk. It will also be important to be flexible in terms of sectoral mix in premises.
 - Incubation provision and knowledge brokers: across a network of premises, a package of incubation support should be offered, including outreach to the wider business community, including into rural areas. This will need to be aligned with the Growth Hubs of GCGP and New Anglia, though such an offer could provide intensive support to start-ups to assist those with the potential to grow, and it could also provide 'knowledge brokerage' to connect start-ups and SMEs into technology-based support in Cambridge and elsewhere. Incubation provision would help the premises to stand out in the market, in particular in relation to the wider geography of Greater Cambridge.
 - Networks: this includes the fostering of business networks within West Suffolk and also outside, enabling businesses to be active in wider networks, and also using these links to promote West Suffolk and its potential for development.
 - Enterprise culture: this involves promoting the accessibility of entrepreneurship to a wide audience, and encouraging enterprising ambition within West Suffolk.
14. Across the actions, we have identified 'connect to Cambridge' as an important dimension given the potential influence its growth could have on West Suffolk; and it is also important to

develop networks elsewhere, in particular in the New Anglia area. Chapter 6 provides fuller detail on the proposed actions.

15. We acknowledge that there may be limited resources available to take forward the actions. Whilst the actions provide a 'menu' of options (from which all could be selected if there was a strong desire towards growth), some are very complementary and should be undertaken together to ensure that benefits are maximised. In particular we advise that an incubation service needs to be delivered alongside any new and existing physical premises that are focussed on knowledge-based businesses. This is because the incubation service provides a specific 'selling point' for new and existing centres and will be able to target tenants directly to help them succeed and grow. In chapter 6 we set out the case for using public support/funding to take forward actions. For premises, we suggest that in many cases West Suffolk Councils ought to act in an enabling capacity (e.g. in relation to the planning process), though further public funding may be required for particular types of premises and/or in particular places. Other actions, e.g. delivering a specialist incubation service, will require public funding because these are the types of services that the private sector will not deliver.

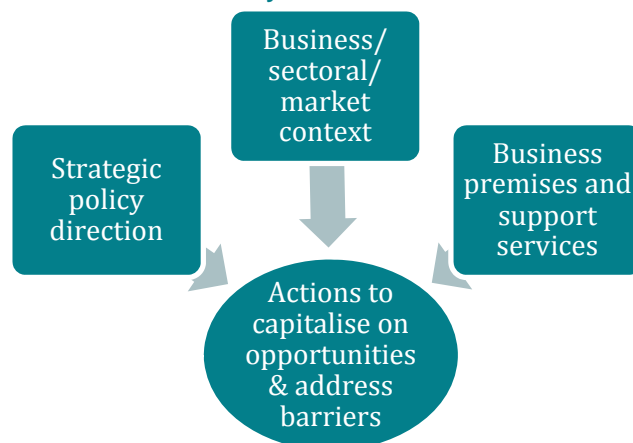
1. Introduction

- 1.1 SQW Ltd (SQW) was commissioned by Forest Heath District Council and St Edmundsbury Borough Council (as West Suffolk Councils) to undertake a study on the options for adding to the existing business support offer in the area.
- 1.2 The overarching aim of the study was to identify and test options for supplementing the innovation and incubation offer in order to contribute to the growth agenda. This was to consider how West Suffolk could capitalise on competitive advantages of the area and links within the wider functional economic geography (e.g. to Cambridge, the rest of Suffolk and to Norfolk).

Study parameters

- 1.3 The study was to take a broad view of options, covering:
- physical and virtual offers as part of premises, also additional business support services that could be provided
 - potential locations and sectors across the area.
- 1.4 In order to focus the study, a three-part framework was adopted to feed into assessing and interpreting the evidence and in determining options for action (see Figure 1-1). The three parts were:
- strategic policy direction: through a review of LEP and Suffolk County Council documents and priorities
 - business/sectoral/market context: through a review of business and sector data, and evidence on opportunities and strengths of West Suffolk in the context of the wider geography of which it is a part
 - review of existing premises and support: through mapping of provision.

Figure 1-1: Framework for the study



Approach

1.5 The approach involved three stages:

- Desk-based review of evidence: an initial paper on theory, evidence and practice in relation to enterprise and incubation was produced to help shape the study (the key findings from this are set out in chapter 2). Subsequent to this, we reviewed secondary data on indicators relating to sectors, enterprise growth, and socio-economic characteristics (drawing on Councils' data and the Office for National Statistics, ONS). In addition, we reviewed previous research and policy documents at local, county and Local Enterprise Partnership (LEP) levels¹.
- Consultations: a wide range of representatives were consulted, including from local authorities, LEPs, health sector (West Suffolk NHS Foundation Trust), further and higher education, business representative organisations, enterprise agencies, developers, agents and 'experts' in the field of business incubation. Details of consultees can be found in Annex A.
- Discussion of the varying options with officers and elected members from the two Councils, followed by further analysis of the evidence to work up outline initiatives.

Structure of the report

1.6 The rest of this report is structured as follows:

- The next chapter sets out the theory, evidence and practice on enterprise growth and incubation models, drawing on academic literature and evaluation evidence.
- Chapter 3 summarises the main steers provided by the policy context at LEP, county and local levels, including key policy priorities. It draws on policy documentation and the consultations with policy representatives.
- In chapter 4 we set out the evidence on the market context, drawing on indicators relating to business, sectors and the socio-economy from standard ONS datasets as well as quantitative and qualitative evidence drawn from the consultations.
- Chapter 5 provides a summary of the existing and forthcoming provision of premises and business support, drawing on a desk-based review of what is available and consultation feedback.
- Finally, chapter 6 synthesises the evidence to provide a set of recommended actions for West Suffolk Councils to consider and take forward.

¹ West Suffolk lies in both New Anglia LEP and Greater Cambridge Greater Peterborough LEP – both sets of policies were considered through the desk-based review and consultations.

2. Theory and practice in enterprise and incubation models

Summary of key messages from this chapter

A very small proportion of firms contribute disproportionately to employment growth. These 'high growth' firms are heterogeneous in their characteristics, e.g. by age, stage of development, size, sector and geography. Whilst start-ups are part of this high growth set of firms, many new starts may be 'low productivity' firms that do not generate a net gain to the economy.

It is important to reflect that policies aimed at stimulating enterprise may be focussed on social objectives as well as economic growth objectives.

Models of incubation vary, with the level of management support and the level of technology key parameters. Factors such as specific location, the wider regional ecosystem and local competitive advantages are important in determining appropriate focus of incubation support.

The key implications for West Suffolk are as follows: to contribute to growth, support ought to focus on firms with growth ambition and potential; identifying these firms is difficult, though there are some strategies that can assist as part of 'casting the net widely'; any sectoral/technology focus should have a compelling case, and it is likely to be appropriate to target a range of firms; whilst some basic information/advice may be appropriate, more strategic support such as coaching may be more likely to help deliver growth.

Evidence on business growth and the role of business support

- 2.1 There have been a number of relevant pieces of work on business growth, and the contribution that SMEs can make to growth in recent years. These have centred particularly on the role of high growth firms. The first part of this chapter summarises the key points on high growth firms and their characteristics, and the contribution made by start-ups.

High growth businesses

- 2.2 A seminal piece of work on high growth firms in the UK identified the importance of the vital 6% (Anyadike-Danes *et al.*, 2009²). Looking at ONS data in two periods 2002-05 and 2005-08, it found that high growth firms represented 6% of established firms³, yet contributed to 54% of new jobs created by established firms. We also know from this study, and subsequent work, that high growth firms are a heterogeneous bunch of firms:

- They vary by age. Whilst young firms are more likely to be high growth firms than older firms, still well over one-half (70%) of high growth firms are older (i.e. over five

² Anyadike-Danes, M., Bonner, K., Hart, M. and Mason, C. (2009) *Measuring Business Growth: High-growth firms and their contribution to employment in the UK*, London: NESTA.

³ I.e. employing 10 or more at the end of the period.

years old). Indeed, looking at data on firms established in 1998 over a ten year period Anyadike-Danes *et al.* (2009) found that only a minority of firms (38%) survived 10 years, and a small minority (10% of those that survived) had grown to have more than 10 employees.

- They vary by sector, with high growth firms existing in both low-tech and high-tech sectors. In all major UK sectors between 4% and 10% of firms were high growth; this proportion was higher in business services and financial services than manufacturing.
- They vary spatially, though following the distribution of the business population there are more high growth firms in the Greater South East. There is a distinctive geography of high growth, with patterns reflecting local and regional ecosystems. Research on the spatial distribution has found that within the Greater South East the incidence of high growth firms is generally higher the closer you are to London (higher incidence in home counties such as Surrey and Berkshire) and in cities such as Cambridge, Oxford, Brighton and Norwich. However, incidence is low in Suffolk, Kent and Essex relative to their proximity to London (Anyadike-Danes *et al.*, 2013⁴).

2.3 This heterogeneity, along with variation in other factors such as business models, management styles and ownership structures, and mechanisms of growth (e.g. organic versus acquisition), makes it particularly difficult for policy makers to easily identify high growth firms and to design and target appropriate interventions (Brown *et al.*, 2014⁵).

The role of start-ups and micro businesses

2.4 As we have seen, young firms are more likely to be high growth, though a larger number of high growth firms are found amongst established firms (because of the high proportion of these in the economy). Two policy papers by Lord Young on small businesses advocate the need to increase the number of firms in the UK and the importance of driving the ambition of micro businesses to grow (Young, 2012⁶; Young, 2013⁷). In doing so, he points to the much greater rates of entrepreneurship of the United States, the significant prevalence of micro businesses in the UK economy (95% of all firms, with most being sole traders), and the potential transformational impact that new starts and micro businesses could have, in particular on employment. Of course, many micro businesses are lifestyle businesses, and there are significant cultural challenges to overcome relating to confidence, ambition, attitudes to risk and attitudes to taking strategic business advice.

2.5 Set against the policy emphasis of Lord Young, recent research by Nightingale and Coad (2011)⁸ questions the value of encouraging new starts, because the vast majority make no net contribution to the economy once displacement effects have been taken into account. The argument follows that many low productivity firms are established in limited markets, and so

⁴ Anyadike-Danes, M., Bonner, K. and Hart, M. (2013) *Exploring the incidence and spatial distribution of high growth firms in the UK and their contribution to job creation*, London: NESTA

⁵ Brown, R., Mason, C., and Mawson, S., (2014) *Increasing 'The Vital 6 Percent': Designing Effective Public Policy to Support High Growth Firms*, London: NESTA

⁶ Young, D. (2012) *Make Business Your Business*

⁷ Young, D. (2013) *Growing Your Business*

⁸ Nightingale, P. and Coad, A. (2011) *MUPPETS and GAZELLES: Rooting Out Ideological and Methodological Biases in Entrepreneurship Research*, FINNOV Discussion Paper

even if they do survive they do so at the expense of other firms that already existed within those markets. The authors suggest that there are three types of market entry:

- marginal undersized poor performance enterprises (or MUPPETs) – low productivity firms that form by far the largest proportion of businesses established
- gazelles, or high impact firms with the potential for growth that they go on to achieve
- firms that have growth potential, but do not achieve it.

2.6 The implications for policy are quite important. They raise questions about the constant attention given to increasing business birth rates in general, if the grounds for doing so are to achieve economic growth. An important rejoinder to this is that enterprise support is also a social response to unemployment, and that it can also increase the breadth of entrepreneur engagement. This provided the rationale for the Enterprise Allowance of the 1980s, the current New Enterprise Allowance, activities of agencies such as the Prince's Trust, and indeed the underpinning background to the establishment of enterprise agencies such as NWES (set up in response to large scale redundancies in the early 1980s). Equity issues are also part of the rationale for the current national StartUp Loans Scheme.

Theory and practice of incubation and entrepreneurship initiatives

2.7 In this section we look at the theory and practice of incubation models and the evaluation evidence on initiatives supporting entrepreneurship.

Incubation models

2.8 The number of 'business incubators' has grown exponentially over the last 50 years (Dee *et al.*, 2012)⁹. During this period models have evolved to include a wide range of initiatives such as science parks, technology centres, business and innovation centres, virtual incubators, and accelerators (Dee *et al.*, 2012). The same authors also argue that business incubation can add 'critical value' to both the tenants, and the local business ecosystem more generally.

2.9 The variety is further compounded by the complexities of activities involved, which may include equity financing, professional support services, networking and knowledge diffusion, and by differing objectives (e.g. for-profit versus non-profit). Dee *et al.* (2012) seek to provide some clarity on this complexity by identifying different models across two key variables, namely the technology level and the degree of management support (see Figure 2-1).

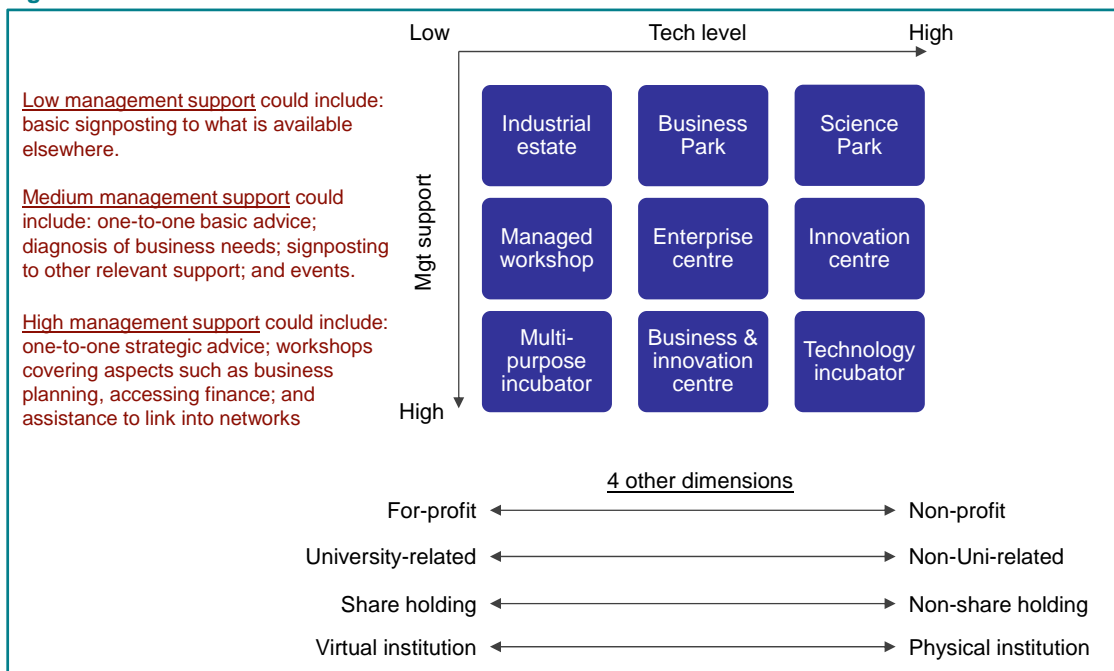
2.10 In relation to the technology level start-ups operating in science-intensive industries (e.g. biotechnology, semiconductors) will typically require more specialised facilities than start-ups engaged in web-based platforms and mobile applications. There is also divergence in management strategies between different incubators. Most incubators (usually) employ selection criteria for future tenants. This, in combination with the heterogeneity of start-up firms and differences in the local context, has led many incubators to tailor their management strategies in order to target certain markets/sectors in line with existing local strengths (Dee *et al.*, 2012). This results in variety in the degree to which management support is provided

⁹ Dee, N., Gill, D., Lacher, R., Livesey, F. and Minshall, T. (2012) *A review of research on the role and effectiveness of business incubation for high growth start-ups*, Centre for Technology Management Working Paper Series, University of Cambridge

through the incubator model. The appropriate model in terms of levels of management support and technology is a key question for West Suffolk, with the model dependent on any focussing (e.g. around particular technologies) and the provision of support. We return to this in subsequent chapters.

- 2.11 Cutting across these two variables are four other factors: for profit versus non-profit; university or non-university-related; shareholding (i.e. in businesses supported) or non-shareholding; and virtual versus physical models (or a combination). For West Suffolk, the mix of physical and virtual offer was cited regularly in our consultations and we return to this issue in chapter 5 (on existing provision) and again in chapter 6.

Figure 2-1: Different incubator models



Source: Based on Dee et al., 2012

- 2.12 Specific location is likely to be a key issue. As identified by recent research, the location of an incubator heavily influences the choice of strategy and its successful implementation (Dee, *et al.*, 2012) given the importance of harnessing strengths in the local business environment. Location can be considered in terms of precise location (where the incubator is), proximity (what it is near) and connectivity (how integrated it is with its regional innovation system) (Asheim and Gertler 2005¹⁰; Moodysson *et al.*¹¹, 2006; Huggins 2008¹²). These are critical issues given the connectivity and potential links from West Suffolk to Cambridge (e.g. at Haverhill Research Park, and also key settlements such as Newmarket) and elsewhere (e.g. Norwich), and the existing assets within West Suffolk itself (e.g. equine cluster, University Campus Suffolk and West Suffolk College, and West Suffolk Hospital).

- 2.13 It is important to note that even within a region with a mature regional innovation system, such as the East of England, it can take time for incubators to become embedded within the local business environment and reach critical mass (Dee *et al.*, 2012). Therefore, a key issue

¹⁰ Asheim, B. and Gerler, M.S. (2005) "The Geography of Innovation: Regional Innovation Systems" in *The Oxford Handbook of Innovation*, Fagerberg, J., Mowery, D.C. and Nelson, E.G., Oxford, Oxford University Press

¹¹ Moodysson, J., Coenen, L. and Asheim, B. (2006), "Explaining spatial patterns of innovation: analytical and synthetic modes of knowledge creation in the Medicion Valley life-science cluster." *Environment and Planning A*, 40(40): 1040-1056

¹² Huggins, R. (2008). "The evolution of knowledge clusters." *Economic Development Quarterly* 22(4): 277-289

for West Suffolk Councils with their partners will be the timescales required to reach certain levels of performance. In measuring performance in relation to contribution to growth, Dee *et al.* (2012) identify varying approaches, including measures in terms of employment and job creation, agglomeration effects and firm survival rates. All are noted as having limitations, in particular in the context of assessing start-up performance.

Evidence on entrepreneurship policy

- 2.14 Entrepreneurial ability is a crucial factor for business success. The ‘entrepreneur’ has become a target of business and innovation support, e.g. through cultural change, education, basic advice, coaching, and financial incentives (e.g. loans and grants). A recent working paper commissioned by Nesta provides a useful summary of the evidence on different schemes for entrepreneurs and small firms, and we draw on this here (see Rigby and Ramlogan, 2013¹³).
- 2.15 Entrepreneurial policy is inherently linked to SME support programmes and it is often difficult to disaggregate the two. Across both entrepreneurial policy and SME policy there are two broad economic objectives: (1) to improve the performance of economic actors, either through targeting key actors within the business (i.e. the entrepreneur), or by improving the overall competitiveness of the firm; and (2) to increase the overall supply of economic actors, either by increasing the supply of entrepreneurs, or by increasing the number of competitive firms (Rigby and Ramlogan, 2013).
- 2.16 Consolidating existing evidence on the effectiveness of schemes remains a challenge, despite a growing pool of evaluations (Rigby and Ramlogan, 2013). Broadly speaking, there is a lack of longitudinal evidence or evidence that has robustly considered counterfactuals (Rigby and Ramlogan, 2013). In Table 2-1 we summarise existing evidence on the effectiveness of different schemes. The evidence is inconclusive: whilst evidence on basic advice confirms some of the issues raised earlier, namely risks of displacement and a lack of evidence that schemes support growth, evidence on more specific and strategic advice also has mixed results.

¹³ Rigby, J. and Ramlogan, R. (2013) *The Impact and Effectiveness of Entrepreneurship Policy*, Nesta Working Paper

Table 2-1: Evidence of effectiveness of different schemes

Type of Scheme	Evidence of Effectiveness
Schemes to promote cultural and behavioural change	Mixed results: some studies find entrepreneurship education impacts positively on perceived attractiveness and feasibility of starting new business activities while others find evidence that such effects are negative.
Basic advice, i.e. schemes to provide Information	Mixed Results: the general implication is that assistance to very small firms may not be as effective a way of promoting growth as supporting larger SMEs. In some instances, significant effects (e.g. sales, turnover and employment) may induce displacement. Positive impacts for some businesses may well result in lower turnover for others.
Schemes to provide more specific and situational advice	Mixed Results: initiatives such as coaching can include specific advice to new business owners whose background and experience may be limited.
Multi-instrument schemes	Mixed Results: typically these are entrepreneurship polices with programmes of action that deal with market failures of information combined with instruments that provide access to finance. Such schemes are difficult to classify and compare as they use different combinations of measures.

Source: Rigby and Ramlogan, 2013

Implications

- 2.17 Although the evidence is inconclusive, some key themes resonate from the literature surveyed. First, if the objective for West Suffolk Councils is growth, incubation/innovation support ought to try to focus on entrepreneurs/early stage firms with growth ambition and potential. Second, growth firms are heterogeneous and hard to identify – any sectoral focus should have a compelling case, and more widely business support for growth should not be restricted to start-ups alone. Third, whilst some basic information/advice may be appropriate, more strategic support such as coaching may be more likely to help deliver growth – aligning with the existing support landscape will be important in this regard.
- 2.18 Trying to focus support on firms with growth ambition and potential does not sit easily with the finding that growth firms are hard to identify. Therefore, there may be a need to cast the net widely to find firms that may have potential to grow (and this guards against any temptation to try to pick winners), though there are also practical ways in which firms on the cusp of growth can be targeted. For example, Brown *et al.* (2014) offer some practical thoughts on targeting existing firms that may be at a trigger point before potential growth. These include identifying firms that:
- are going through organisational change (e.g. management buy-out)
 - have stated growth ambition
 - have developed new products; have recently (or are) recruited new staff
 - have sought or are trying to seek growth capital (rather than working capital)
 - have experienced significant single year growth.
- 2.19 For targeting start-ups and micro-enterprises, the same principles are relevant. This is potentially important for incubation support in the following ways:

- Targeting could include identifying firms/individuals with new/novel products, and early stage or micro businesses with stated ambition, that are seeking/have sought capital, and that have taken on staff quickly after establishment. This requires using well-developed local networks with intermediaries, agencies and providers (such as Chambers of Commerce and Enterprise Agencies), and others (such as education institutions).
- High growth firms exist across sectors, though there are concentrations that do relate to particular ecosystems (e.g. life sciences in Cambridge, offshore engineering in Aberdeen). Therefore whilst it may be sensible to focus on key clusters of activity where there is compelling case of high levels of concentration and/or competitive advantages to build on (see more details in chapter 4), broader targeting of firms with growth intentions may be appropriate.

3. Policy context

- 3.1 This chapter summarises key points from the main policy documents at LEP, County and West Suffolk levels.

Summary of key messages from this chapter

There are some common priorities across the two LEP areas relevant for West Suffolk, in particular around key sectors (e.g. life sciences, including related to the equine bloodstock and advanced manufacturing, and agri-tech), and priority growth points (e.g. joint priority at Haverhill Research Park).

Additional priorities include growth at Suffolk Business Park in Bury St Edmunds, and revitalising other key towns such as Brandon, Mildenhall and Newmarket.

A range of knowledge-based assets exist outside of West Suffolk, but within LEP areas. These are important foci for activity and it will be important to establish links and networks to these. These include, for example, existing innovation centres (e.g. Hethel Engineering Centre), academic establishments (e.g. University of Cambridge, University of East Anglia and University Campus Suffolk), and research institutes (e.g. at Norwich Research Park and in Cambridge).

West Suffolk's six point plan for growth includes provision for engagement with the SME base, which can be drawn on and exploited to develop networks and links to appropriate support and expertise across West Suffolk and outside the boundaries. This will need to cover effectively the dispersed geography, including reaching into rural areas.

Wider conditions for growth are noted in both LEP Strategic Economic Plans and in county and local policy documents. Whilst outside of the specific scope of this study, aspects such as transport, broadband connectivity and skills are key complementary areas to innovation, incubation and business support.

LEP Strategic Economic Plans

- 3.2 West Suffolk lies within two LEP areas, Greater Cambridge Greater Peterborough LEP (GCGP LEP) and New Anglia LEP (NALEP). Here we outline the key policy priorities, drawing on consultations and indications from the draft Strategic Economic Plans (SEPs).

Greater Cambridge Greater Peterborough Enterprise Partnership

- 3.3 The GCGP SEP¹⁴ focuses on exploiting further the international-class expertise and assets relating to Cambridge, in particular its world class university offer, and research and activity around biotechnology, life sciences and clean-tech. It also notes the fast growth rate achieved

¹⁴ Greater Cambridge Greater Peterborough Enterprise Partnership (2014) *Strategic Economic Plan: Internationally Competitive/Nationally Significant*

in the last decade in Cambridge and Peterborough. As such, the influence of Cambridge is critical for this study, and we discuss this in more detail in chapter 4.

3.4 Nevertheless, there are important priorities that are relevant to West Suffolk, including:

- priority growth areas that align with activity within West Suffolk, such as agri-tech, life sciences (with activity in Haverhill and links to the equine bloodstock around Newmarket), and advanced manufacturing
- an intent to extend growth across the LEP area.

3.5 In delivering this, key elements of proposed activity that are relevant to this study are as follows:

- The GCGP LEP has bid for funding for innovation/incubation space around Cambridge, which is premised on market failures relating to the difficulties in financing such space through the market alone and associated with this the importance of short-term and easy-in/easy-out terms for start-ups. GCGP wants to provide space beyond Cambridge in order to spread the economic benefits, and relevant to West Suffolk is the intent to develop an innovation centre at Haverhill Research Park (in conjunction with New Anglia LEP).
- Building on the existing Agri-tech fund, GCGP LEP wants to develop an innovation hub for the agri-tech sector, in partnership with New Anglia LEP. It is yet to be clear where this will be located, though part of the remit is to encourage greater join up between research assets, companies and the land used for agricultural purposes. Given the existing companies, growers and land within West Suffolk this is important.
- The agri-tech development also has links with the rural agenda for GCGP, which, as well as encouraging diversification of the agricultural base, also includes a focus to improve the productivity and growth of existing agricultural and food-related businesses.
- In order to facilitate targeted business support to help bring about growth, the GCGP LEP has a proposal for a Growth Hub. This will coordinate business support, and provide further support for businesses – this is discussed in more detail in chapter 5.

3.6 Other related priorities for GCGP LEP include improving transport to open up significant growth locations, and addressing skills issues blocking growth, and raising aspirations.

New Anglia LEP

3.7 The SEP for NALEP¹⁵ sets out five priority growth sectors, which are: energy; advanced manufacturing/engineering; food and agri-tech; life sciences; and ICT and digital creative. For three of these, strengths and/or concentrations of activity are identified within West Suffolk, namely as follows:

- Advanced manufacturing/engineering: one of the sub-sectors cited is agri-tech engineering and equipment manufacturing for food production and primary

¹⁵ New Anglia Local Enterprise Partnership (2014) *New Anglia Strategic Economic Plan*

production, for which there is expertise in West Suffolk (as well as West and North Norfolk). This sub-sector also has read across to the life sciences with important sub-sectors relating to medical technologies and devices manufacturing. The New Anglia Advanced Manufacturing and Engineering Group will be an important group to link with, and it sees networks and innovation as key to growth (with centres such as Hethel Engineering Centre near Norwich being particularly important). Other challenges relate to skills and building partnerships between businesses and colleges, connectivity (road links and broadband) and ensuring quality sites and premises.

- Food and agri-tech: consultation feedback referred to heat map evidence to indicate a high concentration of activity around Bury St Edmunds. The scale and quality of land, including around West Suffolk, is a key asset for New Anglia, together with the presence of a number of key companies, including those in West Suffolk such as British Sugar and Greene King. The Eastern England Agri-tech Growth Initiative (led by GCGP LEP) is identified, along with key assets in the New Anglia geography such as around Norwich Research Park (e.g. the John Innes Centre and the Institute for Food Research). As with advanced manufacturing/engineering, workforce skills is identified as a challenge.
- Life sciences: Newmarket (equine bloodstock), Mildenhall and Haverhill (biomanufacturing) are all identified as important hubs of activity – as well as other places in the New Anglia geography. Again, knowledge base assets are cited outside of West Suffolk, namely in Cambridge and at Norwich Research Park, University of East Anglia (UEA) and University Campus Suffolk (UCS), which has specialisms in stem cell research and regenerative medicine. The enabling infrastructure from these assets is critical in helping growth in life sciences given the risks associated with private investment.

3.8 The priorities for growth, therefore, are in high value added activities, and there are key opportunities within West Suffolk. There are challenges in bringing these about, and the importance of networks and links to assets outside of West Suffolk are common themes across the three relevant sectors discussed above. In addition, other enabling conditions such as skills, transport and broadband (in particular in rural areas) are important – though beyond the scope of this study.

3.9 Key growth points include Haverhill (Research Park and Business Park), with the development of an innovation centre at Haverhill a combined priority for NALEP and GCGP LEP. The proximity to “biocountry” in South Cambridgeshire and the links into Cambridge (on the A1307, itself a priority for upgrading) highlight the connections to Cambridge from this part of West Suffolk. Suffolk Business Park at Bury St Edmunds is also a priority for employment growth, and the required relief road to open up this site is a priority for the LEP. Elsewhere in West Suffolk, revitalising the towns of Brandon, Mildenhall and Newmarket is identified. In terms of employment growth, developing the knowledge base around Newmarket (given its location on the Cambridge-Norwich corridor) is identified, along with expanding the industrial estate at Mildenhall.

3.10 A further priority identified in the SEP relates to rural areas, with a number of issues cited, including connectivity (broadband), ensuring access to employment and skills opportunities, and the role of the visitor economy in rural areas.

- 3.11 In order to support businesses more effectively, the SEP also references the Growth Hub, funded under Ipswich and Norwich City Deals. We discuss this in more detail in chapter 5.

Suffolk County Council

- 3.12 The Suffolk Growth Strategy¹⁶ mirrors the SEP for NALEP – as you would expect. In particular, key commonalities include:

- the five priority sectors, which are also supported by other sectors (tourism, finance, creative and cultural industries, and ports and logistics) – with strengths noted for West Suffolk around biotechnology/bloodstock, agriculture and food and drink processing, manufacturing, and tourism and the visitor economy
- growth priorities relating to Suffolk Business Park and Haverhill
- the importance of skills in contributing to growth, with priorities in areas such as apprenticeships and raising ambitions.

- 3.13 In addition, other key points are pertinent, namely:

- recent challenges in establishing businesses in Suffolk, reflected in low start-up rates (which we discuss in more detail in chapter 4)
- young people lacking knowledge of how to realise their ambitions
- the role of UCS, including its ‘spoke’ sites, which includes a presence in Bury St Edmunds at the West Suffolk College.

Local six point plan for growth

- 3.14 For West Suffolk specifically, there is a six point plan for growth¹⁷. The points and key implications for this study are set out in Table 3-1. In summary, the six point plan provides:

- intended actions/initiatives that can be capitalised on, such as a business engagement programme, networking and enterprise education
- a clear signal of the intent to grow the economy, which will include supporting infrastructure and conditions for business, such as commercial premises, human capital, housing, connectivity and attractive locations
- policy imperatives, e.g. on key sectors such as life sciences/biotechnology, equine and food/drink/agriculture.

¹⁶ Suffolk County Council, *Suffolk Growth Strategy*

¹⁷ West Suffolk Councils, *Six Point Plan for Jobs and Growth*

Table 3-1: Six point plan

Six points	Key implications/actions relating to this study
Meeting and understanding West Suffolk businesses	<p>Engagement programme with businesses and business representative organisations should provide an important vehicle for connecting businesses into wider networks/support provision – either through physical or non-physical centres/services. This will need to cover effectively the dispersed geography, including reaching into rural areas.</p> <p>Also provides on-the-ground intelligence on expansion plans of businesses to inform potential focussing of support on those with growth ambition.</p>
Promoting the West Suffolk economic region	<p>Study's findings, e.g. around marketing/targeting, can inform the creation of the West Suffolk brand and reasons to invest in West Suffolk.</p> <p>Action in the six point plan also notes the importance of connecting to the opportunities beyond the county's boundaries.</p>
Supporting our market towns	<p>Identifies key centres, and also supports revitalisation of towns. This is potentially important in being able to attract businesses and entrepreneurs around 'liveability' and quality of life factors.</p>
Ensuring the right conditions for growth	<p>Action to assist businesses to secure land and premises, and representing businesses' needs to the council (e.g. in the case of shortage of land supply) – may facilitate addressing shortages in premises. Also should provide on-the-ground intelligence on demand and supply constraints going forward.</p> <p>Helping businesses to access financial support, such as through a database of current grants, and a business grant and loan scheme.</p> <p>Improving the environment for businesses through a range of initiatives, such as connectivity, housing, infrastructure and networking. These will provide conditions to support growth, with an improved networking offer having the potential to open up new commercial opportunities/ideas.</p>
Developing skills and increasing employment opportunities for all	<p>Indicates a desire to improve enterprise education provision in the area.</p> <p>Provides an impetus to improve the skills businesses need, including apprenticeships.</p> <p>Sets out a policy imperative around attracting high value jobs to the area.</p>
Capitalising upon our key sectors	<p>Identifies three key sectors: tourism; food, drink and agriculture; and life sciences and biotechnology (including equine).</p> <p>Three further sectors are identified: advanced manufacturing; digital and cultural creative industries; and financial services.</p> <p>These could provide some foci of innovation and incubation support.</p>

Source: SQW, drawing on "West Suffolk: Six Point Plan for Jobs and Growth"

4. Market context

Summary of key messages from this chapter

Since the start of the recession in 2008 the number of active businesses in West Suffolk has decreased year on year with 2012 being the first year showing an increase from the previous year. Overall, between 2004 and 2010 the number of active enterprises in West Suffolk stagnated, whereas England experienced an increase of nearly 10%.

There are some notable differences in the sector split of businesses between St Edmundsbury and Forest Heath, with the former quite closely aligned with wider Suffolk and England. There are some concentrations, notably around manufacturing, equine sector and agri-tech (including agriculture, food and drink production and related manufacturing), and targeted marketing would be appropriate to build on these strengths.

Despite concentrations of activity, any plans for future growth should keep an open mind with respect to technology focus. We have found that demand for incubation space and innovation services is likely to come from a range of sources, including existing local businesses (from a range of sectors), in-movers who want a presence in the area through a regional office, and entrepreneurs from the local and wider area (particularly those looking for more cost-effective space than might be available elsewhere).

The proportion of those qualified to Level 4 and above in West Suffolk is below the English average and the proportion of those with no qualifications is higher. This is particularly influenced by a 'lower qualifications profile' in Forest Heath. However, residents are less likely to be unemployed than those in England. West Suffolk's employment rate is significantly higher than that of other areas, with a large proportion of residents working in associate professional and technical occupations. However, self-employment rates are below those of England and Suffolk.

Whilst there are opportunities from the growth of Cambridge, and the GCGP Enterprise Partnership's priority to extend the growth of Cambridge to surrounding areas, we provide a note of caution on this. There have been attempts in the past for similar extensions of growth, which have had limited success. It will be important to foster effective links to Cambridge, physically in terms of infrastructure, and through people, business and civic leadership.

Enterprise indicators

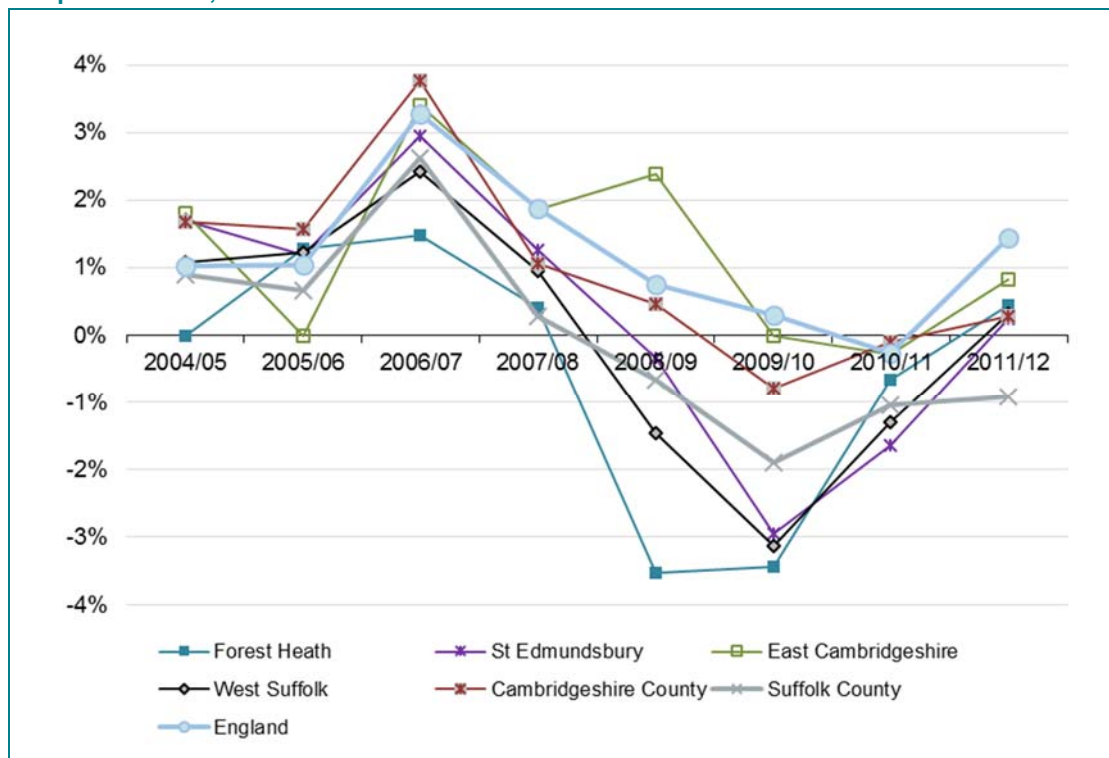
Active enterprises

- 4.1 In 2012 there were 6,445 active enterprises in West Suffolk, about a quarter of the active business population of Suffolk. About 65% of West Suffolk businesses are located in St

Edmundsbury with the remainder in Forest Heath (see Annex B: Data tables and charts, Table B-1).

4.2 Looking at the number of active businesses over time, Figure 4-1 shows year-on-year increase in the number of active businesses in West Suffolk from 2004/05 to 2007/08 followed by year-on-year decreases from 2008/09 to 2010/11. We would expect this given the double-dip recession, which started in 2008, and the picture is similar for comparator areas and especially Suffolk. However, we note that England experienced a less distinct drop in annual growth with a decrease in the number of businesses only seen between 2010 and 2011.

Figure 4-1: Annual percentage change in the number of active enterprises in West Suffolk and comparator areas, 2004 to 2012



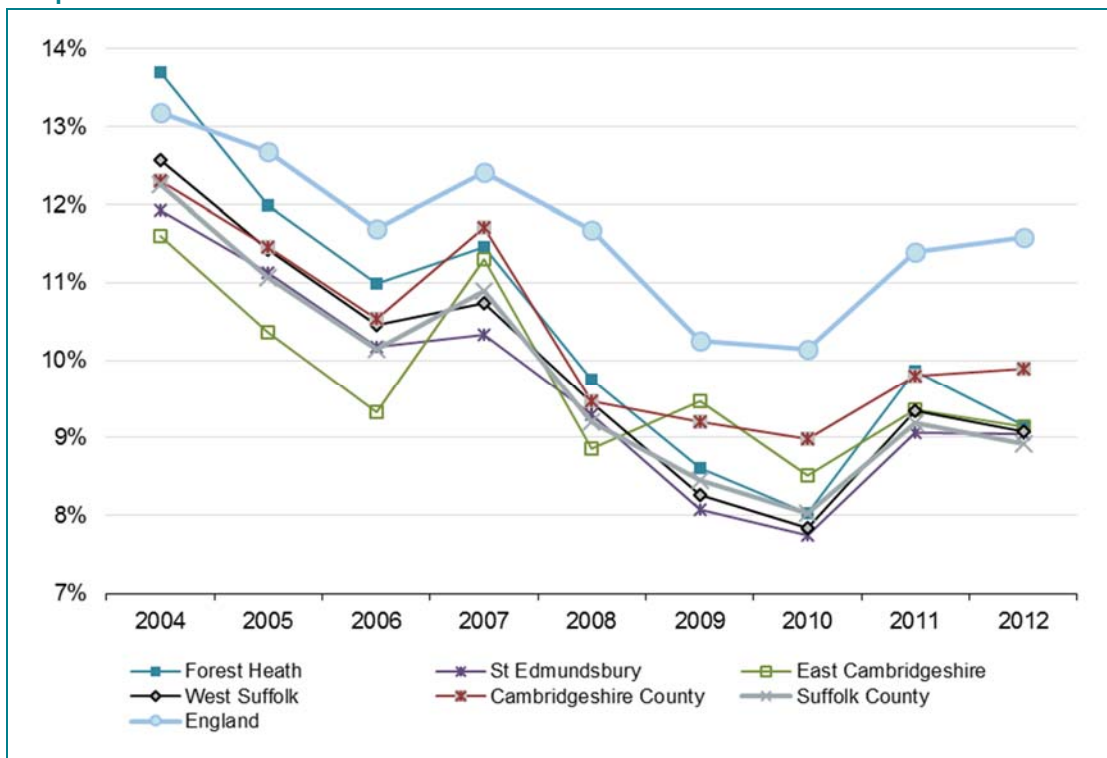
Source: IDBR, Business Demography - 2012, (IDBR does not cover non-profit making organisations and very small businesses without VAT or PAYE schemes i.e. self-employed and those with low turnover and without employees)

4.3 The peak in the number of active enterprises in West Suffolk was reached in 2008 with 6,820 enterprises active in that year, with the low in the period examined in 2011 with 6,425 enterprises. Over the period 2004 to 2012, there has been no change in the number of active enterprises with the net reduction in Forest Heath (decrease by 4.1%) balanced out by the net gain (increase by 2.3%) in St Edmundsbury (see Annex B: Data tables and charts, Table B-1). This compared to the enterprise growth of nearly 10% seen in England over the period. Suffolk County as a whole experienced a slight decrease in the number of active enterprises over the period (decrease by 0.1%). This suggests that there is potentially a job to do to increase enterprise start rates. The data may also suggest that the recession has resulted in the closure of lower productivity enterprises in West Suffolk (and Suffolk more widely), potentially providing scope for new businesses to be formed.

Business creation

- 4.4 In West Suffolk, 585 new businesses were formed in 2012, an increase from the 2010 low of 510 but well below the 2004 figure (810 businesses created) which was the highest between 2004 and 2012.¹⁸
- 4.5 Relative to the business stock, the start-up rate in West Suffolk was 9% in 2012 (with similar rates in St Edmundsbury and Forest Heath), compared to 8% in 2010 and 13% in 2004. Comparator areas experienced highs and lows in the same years over the period. As shown in Figure 4-2, the business start-up rate in West Suffolk in 2012 was the same as that of Suffolk (9%) and lower than that of England (12%).

Figure 4-2: Business births as a proportion of all active enterprises, West Suffolk and comparators 2004 to 2012



Source: IDBR, Business Demography - 2012, (IDBR does not cover non-profit making organisations and very small businesses without VAT or PAYE schemes i.e. self-employed and those with low turnover and without employees)

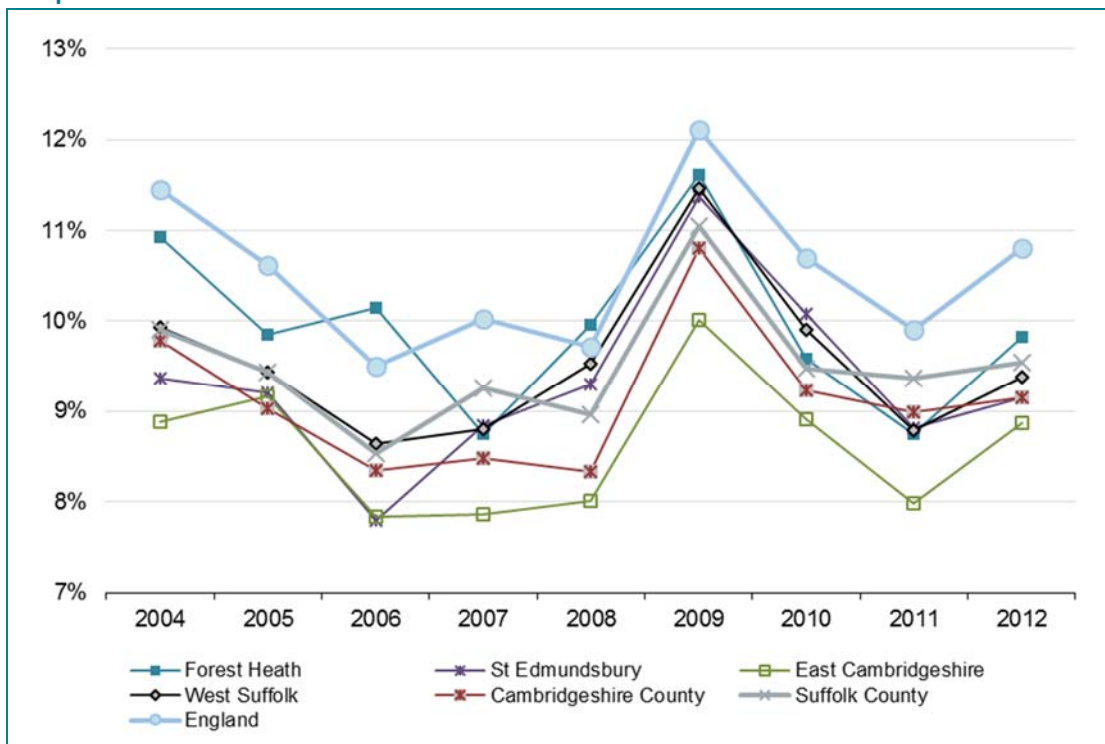
- 4.6 Consultees identified a number of barriers to starting and growing a business in West Suffolk. Access to finance was seen as a key issue for businesses, however there were mixed responses on whether micro and small businesses looking for a relatively small amount of funding or medium businesses seeking moderate investment struggle the most. Inadequate infrastructure was identified as a key barrier to growth, in particular relating to access to broadband, mobile phone coverage, and road and rail links. Consultees felt that there is a wealth of business support available in West Suffolk but that coordination of support needs improving to ensure businesses can find the support they need. Linked to this, access to knowledge and innovation were identified as barriers to growth with no main campus of a university (though UCS does have a presence) and few research institutions based in West Suffolk.

¹⁸ Source: IDBR, Business Demography - 2012

Business deaths

- 4.7 The rate of business deaths in West Suffolk in 2012 (just over 9%) was below the English average (11%) and similar to that in Suffolk (just below 10%). The rate of business deaths in St Edmundsbury was 9%, just below that of Forest Heath at 10%. The highest rate of business deaths in West Suffolk was in 2009 at 12%. As shown in Figure 4-3, this is similar for comparator areas.
- 4.8 For most years since 2008 the rate of business deaths has been higher than the rate of business births, meaning that the number of active enterprises decreased over recent years as shown in Annex B: Data tables and charts, Table B-1.

Figure 4-3: Business deaths as a proportion of all active enterprises, West Suffolk and comparators 2004 to 2012



Source: IDBR, Business Demography - 2012, (IDBR does not cover non-profit making organisations and very small businesses without VAT or PAYE schemes i.e. self-employed and those with low turnover and without employees)

- 4.9 Looking at the survival rates of businesses established in 2007, 48% of businesses were still active five years later. The five year business survival rate of businesses set up in 2007 in England was 44% and that of Suffolk 47%. The five year survival rate of businesses in St Edmundsbury was 50%, higher than that of Forest Heath at 46%.¹⁹ As noted above, the higher survival figures did not help to balance out the high rate of business deaths compared to business births since the recession.

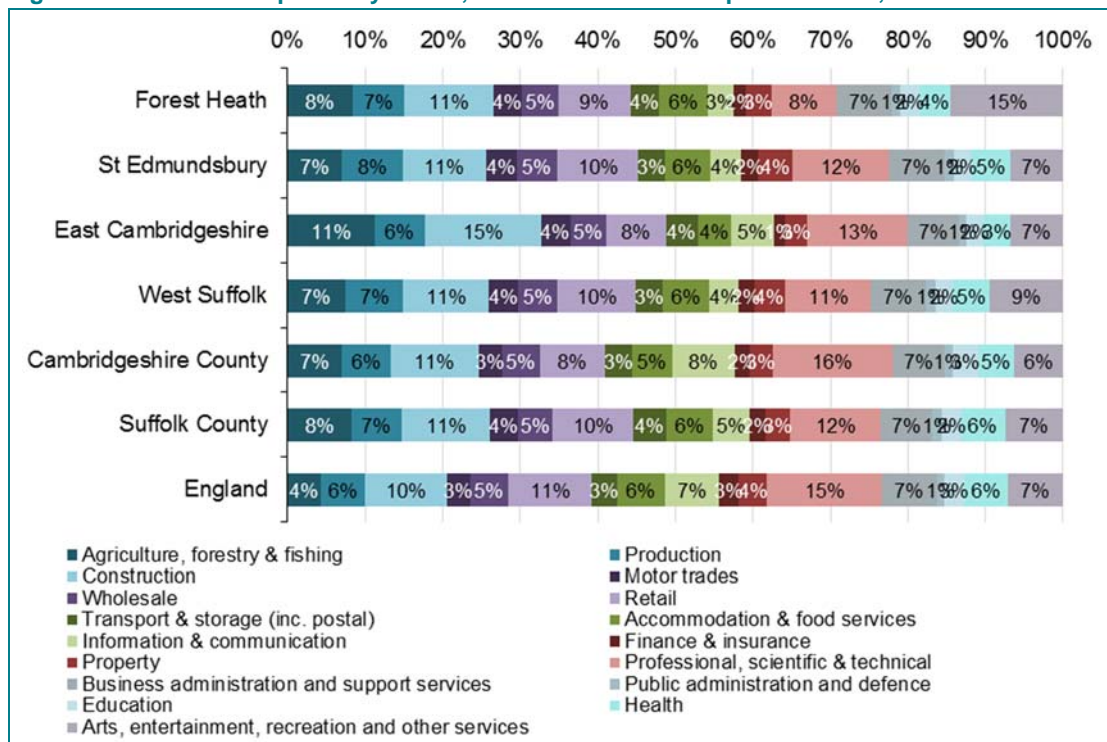
¹⁹ Source: IDBR, UK Business: Activity, Size and Location, 2012

Sector indicators

Active enterprises by sectors

- 4.10 There are some notable differences in the sector composition between St Edmundsbury and Forest Heath (see Figure 4-4). The three largest sectors in St Edmundsbury are the same as in England (professional, scientific & technical sector, construction sector and retail). The information and communication sector is much smaller in St Edmundsbury than in England (4% and 7% respectively). In Forest Heath the sector with the highest proportion of enterprises is arts, entertainment, recreation and other services (15%) followed by the construction sector (11%) and retail sector (9%).

Figure 4-4: Active Enterprises by sector, West Suffolk and comparator areas, 2012



Source: IDBR, UK Business: Activity, Size and Location, 2012

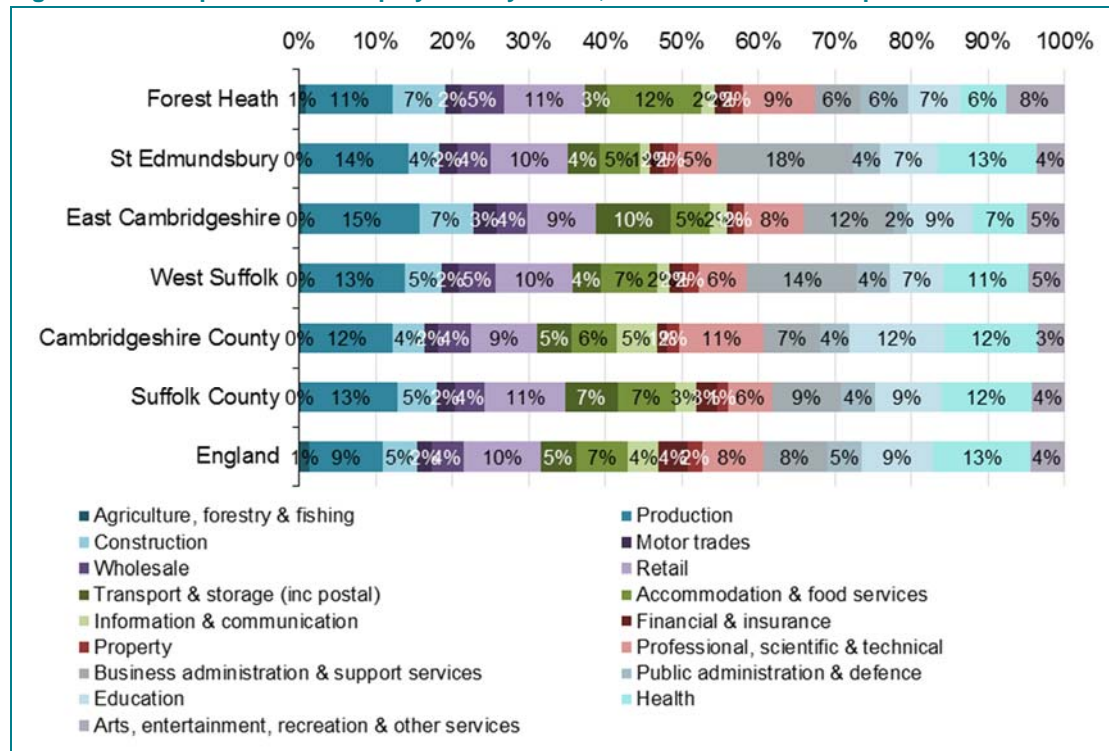
- 4.11 For West Suffolk as a whole the sector split is similar to that of Suffolk with the highest proportion of enterprises in the professional, scientific & technical sector and the construction sector. However, compared to the England average of 15% of enterprises in the professional, scientific & technical sector this sector is under-represented in West Suffolk and Suffolk.

Workplace based employment by sector

- 4.12 The split of employment across sectors shows a somewhat different picture. The sector with the highest proportion of employment in West Suffolk is the business administration and support services sector (14% of employment), followed by production (13%). Both of these have a considerably higher proportion than in England (each 8% and 9% respectively). Health is the sector with the third highest proportion of employment in West Suffolk (11%) compared to England where it is the sector with the highest proportion of employment (13%) (see Figure 4-5).

4.13 A significant number of those employed in the business administration and support services sector in West Suffolk work in St Edmundsbury, where the proportion of employment in this sector is 18%. The second strongest sectors in St Edmundsbury is the production sector (14%). In Forest Heath the sector with the highest proportion of employment is the accommodation and food services sector (12%), compared to 7% in England. In Forest Heath the two second strongest sectors are production and retail (each 11%).

Figure 4-5: Workplace based employment by sector, West Suffolk and comparator areas 2012



Source: BRES, 2012

Sector concentrations by location

4.14 Policy documents identify several priority sectors that may be relevant in West Suffolk, in particular equine, advanced manufacturing, life sciences and agri-tech. The location quotient²⁰ for Forest Heath shows that there is a much higher concentration of employment in the equine sector in Forest Heath (2.5) compared to England. Table 4-1 also indicates that the advanced manufacturing sector has a higher concentration of employment in St Edmundsbury (2.0) compared to England. St Edmundsbury also has a marginally higher concentration of employment in the high- and medium-high-tech manufacturing sector²¹. Whereas neighbouring East Cambridgeshire and Cambridgeshire have a high concentration of employment in the Life Sciences sector, St Edmundsbury and Forest Heath do not have such a concentration in this sector.

²⁰ A location quotient (LQ) is an analytical statistic that measures an area's industrial specialization relative to a larger geographic unit, usually England or the UK. For example, an LQ of 1.0 in an industry means that the area and England are equally specialized in this industry; while an LQ of over 1.0 means that the area has a higher concentration in an industry than England (with a higher number indicating a higher concentration).

²¹ This is based on a Eurostat definition. This includes high-tech manufacturing (e.g. pharmaceutical preparations), high-tech knowledge intensive services (e.g. telecommunication) and medium-high-tech (e.g. automotive)

Table 4-1: West Suffolk and comparator areas, location quotient to England (England=1), 2012²²

Area	Equine Sector	Life Sciences Sector	Advanced Manufacturing Sector	High- and Medium-high-tech Manufacturing Sector
Forest Heath	2.5	0.6	0.7	1.0
St Edmundsbury	0.9	1.0	2.0	1.4
East Cambridgeshire	1.5	1.6	1.3	1.4
West Suffolk	1.4	0.9	1.6	1.3
Cambridgeshire	0.9	5.2	2.6	1.3
Suffolk	1.1	0.9	0.7	1.1

Source: BRES, 2012

4.15 The GCGP SEP includes a useful Appendix²³, in which the geography of the LEP area is split into zones, with the key sectors identified for each area. This analysis excludes SIC codes dominated by public sector employment such as education and public administration. This analysis shows some interesting findings, in particular as follows:

- Newmarket Zone: high levels of activity in manufacturing (e.g. paper products, chemicals products, and computer, electronic and optical products), construction, transport activities and warehousing, and veterinary activities.
- Bury St Edmunds and Mildenhall Zone: high levels of activity in manufacturing (e.g. food and beverages, paper products, basic pharmaceutical products and preparations, computer, electronic and optical products, and electrical equipment), construction and civil engineering, some media/publishing activities (e.g. recorded media, publishing including video production and sound recording/music publishing, and broadcasting), and business services (e.g. legal, information services and architectural activities).
- Haverhill Zone: high levels of activity in a wide range of manufacturing sub-sectors (e.g. food, clothing, paper products, chemical products, basic pharmaceutical products and preparations, rubber and plastics, metals and metal products, computer, electronic and optical products, and electrical equipment) and construction activities.

4.16 This suggests that life sciences activity that does exist in West Suffolk is likely to be focussed on the manufacturing side, e.g. manufacture of pharmaceutical products and preparation, rather than on research.

4.17 Consultation feedback also highlighted the presence of activities relating to agri-tech sector, which may include a diverse range of activities, including agriculture (with high numbers of growers, and importantly good quality land), and food and beverage production. UKTI analysis through heat maps indicates a high concentration of activities around Bury St Edmunds in the agri-tech sector.

²² Definitions of sectors provided in Annex B: Data tables and charts Table B-2

²³ Greater Cambridge Greater Peterborough Enterprise Partnership (2014) *Strategic Economic Plan: Appendix 1*

Recent sector trends

- 4.18 Looking at recent trends across broad industry sectors, the sector with the highest growth between 2009 and 2012 in the number and rate of employment in West Suffolk is the business administration and support services sector (increase in employment by 4,300 to 11,900; 57%). The growth is due to an increase in employment in St Edmundsbury; Forest Heath experienced a decrease in employment in this sector.
- 4.19 Across West Suffolk the other sector that has seen a notable increase in employment is the professional, scientific and technical sector (increase in employment by 600 to 5,200; 13%, see Annex B: Data tables and charts Table B-3). Forest Heath drove growth in this sector, with employment in this sector decreasing in St Edmundsbury.
- 4.20 Both of these sectors saw an increase in employment in England, but at a much lower rate than in West Suffolk (see Table 4-2).

Table 4-2: West Suffolk and comparator areas, change in employment in key sectors 2009 to 2012

	Forest Heath		St Edmundsbury		East Cambridgeshire		West Suffolk		Cambridgeshire		Suffolk County		England	
	%	Net	%	Net	%	Net	%	Net	%	Net	%	Net	%	Net
Business admin. & support services	-33%	-700	91%	5000	41%	900	57%	4300	-1%	-300	16%	3700	9%	164400
Professional, scientific & technical	47%	700	-3%	-100	-5%	-100	13%	600	2%	700	7%	1100	6%	101400
Accommodation & food services	4%	100	11%	300	27%	300	7%	400	19%	2700	14%	2800	2%	37000
Motor trades	25%	100	17%	200	33%	200	19%	300	8%	400	24%	1400	3%	13600
Financial & insurance	25%	100	-9%	-100	0%	0	7%	100	-8%	-300	-11%	-1000	-1%	-7500
Total	-3%	-700	6%	3400	6%	1400	3%	2700	-1%	-1500	-1%	-2600	0%	109500

Source: BRES, 2009 and 2012

- 4.21 The professional, scientific and technical sector, the second highest growth sector in terms of employment, is the sector with the highest growth in terms of the number of active enterprises in West Suffolk (30 additional enterprises between 2009 and 2012, 4%). The number of active enterprises in the property sector increased by 20 enterprises between 2009 and 2012 (by 7%), which was entirely driven by an increase in the number of enterprises in St Edmundsbury. The sector with the highest percentage increase in West Suffolk in the period is public administration and defence, with an increase by 20% from 75 to 90 active enterprises (see Annex B: Data tables and charts Table B-4).
- 4.22 As detailed in Table 4-3, the professional, scientific and technical sector grew in all comparator areas. However, growth of the sector in West Suffolk was below that of England and slightly above Suffolk.

Table 4-3: West Suffolk and comparator areas, change in active enterprises in key sectors 2009 to 2012

	Forest Heath		St Edmundsbury		East Cambridge-shire		West Suffolk		Cambridge-shire		Suffolk County		England	
	%	Net	%	Net	%	Net	%	Net	%	Net	%	Net	%	Net
Professional, scientific & technical	5%	10	3%	20	8%	40	4%	30	6%	250	3%	100	8%	25585
Property	0%	0	10%	20	-12%	-15	7%	20	-8%	-70	-5%	-55	-1%	-460
Public administration & defence	20%	5	20%	10	33%	10	20%	15	22%	55	39%	110	3%	555
Retail	-6%	-15	6%	30	-3%	-10	2%	15	-1%	-15	-2%	-65	-2%	-4835
Accommodation & food services	-3%	-5	4%	10	6%	10	1%	5	0%	0	-5%	-90	-5%	-7110
Total	-5%	-125	-2%	-110	1%	35	-3%	-235	-1%	-290	-3%	-1140	-1%	-19340

Source: IDBR, 2009 and 2012

Socio-economic characteristics

4.23 In 2011 nearly a quarter of Suffolk residents lived in West Suffolk (170,756 residents). Over the past 10 years the population of West Suffolk has increased faster than in England or Suffolk.²⁴ The increase in the working age population in West Suffolk was similar to that in Suffolk and England (West Suffolk: 10% increase, Suffolk 9% and England 9%). In both St Edmundsbury and Forest Heath there has been an increase in the proportion of the population aged 65 and over and a decrease in the proportion of the population aged 15 and under (see Annex B: Data tables and charts Figure B-1). In 2011 the proportion of residents of working age is slightly higher than in Suffolk and slightly lower than in England (West Suffolk: 64%, Suffolk 62% and England 65%). The differences between West Suffolk and England appear relatively slight, though it seems that retirees and an ageing population are driving population growth to a larger extent than elsewhere in the country.

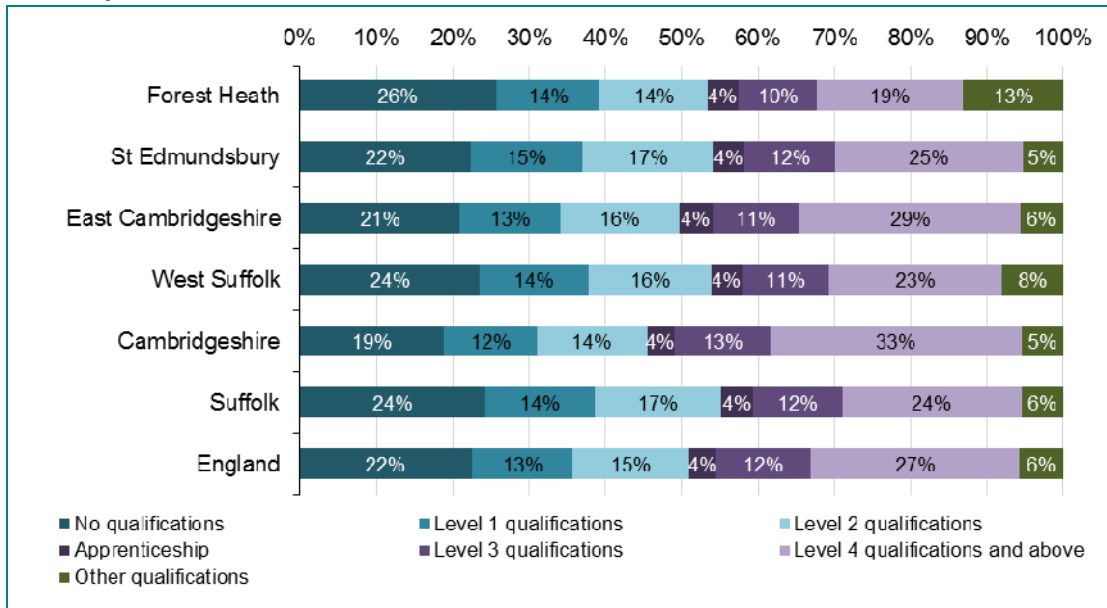
Highest level of qualification

4.24 Overall the qualification profile of West Suffolk is similar to that of Suffolk, with the profile of St Edmundsbury closer to that of England. At 23% West Suffolk has a relatively low proportion of residents aged 16 and over qualified to Level 4, compared to England (27%). The proportion of residents aged 16 and over with no qualification (24%) is only slightly above that of England (22%). St Edmundsbury has a higher proportion of residents qualified to Level 4 (25%), and a lower proportion of residents with no qualification (22%) than West Suffolk.

4.25 Forest Heath has a much higher proportion of residents with other qualifications (Vocational/Work-related Qualifications, Foreign Qualifications or not stated/level unknown) than the comparator areas, resulting in a relatively high proportion of other qualifications across West Suffolk as a whole (see Figure 4-6).

²⁴ West Suffolk: from 153,724 by 11%, Suffolk 668,551 to 728,163 or 9% and England 49,138,831 to 53,012,456 or 8%. Source: Census 2001 and 2011

Figure 4-6: Highest level of qualification of residents aged 16 and over in percent, West Suffolk and comparator areas 2011

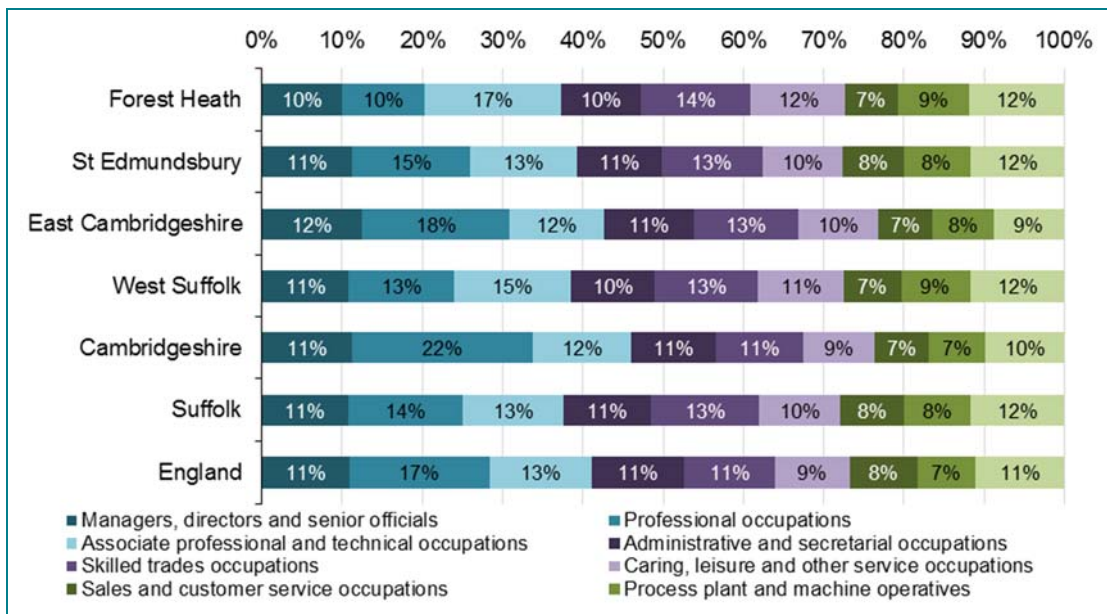


Source: Source: Census 2011

Occupation of residents

4.26 Given the lower proportion of residents qualified at Level 4, West Suffolk also has a relatively low proportion of residents in managerial and professional occupations (West Suffolk 24%, England 28%). Associate professional and technical occupations are carried out by the highest proportion of residents (15%); whereas in most comparator areas the highest proportion of residents work in professional occupations. Again there is a difference between the two districts of West Suffolk, with St Edmundsbury having a higher proportion in professional occupations (15%, and closer to comparators), and Forest Heath having a higher proportion of residents in associate professional and technical occupations (17%) (see Figure 4-7).

Figure 4-7: Occupation of residents aged 16 to 74 in percent, West Suffolk and comparator areas 2011



Source: Source: Census 2011

Employment

- 4.27 As Table 4-4 shows that compared to other areas West Suffolk has a relatively high proportion of economically active residents. The proportion of economically active in St Edmundsbury is nearly ten percentage points higher than the England average (St Edmundsbury 87%, England 77%). The employment rate across West Suffolk and in both districts is also above that of comparator areas (e.g. West Suffolk 82%, England 71%).
- 4.28 Again there are differences between the two districts, which is evident in the unemployment rate. St Edmundsbury has a very low unemployment rate (3.6%), which is significantly below that of England (8.0%). The unemployment rate in Forest Heath is still below the English average at 7.1%, but higher than across Suffolk (6.4%).

Table 4-4: Economically active, employment and unemployment rate West Suffolk and comparator areas, 2012

Area	Proportion of working age population that is economically active	Employment rate of working age population	Proportion of economically active that are unemployed
Forest Heath	84.8%	79.1%	7.1%
St Edmundsbury	87.2%	84.0%	3.6%
East Cambridgeshire	82.5%	75.4%	8.7%
West Suffolk	86.3%	82.1%	4.9%
Cambridgeshire	81.1%	75.4%	7.0%
Suffolk	82.2%	76.9%	6.4%
England	77.1%	70.9%	8.0%

Source: Annual Population Survey

- 4.29 The 2011 Census shows that of the West Suffolk residents that were in employment, 14% were self-employed with the remainder being employees. The proportion of self-employed is higher in St Edmundsbury (14%) than Forest Heath (13%). For both local authorities and West Suffolk as a whole this is slightly below the self-employment rate of England (15%) and Suffolk (16%).²⁵
- 4.30 Consultees suggested that one of the reasons for the relatively low self-employment rates could be the high proportion of residents in associate professional and technical occupations (which are more likely to be employees than self-employed) and the low proportion of residents in managerial and professional occupations (which are more likely to establish a business). This also presents an opportunity, with this a potential selling point for start-ups and in attracting new businesses to the area.

Commuting

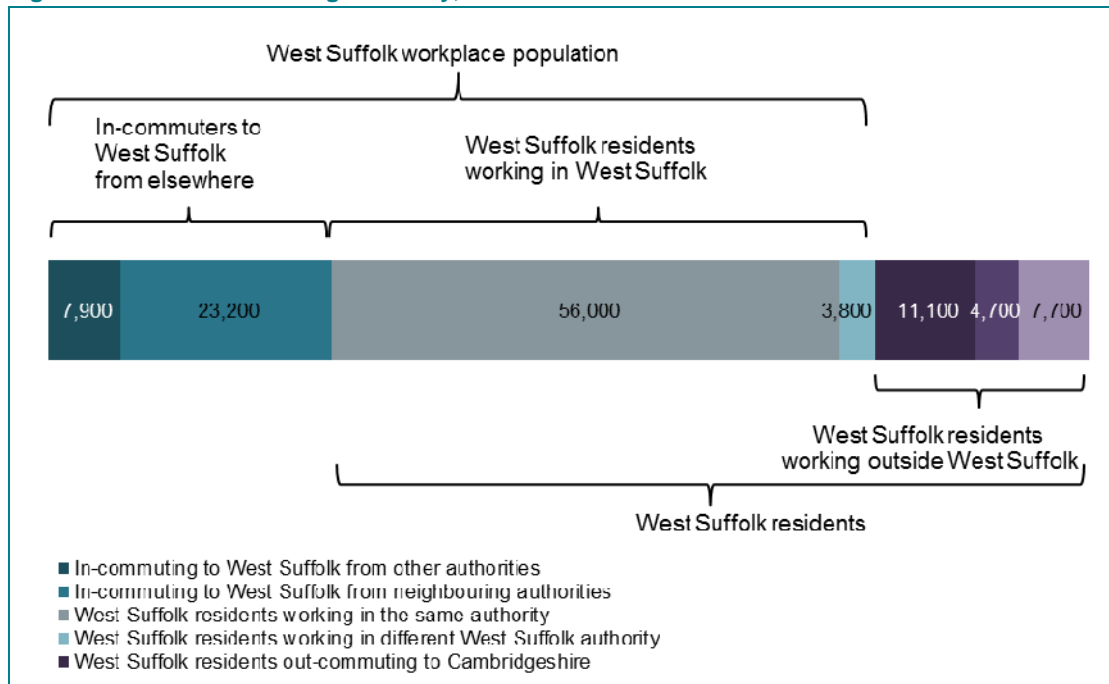
- 4.31 Commuting data for 2011 shows that in-commuting to workplaces in West Suffolk is higher than out-commuting by residents (see Figure 4-8). Of around 83,300 economically active residents 59,800 work in West Suffolk (72%). Of these 59,800, 94% work in the same local authority they live in, 6% commute to the other district in West Suffolk. Of the 28% of economically active residents in West Suffolk (23,500 residents), the most common

²⁵ Residents aged 16 and over by economic activity, Census 2011

destination for work is Cambridgeshire (around 11,100 out-commuters), with Cambridge City being the destination of around 6,200 of these out-commuters.

- 4.32 West Suffolk has a workplace population of 90,900 people; around two thirds of these workplaces are filled by residents and around 31,100 people in-commute to work in West Suffolk, mainly from neighbouring authorities. A large number of in-commuters to Forest Heath come from East Cambridgeshire (4,400 commuters). Key sources of in-commuters to St Edmundsbury workplaces are Mid Suffolk (4,800 commuters) and Breckland (4,200 commuters).

Figure 4-8: In/out-commuting summary, West Suffolk 2011



Source: Annual Population Survey commuter flows, local authorities in Great Britain, 2010 and 2011 (rounded figures)

Influence of Cambridge

- 4.33 There is a lengthy history of towns in the wider area seeking to benefit from the Cambridge's economic dynamism. Many within the city, concerned to mitigate development pressures, have been keen to see this succeed and some years ago the County Council supported an initiative which aimed to help in-moving businesses to find locations elsewhere in the county. In the late 1980s Professor Gordon Cameron, a highly respected head of Cambridge University's department of land economy, argued the case for growth being encouraged to spread along the A14 and then up to Peterborough (the "banana effect"). The Enterprise Zone at Alconbury has given this concept a renewed impetus
- 4.34 However, the success of these dispersion policies has, to date, been limited and the performance of the new town at Cambourne in attracting employment has been disappointing. Moreover there is a recognition, even amongst some figures in Cambridge's conservation community, that sustainability considerations favour significant levels of employment being located in Cambridge; though with much of the consequent increased housing being provided beyond the Green Belt at locations that have good public transport links to the employment areas.

- 4.35 A major exception to this general picture has been the success of Granta Park which, although adjacent to TWI has mainly achieved its success through the attraction of bioscience businesses. Granta Park, along with developments at the Babraham Research Campus and the Wellcome Trust campus at Hinxton, has underlined the attractiveness for bioscience of sites to the south and south-east of Cambridge, with good connections to the A11 and M11. It is however noteworthy that Chesterford Park, which is further from Cambridge, has developed more slowly.
- 4.36 Nonetheless the future growth and development of 'Greater Cambridge' will have a significant influence on the market context for West Suffolk. It has been a key growth point in the UK over the last decade, and has the potential for further growth stemming from its key assets in higher education, the business base and its human capital. There are clearly significant opportunities for West Suffolk, although it will be in competition with locations to the north and west of Cambridge such as Alconbury, Ely and Peterborough, each of which has plans for employment development.
- 4.37 In particular, some of the current constraints to growth such as shortage of commercial premises and pressures on housing and transport present opportunities for West Suffolk. For example, an improved offer of innovation and incubation space could help address excess demand from Cambridge, and it could also be targeted at those wanting more cost effective space than is available in Cambridge. Broadening growth to neighbouring areas to help address some of these constraints on the growth of Cambridge is acknowledged by the GCGP LEP, as noted in the previous chapter.
- 4.38 In order to take advantage of the opportunity presented by Cambridge's growth, it is important that West Suffolk seeks to capitalise on its own advantages (e.g. relative to other neighbouring areas) and also foster links within the Greater Cambridge area. Three points are pertinent:
- **Competitive advantages:** there are competitive advantages that West Suffolk has in relation to links to Cambridge that could particularly be exploited. Key ones cited in consultation feedback included: the location of Haverhill on the South Cambridgeshire/Suffolk/Essex corner (and so proximity to bio/life sciences activity south of Cambridge, as well as towards the M11 and London); the existence of relevant firms in pharmaceuticals and medical devices in and around West Suffolk (e.g. near Newmarket and in Haverhill); the potential for linkages between life sciences in Cambridge and the equine cluster and animal research establishments around Newmarket; and the presence of agri-tech activities in West Suffolk and Cambridgeshire.
 - **Knowledge base, support and networks:** there is a need to ensure that entrepreneurs and businesses in West Suffolk are aware and can access the knowledge base and support that exists within the Cambridge area. As part of this, there is a need to help foster networks between West Suffolk and Cambridgeshire at varying levels, notably including entrepreneurs and businesses, researchers and the knowledge base, associations and support providers, and amongst the civic leadership.
 - **Infrastructure:** quick and accessible transport links into Cambridge are important to enable entrepreneurs and business to tap into appropriate networks. Whilst several

places, such as Brandon, Bury St Edmunds, Kentford and Newmarket are served by rail, station locations and facilities are not as strong as they could be. Whilst there is limited scope to address station locations, especially in the short-term, improving facilities in and around stations may be appropriate. Haverhill and Newmarket benefit from their proximity to Cambridge in terms of road access, and the former will be benefited by improvements to the A1307. Finally on infrastructure, it was noted in consultation feedback that a barrier to business growth is lack of Superfast Broadband access.

Implications for demand for innovation/incubation support

- 4.39 From our consultations, internet research into existing provision and relevant studies we found that overall there is potential demand for 'high end' innovation centre/incubation space in West Suffolk. However, there is some uncertainty about the scale of the demand, and so new types of development would be 'making the market'.
- 4.40 Consultees' views on the level of service to be provided by an innovation centre/incubation space were mixed. Some consultees felt that there was demand for highly managed premises providing tailored business support, signposting to other provision and networking alongside physical space. Others advocated purely premises-based provision as it was thought that businesses are looking for cost-effective space and would not be willing to pay a premium for on-site support services. However, a range of cost-effective premises are available whereas few innovation centre/incubation spaces with a high degree of management support cater for this type of demand.
- 4.41 In terms of the location for premises, there is a strong case for additional provision in Bury St Edmunds and Haverhill as latent demand was seen to be of sufficient scale and both are desirable locations that are relatively well connected. Given the scale of Bury St Edmunds and the clearer market signals of demand, space here could well be provided by the private sector – though bespoke space and additional services may require some incentives. Demand in other locations was less clear. Newmarket, Brandon and Mildenhall were seen as potentially good locations; however, current occupancy levels are low and entrepreneurship activity is perceived to be lower. Consultations indicated that there was possible demand for cost-effective space with a virtual offer in Forest Heath.
- 4.42 Demand for incubation space and services is likely to come from a range of sources. Local businesses were identified as a key source of demand, either those based in existing workspace or working from home. While new space could support growth, especially for those currently working from home there is a risk of displacement. Those based in existing workspace could move to new premises leaving vacant space in old premises. Of course this vacant space could be filled by new businesses, and there may be a case that more suitable space could facilitate the growth of existing businesses.
- 4.43 Other possible sources of demand are in-movers who want a presence in the area through a regional office and spill-over from Cambridge, with businesses or current out-commuters looking for more cost-effective space (as detailed above, nearly half of residents that out-commute work in Cambridgeshire).

- 4.44 Occupancy levels of existing premises, development of premises and levels of interest in planned premises (i.e. Haverhill Research Park) give further indication on demand. The existing premises in Bury St Edmunds and Haverhill show high occupancy levels (see Chapter 5 Existing and prospective provision for details); and in Bury St Edmunds new recently-opened premises are expected to reach 85% occupancy in three years. Consultation evidence indicated that there has been a reasonable number of barn conversions to office space in South Cambridgeshire. In West Suffolk itself the data indicates that there have been around 30 planning applications for barn conversion, which were predominantly applications for conversion to holiday accommodation, with around one-quarter applying to turn properties into either offices or live-work units. The Innovation Centre at Haverhill Research Park is planned to open in 2015, and the developer anticipates high levels of occupancy to be reached after three years.
- 4.45 Most consultees expected potential demand to come from businesses from across a range of sectors. Advanced manufacturing, bio/life sciences, agri-tech and equine were all mentioned by a number of consultees, though this may simply indicate a reference to policy priorities. It was notable that informal enquiries about space at Haverhill Research Park have been predominantly from professional services firms, with some from technology-focused businesses such as in electronics and ICT.
- 4.46 Drawing on the quantitative evidence available on sectors, the consultation feedback and a review of policy priorities, in Table 4-5 we present the strengths/opportunities and challenges/risks for advanced manufacturing/engineering, agri-tech, equine (and animal) health and life sciences. The evidence highlights that there is a case for some marketing of West Suffolk based on particular strengths around advanced manufacturing, agri-tech and equine/animal health. Whilst life sciences is identified in policy documents, the greatest opportunities here exist in manufacturing and equine/animal health. However, beyond focussed marketing, the evidence suggests keeping an open mind for a range of ‘technology’ and ‘knowledge-based’ sectors to be the sources of new and growing firms. Many businesses work in professional services and data on recent employment growth shows that the business administration and support services and the professional, scientific and technical sector have experienced the highest growth over recent years.

Table 4-5: Sector potential

Sector/technology area	Strengths/opportunities	Challenges and risks
Advanced manufacturing/ engineering	<p>Concentration of activity within St Edmundsbury and activity within Forest Heath – covers breadth of areas including basic pharmaceuticals, food, chemical products, electronic products</p> <p>Has reach across to other sector/technology areas identified below, e.g. devices for equine and life sciences, biomanufacturing, machinery and technologies for agri-tech</p> <p>Potential to draw on expertise elsewhere such as Hethel engineering centre near Norwich</p>	<p>Ensuring access to appropriate services and support for firms</p> <p>Generating networks and links between advanced manufacturing/engineering and other sector/technology areas</p> <p>Competition from wide range of locations – focus on synergies with other areas cited below such as agri-tech (and food) and life sciences may offer most scope to take advantage of competitive advantages</p>

Sector/technology area	Strengths/opportunities	Challenges and risks
Agri-tech	<p>Concentration of activity around Bury St Edmunds, based on UKTI heat maps</p> <p>Large numbers of potential users in the area (i.e. growers), as well as food/drink manufacturers</p> <p>BBSRC-supported Brooms Barn Research Station near Barrow, Bury St Edmunds</p> <p>More widely, assets to build on, e.g. facilities at Norwich Research Park and Cambridge (National Institute of Agricultural Botany)</p>	<p>Limited lab/research facilities within West Suffolk itself, aside from Brooms Barn</p> <p>Potential that activity might be focussed around Norwich or Cambridge as a result of stronger research capability, unless good links/networks can be established, or Bury St Edmunds can establish itself as part of a 'corridor' of activity</p> <p>Challenge to 'joint the dots' between different assets and businesses, which are dispersed and include businesses in rural areas</p>
Equine (and animal health)	<p>Concentration of activity within Forest Heath, which includes potential users of new equine health products/services (i.e. vets, and their clients)</p> <p>Potential to link to biomedical activities elsewhere, e.g. Cambridge and Norwich</p> <p>Animal Health Trust in Kentford has laboratory facility and existing contract work with businesses (though these are across the UK, with limited evidence that proximity has benefits)</p> <p>Animal health is a good place to start developing human health therapies</p> <p>Animal health opportunities in relation to stem cell research, vaccines and diagnostics</p>	<p>Limited numbers of start-ups in equine health technologies – though one notably emerging from UCS – therefore would be starting a new element of the cluster from a low base</p> <p>Shortage of land/space in Newmarket where development of the cluster should be focussed – also reflects the importance of preserving land to support the cluster itself, e.g. for trainers and studs</p> <p>Despite existence of equine cluster, Newmarket suffers due to its image and location, which can have detrimental effect on attracting businesses and people</p> <p>Competition in places with strong veterinary research, e.g. Bristol, Liverpool, London/Hertfordshire and Nottingham</p>
Life sciences	<p>Existing life sciences firms in West Suffolk, or just outside, and international cluster on the doorstep</p> <p>Potential links to equine health activities</p> <p>Opportunities focussed on the manufacturing side, and could also include supporting services such as transportation, devices and instruments</p>	<p>Not an established cluster within West Suffolk and continuing development in Cambridgeshire and elsewhere (e.g. Norwich) could limit growth</p> <p>Lack of laboratory space within the area itself</p> <p>Competition in range of other places, e.g. Leeds/York, Liverpool, London, Manchester, Nottingham</p>

Source: SQW, drawing on data and consultation feedback

5. Existing and prospective provision

Summary of key messages from this chapter

There is a range of existing space across West Suffolk. Bury St Edmunds and Haverhill appear to have strong demand, with potential supply constraints as shown by high levels of occupancy of existing space, and limited space in the first place in the case of Haverhill. In Bury St Edmunds, new space has come on to the market which ought to cater for demand in the short-term.

Demand in other places, such as Brandon, Mildenhall and Newmarket is less certain, though there is a limited supply of enterprise space for start-ups. There is no virtual office provision in Forest Heath, with evidence that some businesses use virtual packages offered by Business and Innovation centres outside West Suffolk.

In relation to business support, the Growth Hubs of both LEPs will seek to provide a better coordinated service for firms, including to national support, and will also supplement the existing offer through access to finance and funding, and innovation.

There is also a range of existing knowledge-based assets outside of West Suffolk, but within LEP areas. These are important foci for activity and it will be important to establish links and networks to these. These include, for example, existing innovation centres (e.g. Hethel Engineering Centre), academic establishments (e.g. University of Cambridge, University of East Anglia and University Campus Suffolk), and research institutes (e.g. at Norwich Research Park and in Cambridge).

Premises

- 5.3 There is a range of business premises available to early stage businesses in West Suffolk. The level of supply varies by town. In addition to single units that may be suitable to start-up businesses a number of business centres are targeted at small businesses. We have looked at key premises in the main towns of West Suffolk (not including single units). This is summarised in Table 5-1.

Bury St Edmunds

- 5.4 Bury St Edmunds has the strongest office market. A range of premises are available to early stage businesses, from small serviced offices (around 100 sq ft to 650 sq ft) to medium sized self-contained office units (around 750 sq ft to 2,500 sq ft). Depending on the services included prices range from £10 per sq ft to £35 per sq ft for all inclusive serviced office space.
- 5.5 The three largest serviced office premises are the Active Business Centre, Menta Business Centre and NWES Business Centre. The enterprise agencies NWES and Menta offer business support and advice in addition to premises (see section below for details). Consultations and our research indicate that the established serviced office premises have high occupancy levels.

The Business Centre managed by NWES opened in March 2014 and will cater for demand in the short-term; NWES anticipates that the premises will be close to full capacity in three years. Premises in Bury St Edmunds are usually older and were described by some consultees as 'low quality'; there are no modern serviced office premises.

- 5.6 Lack of grow-on space was identified by some consultees, and this is supported by the high occupancy level of Forbes Business Centre. However, single units were not in the scope of our review and there may be single units across town with further potential at Suffolk Business Park that could be suitable for growing businesses.

Haverhill

- 5.7 There is one Business Centre with 28 small units catering specifically for early-stage and small businesses, managed by Menta. Consultees suggest the centre is nearly fully occupied; virtual packages are also available through Menta.
- 5.8 In the medium- and long-term the demand for space in Haverhill could be met by a new Innovation Centre. It is hoped that the Innovation Centre at Haverhill Research Park could be open in 2015, depending on planning permission and funding. There is existing interest from businesses and the developer anticipates high levels of occupancy to be reached after three years.

Newmarket

- 5.9 Provision in Newmarket is limited. Kings Court offers self-contained offices and serviced office space is provided at Rutland Chambers. A number of units are currently available at Rutland Chambers.
- 5.10 While consultees acknowledged that there is limited provision for early stage businesses in Newmarket, there was limited evidence of demand with some of the existing supply being vacant. However, some consultees felt that there is latent demand for cost-effective small- to medium-scale modern office space but it was questioned whether this would be commercially viable.

Brandon and Mildenhall

- 5.11 Similar to Newmarket, there is limited provision of small premises suitable for start-up enterprises in Brandon. An industrial unit, the Harvey Adam Enterprise Centre, is owned by Forest Heath Council and was converted to offices in 1999. This provides 12 units. Again, consultees recognised the limited supply but there is limited evidence of demand with some units available at the Enterprise Centre.
- 5.12 Mildenhall has no specific serviced office space focussed on start-ups or early stage businesses. The town does have an industrial estate (circa one mile to the north of the town centre), which is home to a range of businesses including in engineering, manufacturing and design. We also understand that the Mildenhall Hub project could provide a small amount of space, probably office space, for start-ups if there was demand – this is discussed further below.

Other villages and the wider area

- 5.13 A range of serviced offices and self-contained units are available in villages across West Suffolk, namely Kentford, All Saints, Fornham St Genevieve and Nowton. The largest premises of these is Lanwades Business Park in Kentford with 28 serviced offices ranging from around 100 to 6,000 sq ft. Kentford is also the location of the Animal Health Trust.

Table 5-1: Key early stage business premises and planned premises in West Suffolk

Location	Name of premises/ provider	Type of provision	Premises: current levels of occupancy ²⁶
Bury St. Edmunds	Active Business Centre - St Andrews Castle	Serviced offices, 16 units (100 sq ft - 600 sq ft) in 1 building and virtual office space	1/16 units currently available Virtual office package options
	Menta Bury St Edmunds Business Centre	Serviced offices, 21 units (around 200 sq ft to 400 sq ft), in 1 building 7,900 sq ft in total	100% occupancy rate
	NWES	'High spec' office and Hot Desk space on flexible agreements. Total rentable space 27,000 sq ft	Opened in March 2014, predicted 50% occupied by next year and 85% in 3 years Virtual office package.
	ASK House	Serviced offices, 11 units (87 sq ft – 650 sq ft) in 1 building	Units currently available, the property is for sale.
	Forbes Business Centre	16 self-contained units (750 sq ft to 1,500 sq ft) in 1 building (total 12,000 sq ft)	1/16 units currently available (750 sq ft can be combined with a second unit to create a double 1500 sq ft)
	Northgate Street Business Park	7 units in 5 self-contained office buildings (860 sq ft – 2,500 sq ft)	No further information
Haverhill	Menta Business Centre	Serviced offices, 28 units (around 150 sq ft to 400 sq ft) in 1 building around 8,650 sq ft in total, virtual office space available	98% Occupancy rate Virtual office package options
	Haverhill Research Park	Planned Innovation Centre will provide shared space from one desk up to approx. 3,000 sq ft floors with a range of meeting/conference facilities and access to a number of business services Seeking pre-lets on new buildings to suit the requirements of the individual occupier. Buildings can be any size from 10,000 sq ft up to 230,000 sq ft.	Still in planning stage – intent to build in c. 2015, potential to reach 85% occupancy rate in 3 years
Newmarket	Kings Court	Self-contained offices, 30 units in 15 buildings (thereof building 8 with 16 units)	No further information

²⁶ Rents have not been provided as the data is very patchy and often not comparable.

Location	Name of premises/ provider	Type of provision	Premises: current levels of occupancy²⁶
	Rutland Chambers	12 serviced offices in 1 building, unit size (240 sq ft – 800 sq ft)	5/12 units currently available
Brandon	Harvey Adam Enterprise Centre	Managed offices, 12 units (120 sq ft – 950 sq ft) in 1 building, the council owned property was converted from industrial units in 1999	Units currently available
Kentford	Lanwades Business Park	28 serviced office units in 9 buildings. Unit size (100 sq ft – 6,060 sq ft)	2/28 units available
All Saints	Heath Farm Business Centre	7 self-contained units in 7 buildings (250 sq ft – 4,500 sq ft)	No further information
	Moseley's Farm Business Centre	12 self-contained units in 2 buildings	No further information
Fornham St Genevieve	Park Farm Business Centre	9 high specification offices	No further information
Nowton	Nowton Business Centre	4 units in 2 buildings, unit size (1000 sq ft – 6,400 sq ft)	Units currently available

Source: SQW, based on consultations and internet research

Implications

- 5.14 Overall, Bury St Edmunds and Haverhill appear to have strong demand; in both locations occupancy rates of existing premises are high. In Bury St Edmunds it is expected that the new space that has come onto the market in March 2014 will cater for demand in the short-term. Medium- and long-term options for a modern business and innovation centre in Bury St Edmunds should be explored, and Suffolk Business Park could be a suitable location for this. In Haverhill the Innovation Centre at Haverhill Research Park that is planned for 2015 is important in providing additional provision here.
- 5.15 There is currently a limited supply of premises for early stage businesses elsewhere, though demand is less certain – and it is notable that there is vacant space in Brandon and Newmarket. It was also noted that there is no virtual office provision in Forest Heath, with some businesses that are seeking an address in the west of the area using the virtual package offered by business and innovation centres in Cambridge instead. Given that the evidence suggests limited demand, new physical space in the west of the area ought to be modest to begin with in order to ascertain/demonstrate demand. Of the towns in Forest Heath, in/around Newmarket may offer the most obvious location (subject to available land/property) given a combination of transport links and the potential to build on equine activities. We note that further physical space would need to be marketed effectively, and options that include using existing buildings ought to be considered to reduce costs. The virtual provision offer may be particularly targeted at businesses that do not want the overhead costs associated with fixed physical space and/or prefer the convenience of space that they use at or close to home. These might include individuals that are starting businesses

from home and in rural areas of West Suffolk. In addition, virtual tenancy can also be used by those wishing to have a presence in an area, but have their permanent space elsewhere (e.g. elsewhere in the UK or overseas).

Business support

- 5.16 There is a range of business support available, both locally and nationally, though in the recent past it has been tricky for businesses to navigate the landscape. Consultations for this study indicated that take-up of national schemes such as GrowthAccelerator in Suffolk are relatively low. Moreover, the consultation process that informed the Suffolk Growth Strategy also identified that accessing finance and the knowledge base for innovation are challenges.
- 5.17 In response to these issues, a Growth Hub to coordinate business support locally has begun in the New Anglia LEP area²⁷. In addition, a Growth Hub is also proposed for the GCGP LEP area. There will be a need to consider the coordination of these for West Suffolk given its position in both areas. Some of the key components are set out in:

Table 5-2: Key features of the Growth Hubs

New Anglia	GCGP
<ul style="list-style-type: none"> • A coordinated approach to ensure that businesses can access the support that they need, and to ensure there is awareness of what is available. To facilitate this in West Suffolk, there will be a lead on engagement to cover the patch. • Specialist innovation support will be provided through an innovation vouchers scheme, which enables businesses to access the knowledge base through UEA and UCS. • An access to finance scheme, with grants available between £5k and £25k, and loans above £25k. • Increased capacity for enterprise agencies such as Menta and NWES to deliver advice to entrepreneurs and businesses. • Greater awareness-raising and links in to national provision to help increase the take-up of schemes such as GrowthAccelerator, UKTI services, Manufacturing Advisory Service, Growth Vouchers and StartUp Loans. 	<ul style="list-style-type: none"> • Similarly – a coordinated approach to ensure that businesses can access the support that they need. • An innovation vouchers scheme is also to be provided under the GCGP Growth Hub. • A mechanism will be included to enable businesses to combine funds more readily. For example, if businesses have a capital project, there will be assistance to identify relevant revenue support that may be complementary. • Graduate development programme – this will seek to extend existing programmes, e.g. at Anglia Ruskin University, to parts of the area where there is less take-up. This is particularly relevant for West Suffolk. • An initiative to seek to improve the utilisation of incubation space, recognising that some is over-subscribed and some is under-occupied. This will use incentives for businesses to move. • Similarly, promoting awareness of national schemes.

Source: SQW, based on consultations

- 5.18 The New Anglia Growth Hub seeks to increase the capacity of enterprise agencies to deliver advice to entrepreneurs and businesses. The two key enterprise agencies operating in West Suffolk are Menta and NWES.
- 5.19 Menta operates across Suffolk and has a base in Bury St Edmunds. The organisation provides advice and support to start-up businesses and those seeking to grow, including one to one advice sessions, a range of business skills workshops and networking events. Serviced offices

²⁷ The Growth Hub covers the New Anglia LEP area, and is funded through the Ipswich and Norwich City Deals.

aimed at early stage businesses managed by Menta are available in Haverhill and Bury St Edmunds (see section above).

- 5.20 Apart from Suffolk, NWES also operates in Cambridgeshire, Norfolk and Essex. NWES offers business advice and support, delivers a business mentoring scheme, training programmes and links businesses to national programmes and finance providers. It is also a delivery partner on the national StartUp Loans programme. NWES runs a number of business and innovation centres, including a centre in Bury St Edmunds that opened in March 2014.
- 5.21 Businesses can also access support and advice through their local Chamber of Commerce and the Federation of Small Businesses which will also signpost to other providers in West Suffolk and the wider area.
- 5.22 As identified in the West Suffolk Six Point Plan for Growth (in chapter 3), there is an intention to increase capacity for engagement with businesses in the area, including through an account management approach with 100 key employers. This ought to complement the coordination to be provided through the Growth Hub.
- 5.23 In addition, as well the services provided by Menta, NWES and other private providers of business advice, there is other local support that is available and in the pipeline. This includes:
- West Suffolk College Innotech Centre, which, subject to funding approval, is expected to provide businesses with access to expertise from within the college. The college is developing innovation provision through this Centre aimed predominantly at SMEs that need specialist support with a project or specific business challenge. Building on the expertise of the college around engineering, design and high tech/electronics, and the demand from businesses for advice and support in these areas, three subject specialist support staff would work with the businesses to develop and deliver their projects. The subject specialist business support staff would act as the first point of contact for the businesses and work with them throughout the project. Depending on the project they would provide links with relevant academics or involve students where appropriate. Businesses would also have access to equipment (e.g. 3D-printers, 3D-scanners), meeting rooms, and desk space as well as being able to use the existing business support and adult learning provision at the college. The provision will link to existing business support in West Suffolk and develop partnerships between the college and relevant stakeholders, including FSB, the Chamber of Commerce and West Suffolk Councils. A number of interested businesses have approached the college and three prospective business beneficiaries have already been identified by the college. This specialist technical provision could provide useful support within West Suffolk itself; as noted below, much of the technical provision is available outside of West Suffolk. However, we note that connecting businesses to wider provision will remain important.
 - Business support provision in Mildenhall is currently being discussed as part of the Mildenhall Hub project. The Hub will co-locate education, leisure, child-care, health, library as well as public sector services and offer teaching spaces, meeting spaces, wifi and a café. The Mildenhall Hub could also offer a location for the Growth Hub to provide business support and advice for start-ups and established businesses. There may also be an opportunity to offer commercial small business space if demand came

forward; this space could be added later if needed. We would note that some care is needed to ensure that business space and space used to deliver business support has appropriate neighbouring uses so as to prevent noisy distractions.

- The Innovation Centre network across the NALEP geographies provides access to specialist expertise in particular areas. These include the Hethel Engineering Centre, Adastral Park/Innovation Martlesham (focussed on ICT), OrbisEnergy in Lowestoft (focussed on offshore renewable energy). Through these centres of expertise, businesses can take advantage of business premises, including virtual tenancy, mentoring, networking and technical support.
- A range of specialist services and networks in the Cambridge area. Examples of relevant support for key business sectors in the West Suffolk area include: technical support through the Institute for Manufacturing at the University of Cambridge, and networking opportunities through for example OneNucleus (covering life sciences) and the Cambridge Network (covering a range of areas). Though consultation evidence indicated that some of this specialist support was inappropriate for the needs of certain SMEs which require smaller scale provision.
- The Eastern Agri-tech Initiative, which has a £2.5m fund to help local businesses. This is split between two initiatives, which provide grants to support improvements in agricultural productivity, and to support the development and commercialisation of new technology (e.g. through help with prototyping).

5.24 Any supplementary offer in terms of business support needs to align with, and not duplicate, what is already available. There are three potential areas, which are briefly introduced here, and expanded upon in the final chapter:

- More intensive engagement and support for SMEs specifically in the West Suffolk area. This could be based across a network of any new/existing innovation centres, and would involve intensive incubation support to businesses, including to virtual tenants. It ought to include outreach to businesses with growth potential in rural parts of the geography, and so use the existing network of business/innovation centres and any new centres, and also other locally-based community centres. Using these centres to deliver workshops and advice surgeries can be useful in delivering in rural parts of West Suffolk. Whilst those businesses that are physically located in centres will 'self-select' for incubation support if they want such intensive advice, we note that identifying and targeting businesses in rural parts of West Suffolk will be more challenging. This could be partly addressed through the offer of virtual tenancy in innovation centres, which may be attractive to businesses located in rural areas. We also suggest that there ought to be coordination with the business engagement of West Suffolk Councils and the Growth Hub. For example, West Suffolk Councils and the Growth Hub could provide signposting of firms with potential to the incubation support service. More details of the incubation support offer are provided in the next chapter.
- Development of greater networking in West Suffolk itself and beyond. This might include, for example, events and specialist business-to-business sessions to complement the existing annual business festival. This could also be extended to

ensure that business networks reach out to surrounding areas such as Cambridge, Norwich and Ipswich through for example: facilitating businesses becoming part of other specialist groups (e.g. OneNucleus in the case of life sciences companies); and encouraging businesses and partners to come to West Suffolk, e.g. by taking advantage of assets such as Newmarket Racecourse to stage business events.

- Promoting an enterprise culture amongst young people and other groups, who may not be aware of the opportunities presented by entrepreneurship. This could include enterprise education, as well as initiatives to bring people and ideas to the area (e.g. drawing on the pool of successful entrepreneurs within and just outside West Suffolk).

6. Recommended actions

- 6.1 This chapter summarises the key findings from the study and sets out a series of recommended actions for West Suffolk Councils and their partners.

Key messages

- 6.2 The wider evidence base on the theory and practice highlighted the importance of a small minority of high growth firms. These firms are difficult to target, though there are strategies that can be adopted to identify firms on the cusp of growth. In addition, a range of models of incubation exist, which often vary in their degree of management support and in terms of the technological sophistication of their tenants. The key implications drawn for West Suffolk from this wider evidence are as follows:
- to contribute to growth, support ought to focus on firms with growth ambition and potential, though there may be a need to cast the net widely to find these firms
 - any sectoral/technology focus should have a compelling case, and it is likely to be appropriate to target a range of firms
 - whilst some basic information/advice will be appropriate, more strategic support such as coaching is more likely to help deliver growth.
- 6.3 From the policy perspective, we have found some common priorities across the two LEP areas relevant for West Suffolk, in particular around key sectors (e.g. life sciences, including related to the equine bloodstock sector, advanced manufacturing, and agri-tech), and priority growth points (e.g. joint priority at Haverhill Research Park). Additional priorities include growth at Suffolk Business Park at Bury St Edmunds, and revitalising other key towns such as Brandon, Mildenhall and Newmarket. This revitalisation is important in order to provide an 'attractive offer' to potential in-coming businesses and labour.
- 6.4 West Suffolk's six point plan for growth includes provision for engagement with the SME base, which can be drawn on and exploited to develop networks and links to appropriate support and expertise across West Suffolk and outside the boundaries. This will need to cover effectively the dispersed geography, including reaching into rural areas.
- 6.5 The market context highlighted that there is some work to do to increase enterprise start-up and growth rates, with start-up rates following the recession relatively low compared to national comparators. The evidence base also highlighted different concentrations of activity in terms of sectors and technology areas. There are some concentrations, notably around manufacturing, equine sector and agri-tech (including agriculture, food and drink production and related manufacturing), and targeted marketing is appropriate to build on these strengths. Capitalising on these strengths will require 'joining the dots' to wider assets and strengths outside of West Suffolk (e.g. Norwich Research Park in the case of food research, and Cambridge in terms of its life sciences and animal health expertise). There are some notable differences within West Suffolk in terms of socio-economic characteristics, for instance in terms of occupational groups and qualifications levels.

- 6.6 Despite concentrations of activity, any plans for future growth should keep an open mind with respect to technology focus. We have found that demand for incubation space and services is likely to come from a range of sources, including existing local businesses (from a range of sectors), in-movers who want a presence in the area through a regional office, and entrepreneurs from the local and wider area (particularly those looking for more cost-effective space than might be available elsewhere).
- 6.7 Whilst there are opportunities from the growth of Cambridge and the GCGP Enterprise Partnership's priority to extend the growth of Cambridge to surrounding areas, we provide a note of caution on this. There have been attempts in the past for similar extensions of growth, which have had limited success. It will be important to foster effective links to Cambridge, physically in terms of infrastructure, and through people, business and civic leadership.
- 6.8 The review of the supply side, summarised in chapter 6, has found that there is a range of existing space across West Suffolk. Several towns, notably Bury St Edmunds and Haverhill, appear to have strong demand, with potential supply constraints (though in Bury St Edmunds, new space has come on to the market which ought to cater for demand in the short-term). Demand in other places, such as Brandon, Mildenhall and Newmarket is less certain. Therefore, the evidence indicates that Bury St Edmunds and Haverhill, with their greater critical mass and indications of demand, offer the most potential, certainly in the short-term. Any additional provision in other towns would require careful consideration of what market gaps were being focussed on and would need effective marketing. For rural areas, the critical aspect is to provide a means of outreach through virtual tenancy and support services.
- 6.9 In relation to business support, the Growth Hubs of both LEPs intend to provide a better coordinated service for firms. There is also a range of existing knowledge-based assets outside of West Suffolk, but within LEP areas. These are important foci for activity and it will be important to establish links and networks to these. These include, for example, existing innovation centres (e.g. Hethel Engineering Centre), academic establishments (e.g. University of Cambridge, University of East Anglia and University Campus Suffolk), and research institutes (e.g. at Norwich Research Park and in Cambridge). Within West Suffolk itself, the prospective Innotech Centre at West Suffolk College may provide specialist support to businesses that are in design and engineering fields.
- 6.10 There are, however, likely to be gaps, notably around specialist and expert advice to firms based in innovation centres, greater capacity for networking within and outside West Suffolk and action to foster a greater enterprise culture.

Recommended actions

- 6.11 Our recommended actions can be summarised under the following sets of activities:
- Premises: covering different locations across West Suffolk with a short-term priority around Haverhill and actions for space in/around Newmarket and Bury St Edmunds.
 - Incubation provision and knowledge brokers: across a network of premises, a package of incubation support should be offered to businesses with growth potential, including through outreach to the wider business community which should include businesses in rural areas. The incubation service will need to be aligned with the

Growth Hubs of GCGP and New Anglia, though we anticipate that the service would provide more intensive support to start-ups to assist those with the potential to grow, as well as providing 'knowledge brokerage' to connect start-ups and SMEs into technology-based support in Cambridge and elsewhere. Incubation provision would help the premises to stand out in the market, in particular in relation to the wider geography of Greater Cambridge. The Growth Hub and other business engagement through West Suffolk Councils ought to be used to identify businesses with potential in the wider business community. To facilitate delivery across West Suffolk, incubation support services could be delivered in local centres, such as the forthcoming Mildenhall Hub and community centres.

- Networks: this includes the fostering of business networks within West Suffolk and also outside, enabling businesses to be active in wider networks, and also using these links to promote West Suffolk and its potential development.
 - Enterprise culture: this involves promoting the accessibility of entrepreneurship to a wide audience, and encouraging enterprise ambition within West Suffolk.
- 6.12 Across the actions, we have identified 'connect to Cambridge' as an important dimension given the potential influence its growth could have on West Suffolk; and it is also important to develop networks elsewhere, in particular in the New Anglia area.
- 6.13 In Table 6-1 we present a summary table of the actions, setting out the case, the role for the councils, opportunities and challenges, and timescales. This is followed in subsequent pages by further detail on the actions.
- 6.14 We understand that there may be constraints on resources available to implement the actions set out. We make the following observations in relation to this, and in relation to the mutually reinforcing nature of some of the actions:
- The actions on premises ought to be focussed on the Councils' role as 'enablers' within the local context, rather than spending significant amounts of funds. For example, the Councils ought to find partners that may take on projects on a commercial basis, and work with them on these, which may involve funding supplementary wraparound services (we discuss more on the case for public support later in the chapter).
 - We see the action relating to an incubation service as being critical in making new centres work effectively, and in providing further outreach of support to wider rural areas. Therefore, this action needs to be prioritised alongside those of the centres.
 - Cross-cutting actions to connect to Cambridge and wider provision are also critical in complementing the above physical space and incubation service - to ensure that local and any incoming businesses can take advantage of the position of West Suffolk in close proximity to an international cluster.
 - The actions relating to local networks and promoting an enterprise culture are also complementary, though they are not as essential as the incubation service in ensuring that other activities (e.g. premises) work well. This is because the incubation service provides a specific 'selling point' for new and existing centres and will be able to target tenants directly to help them succeed.

Table 6-1: Summary of actions

Action	Case for	Role for councils	Opportunities and challenges	Timescale for delivery	Timescale for outcomes
Haverhill Research Park Innovation Centre (joint priority for GCGP and New Anglia LEPs)	<ul style="list-style-type: none"> Shortage of space in Haverhill An active developer Proximity to South Cambs and Cambridge Existing interest in taking space in an innovation centre at Haverhill Centre could be first step in growing the Park, providing a means of extending Cambridge's growth 	<ul style="list-style-type: none"> Active support of scheme Assist in grant funding for incubation provision 	<ul style="list-style-type: none"> Link to Cambridge cluster Potential to focus marketing on advanced manufacturing and life sciences – though need to retain flexibility Incubation support could be offered more widely across a 'network' 	<ul style="list-style-type: none"> Depends on time to confirm funding – intent to build in c. 2015 	<ul style="list-style-type: none"> Outcomes in terms of occupancy following completion, with high levels of occupancy (c. 85%) after 3 years Growth of incubated firms may take more time
Suffolk Business Park Private build of business & innovation centre (c. 15k sq. ft.)	<ul style="list-style-type: none"> Priority for growth for the town & policy priority for County Demand case is strong Could be privately-funded if it fits in with wider commercial plans 	<ul style="list-style-type: none"> Influence through planning of site Option to increase scope/scale with grant/loan funding from public sources Work closely with developer Link to incubation support 	<ul style="list-style-type: none"> Working with developer around issues such as marketing and incubation support Link to wider specialist support, including at West Suffolk College 	<ul style="list-style-type: none"> Depends on time to confirm & deliver infrastructure investment – perhaps in c. 3 years 	<ul style="list-style-type: none"> Outcomes in terms of occupancy and business growth in medium-term (c. 4/5 years)
New premises in Bury St Edmunds to cater for demand	<ul style="list-style-type: none"> Current occupancy levels high No immediate provision for higher end/grow-on space 	<ul style="list-style-type: none"> Market should provide – councils to find partner/ developer Use planning processes 	<ul style="list-style-type: none"> Avoid duplication/ displacement of existing provision Link to proposed provision at West Suffolk College 	<ul style="list-style-type: none"> Depends on time to find partner/ appropriate site (c. 12-24 months) 	<ul style="list-style-type: none"> Outcomes in terms of occupancy and business growth in medium-term (c. 3/4 years)
Workspace in Forest Heath, with two options: <ul style="list-style-type: none"> 'General offer' – c. 20 units with virtual offer 	<ul style="list-style-type: none"> Limited offer in Newmarket/Brandon/ Mildenhall Target as 'cost effective' alternative to Cambridge 	<ul style="list-style-type: none"> Find partner & appropriate site General offer may involve reuse of existing buildings; partial focus on equine cluster may require new 	<ul style="list-style-type: none"> Uncertain demand, and so reuse of existing premises may reduce risk Equine focus will require concerted actions across LEPs 	<ul style="list-style-type: none"> Depends on time to find partner/ appropriate site: c. 12 months for general offer; longer for equine focus as this will require more joint working and 	<ul style="list-style-type: none"> General offer would deliver outcomes in nearer term (c. 3 years) Starting to develop further animal health presence is

Action	Case for	Role for councils	Opportunities and challenges	Timescale for delivery	Timescale for outcomes
<ul style="list-style-type: none"> More focussed on developing equine cluster 	<ul style="list-style-type: none"> Equine and animal health has the potential to stimulate growth 	<ul style="list-style-type: none"> facility and flexibility to incorporate some lab space Link to incubation support 	<ul style="list-style-type: none"> to 'joint the dots' between research assets and existing companies 	<ul style="list-style-type: none"> thinking with LEPs and other partners 	<ul style="list-style-type: none"> a longer-term venture (c. 5 years)
<p>Incubation support linked to centres/premises, with outreach to other towns and rural areas, increasing the capacity for animation with the local business base</p>	<ul style="list-style-type: none"> Not viable for developers to deliver as part of commercial premises offer Firms unlikely to pay full cost for specialist support themselves due to uncertainty of benefits 	<ul style="list-style-type: none"> Support team of advisors to provide specialist support to new/early stage and small firms Team to provide additional knowledge brokerage to help firms link to technical consultancy elsewhere 	<ul style="list-style-type: none"> Advisors can link to specialist support available, e.g. Cambridge, Innovation Centre network Needs to align with Growth Hub Needs to reach beyond centres/premises including to rural areas, e.g. through using local facilities 	<ul style="list-style-type: none"> Should be introduced in parallel to development of initial new centre at Haverhill – c. 2015 	<ul style="list-style-type: none"> Expect to deliver outcomes (in terms of business performance) with first businesses within 6-12 months
<p>Develop business networks within West Suffolk, & with key external partners</p>	<ul style="list-style-type: none"> Existing annual business festival Other events attended by 'familiar faces' only Networks can foster new commercial ideas and partnerships 	<ul style="list-style-type: none"> Supplement existing networking Take lead through Councils' own procurement Use existing facilities, e.g. Newmarket venues in hotels, racecourse and racing school Incentivise membership of Cambridge networks for ambitious West Suffolk firms 	<ul style="list-style-type: none"> Build on existing 'network' of centres Extend outside of W. Suffolk 	<ul style="list-style-type: none"> Within 12 months 	<ul style="list-style-type: none"> Potential outcomes, such as new business opportunities for West Suffolk firms within 12 months Outcomes can be difficult to attribute to networking activities
<p>Promote enterprise culture & awareness of accessibility of entrepreneurship</p>	<ul style="list-style-type: none"> Young people & other groups lack awareness of accessibility of entrepreneurship, but also what's involved Help to develop pipeline of future new firms 	<ul style="list-style-type: none"> Enterprise Education Support other initiatives, e.g. visiting entrepreneurs, competitions, events 	<ul style="list-style-type: none"> Link to schools, colleges and activities of enterprise agencies Link to national Start-Up Loans scheme 	<ul style="list-style-type: none"> Within 12 months 	<ul style="list-style-type: none"> New starts from awareness within 12-24 months Education/aspiration activities in long-term

Source: SQW

Premises

6.15 As set out in the actions, there is a key short-term priority in relation to supporting the development of **an innovation centre at Haverhill Research Park**. Elsewhere, there is a short-term/medium-term action relating to **further space in Bury St Edmunds**, and in the medium-term, **Suffolk Business Park** is a priority and could offer a strong location for a business and innovation centre for early stage businesses and grow-on space (depending on scale of the development). There are potentially two options for **premises in/around Newmarket**, which are as follows (and could be combined):

- Fairly simple managed workspace, with easy-in/easy-out terms, and priced competitively for early stage companies wanting to test their business ideas. This could cater for the overspill from Cambridge if marketed correctly. It could take advantage of existing vacant property.
- A centre that seeks to attract at least some of its occupiers from the equine sector, which could be equine health or supporting services to other animal health activities. This may be targeted at new firms or established businesses looking for a potential base in the area.

Case for public support

6.16 The case for public support depends on the nature of the development and the existing market context. For some 'incubators' or 'innovation centres', which seek to provide space for early stage companies there is a case for using public funds. In particular, given the target group, these centres need to provide space on easy-in/easy-out terms and/or on short leases. In addition, in creating an environment conducive for developing new ideas and enterprises (e.g. with provision for networking space), the ratio of gross to net lettable space may be lower than for other commercial developments. As a result, the commercial case for developing incubators and innovation centres through the market can be limited. With respect to the specific locations/contexts explored, we make the following observations:

- Haverhill Research Park Innovation Centre: whilst there is some evidence that there may be demand in Haverhill for innovation space, there is a degree of uncertainty, which indicates that an innovation centre that seeks to attract high value activity may be 'making the market'. Whilst in location terms it is potentially attractive, with good links to bio-country of South Cambridgeshire and Cambridge, we note that other parks further out of Cambridge have progressed more slowly (e.g. Chesterford). Therefore, a purely commercial development is unlikely to be delivered. In addition, there are potentially wider benefits from developing an innovation centre at Haverhill Research Park, namely extending growth further out of Cambridge, and the possibility of using this first investment to prompt private investment on the wider Park. As such, public support, through grants and soft loans is required.
- Bury St Edmunds: there is evidence of demand here, and the market may well provide new space for start-ups and also larger space for firms wanting to expand. There is an existing site at Suffolk Business Park, which will require public funding for infrastructure to 'open up' the potential. Beyond this infrastructure, a private

developer could be encouraged to build an innovation centre without direct funding – though this may involve negotiation on other uses for the wider Park to provide sufficient commercial incentives. Elsewhere in Bury St Edmunds, we recommend that the Councils seek an appropriate partner, who could be encouraged to develop a centre commercially (either building a new centre or converting existing space). Improving/modifying a specification (e.g. setting up an incubator facility, providing an environment with networking facilities, or increasing the scale of a development) may require an incentive or support through public funds.

- Newmarket or Forest Heath more widely: the demand assessment is less certain, and so public funds may be required depending on the nature of the space. Converting existing property could be attractive, given that this could reduce risk, and may make a proposition attractive to a commercial partner. A more bespoke offer, such as a new centre that had flexibility to attract companies in the animal health sphere, may require public funding in the form of grants or soft loans.

Focus and marketing premises

6.17 All centres ought to seek to attract ‘technology’ or ‘knowledge-based’ businesses. We suggest that there is flexibility in the sectors/technology areas for the difference centres. Nevertheless, there may be benefits in targeting the marketing of particular centres to specific technology areas, which relate to local advantages. This may require a coordinated approach across West Suffolk, and would align with the intentions of GCGP Enterprise Partnership in terms of developing a network of incubator provision across the area. Targeting might be done as follows:

- Haverhill: advanced manufacturing and activities related to life sciences (e.g. manufacture of pharmaceutical products or preparations, and medical devices).
- Newmarket: animal health, in particular related to equine.
- Bury St Edmunds: agri-tech, advanced manufacturing/engineering, and potentially other sectors such as creative/media.

Incubation support and knowledge brokerage

6.18 As stated earlier in this chapter, we propose that an incubation support service be provided across the network of centres. Each centre is unlikely to have sufficient scale for its own incubation support service. We propose that a combined service, and one which offers an outreach service to firms with growth potential in other towns and rural locations would offer a service of appropriate scale. There is a strong case for using public funds to provide intensive support to businesses through incubation. Private developers/operators of premises often provide some services, such as signposting or basic advice, but intensive support is costly to deliver and difficult to generate commercial returns in most areas. Users of incubation support, i.e. start-ups and other small firms, are unlikely to pay the full cost of services, because they lack information on the likely benefits that they will receive, and have many demands on their limited resources. There are benefits to society from such incubation support if it results in the growth of businesses, and leads to the creation of new jobs.

6.19 Firms will, inevitably, attach differing priorities to elements of an incubation offer depending on their business model and the markets they seek to serve. However, there are core skill requirements common to most ambitious smaller businesses and from our consultations those in Table 6-2 are likely components of an incubation programme.

Table 6-2: Proposed coverage of incubation support

Elements
<ul style="list-style-type: none"> • The basics of business plan formulation, presentation and review. • How best to understand customer needs and shape a distinctive product/service to meet them. • Generating new ideas for products/services and testing them for realism. • Alternative business models and their relationship to business strategy. • Sources of commercial finance and what the different providers look for in appraising an applicant. • Sources of grant funding and the criteria by which applications are judged. • Equity finance - the pros and cons of releasing equity and the distinctive contribution that an active Angel investor can make. • Communicating your business; its qualities, plans and aspirations. • How to work effectively with other organisations, including suppliers and customers • Building an innovative culture and sustaining it as the firm grows.

Source: SQW, based on consultation evidence

6.20 Table 6-2 is not an exclusive list. Some firms may need help with specific priority needs such as protecting Intellectual Property. Others may need expert guidance in understanding the complexities of particular regulatory frameworks. Yet others may be keen for help in understanding technological advances relevant to their business sphere. However, the realities of cost-effective delivery mean that a programme needs to focus on core needs that will be common to most firms qualifying for incubation support. Participation in specialised networks can be more relevant in accessing help on topics that are of less general interest.

6.21 Clearly firms need to demonstrate growth potential in order to qualify for incubation support, but they also need to make a firm commitment to an active involvement in the programme modules (including own-time preparation/reading). Moreover they need formally to commit to allocating the time required for personally attending the full programme (typically involving at least a half day for each element) as the relationships that develop amongst the participants will be an important aspect of the programme's value added.

6.22 As there is likely to be insufficient scale within one particular centre for incubation support, the initiative should be based across a network of centres within West Suffolk (and beyond), with regular physical provision within each centre, and further outreach services. We would envisage that a team of two or three specialist business advisors could provide an incubation service. These advisors should have experience of starting businesses and if possible in technology areas that the centres may attract.

6.23 A further role for the incubation team would be to act as 'knowledge brokers', identifying what appropriate technology transfer provision and technical consultancy maybe suitable for firms within innovation centres. This would need to align with the Growth Hub provision of both LEP areas. Knowledge brokerage would need to look beyond West Suffolk to the research and technical assets available more widely, e.g. rest of Suffolk, Norfolk and Cambridgeshire. An example of this role is set out in the box below, relating to 'connecting to Cambridge'.

Knowledge brokers – connecting to Cambridge

Within Cambridge there is a rich resource of scientific and technological expertise. It is, however, not always easy to navigate and as part of an overall business advice initiative, an appropriate individual needs to be tasked with understanding what Cambridge can offer to West Suffolk firms. In practical terms this will require:

- understanding the needs and opportunities of key firms in West Suffolk, in particular as they relate to technology expertise, and acting as an advocate for those firms
- relating to the individuals in the key institutions in Cambridge who are responsible for assisting businesses and identifying those organisations that are willing to offer their expertise through consultancy projects.

Networks

- 6.24 We recommend that there are three key components to networking activities, namely fostering active networks within West Suffolk, incentivising membership of Cambridge-based networks for ambitious West Suffolk businesses, and developing West Suffolk through use of partnership development and West Suffolk's assets.

Networks and business-to-business activity within West Suffolk

- 6.25 Business-to-business networks can foster new commercial ideas and partnerships. Within West Suffolk there exists a variety of business networking, for example through organisations such as the FSB and Chambers of Commerce, and through the annual business festival. These could be supplemented through specialist events, e.g. for particular technology areas or issues relating to business growth such as investment finance.
- 6.26 A second area for business-to-business activity within West Suffolk is to use procurement. This is an area that West Suffolk Councils (in partnership with other public bodies) can actively lead on, by providing a simple route to public procurement opportunities. This could potentially be supplemented by creating a mechanism for local businesses to advertise their procurement opportunities. Indeed, any grants issued through Councils' activities could include a requirement for such local advertising of opportunities.

Connecting to Cambridge – business networks

- 6.27 Cambridge is notable in terms of a number of active and effective networks which are relevant to West Suffolk firms. These include, but are not limited to, the following.
- [Cambridge Cleantech](#) whose objectives are to:
 - promote Greater Cambridge and the UK as a significant cluster and centre of excellence for the cleantech sector

- create opportunities for business growth and deliver excellence and value-added business support services to member companies
- provide a leading edge networking forum for debate and discussion on cleantech sector trends, opportunities, policy issues and international growth
- lobby government on regulatory matters to support the cleantech sector
- promote collaboration between higher education, the scientific and research community and the cleantech sector in Greater Cambridge.
- [Cambridge Network](#) which has the stated mission of:
 - fostering closer relationships and sharing ideas between businesses, academia and individuals through member events
 - facilitating peer learning groups and sharing high quality training
 - connecting people and companies for research and collaboration through the Network's own knowledge of local expertise and its member directory
 - enabling member companies to find and attract quality candidates to work in Cambridge, through its jobs board known as the 'Recruitment Gateway'
 - facilitating co-operation, action and resource sharing by being a focal point for organisations in the Cambridge region.
- Cambridge University's [Institute for Manufacturing](#) which has a membership scheme for small and medium size manufacturing companies.
- [Cambridge Wireless](#) (an off-shoot of the Cambridge Network) whose website description indicates that it:
 - is a community with an expanding network of nearly 400 companies across the globe interested in the development and application of wireless and mobile technologies to solve business problems
 - connects its network of companies and stimulates collaborative innovation through a range of networking events
 - runs 20 Special Interest Groups, each focussed on a specific technology and/or business area.
- [One Nucleus](#) (formed through a merger of the Eastern Region Biotechnology Initiative and the London Network) based at Granta Park whose offer to members features events, training, support on purchasing, links through networks including internationally, careers/job postings, and access to services such as meeting and lab space.

6.28 Each of these networks has an active programme of events which offer both professionally relevant presentations and a period of informal networking. Such events attract sizeable audiences and offer opportunities for ambitious West Suffolk companies to engage with the Cambridge Cluster, and potentially external investors through Cambridge's business angel

networks. For ambitious companies this should have advantages for the company itself, but there are also potential spill-over benefits for West Suffolk if its companies network effectively in Cambridge. By doing so they can act as perhaps the most effective marketing ambassadors for West Suffolk as a business location. There may be, therefore, a case for subsidising network membership, say for a period of two years, for selected companies which are prepared to commit the time to active attendance at networking events.

Developing West Suffolk

- 6.29 Additionally there is scope to gain a deeper understanding of particular individuals with connections inside and outside of West Suffolk who are likely to be supportive of development efforts. This may be because they themselves live in West Suffolk, because they have previously worked for a West Suffolk organisation, or because they have live relationships with organisations/businesses in West Suffolk. For instance, in relation to equine and animal health, we know through our research into Newmarket's equine cluster of individuals who give lectures in the Cambridge University Veterinary School, and we are also aware that a leading academic at the Veterinary School lives in Newmarket and previously worked for the Animal Health Trust.
- 6.30 A second aspect for developing West Suffolk relates to using existing assets and events to 'sell' West Suffolk's potential. Hosting high profile business events at facilities such as Newmarket Racecourse, as has been done in the past, is a good way of showing businesses and stakeholders the potential that West Suffolk has to offer. This could also link into the business-to-business networking within West Suffolk. For example, hosting specialist events focussed on relevant LEP priority areas such as agri-tech and life sciences could help West Suffolk businesses make links with businesses and partners more widely.

Enterprise culture

- 6.31 In order to develop the future pipeline of entrepreneurs in West Suffolk, and more broadly raise aspirations and awareness of enterprise, cost-effective activities should be implemented. Partners such as West Suffolk College, the UCS's presence in West Suffolk and enterprise agencies are crucial here. Because they are potential sources of new ideas, they may introduce the option of self-employment and enterprise to individuals just considering their career choices and indeed career changers, and they are often the 'front door' for those on the cusp of setting up their own business. Activities could include:
- enterprise education initiatives, e.g. through schools, colleges and UCS activities
 - events to spark interest and ambition with respect to enterprise, e.g. through attracting high profile entrepreneurs from West Suffolk and surrounding areas
 - engagement with wider initiatives such as Global Entrepreneurship Week in the UK
 - raising awareness, working in particular through enterprise agencies and colleges, of the opportunities presenting by enterprise – this could work in conjunction with the national StartUp Loans scheme.

Funding

- 6.32 As identified under premises above, public funding does not necessarily require grants. Soft loans (i.e. loans on favourable terms) can also be used to incentivise developments. There are other flexible ways in which the Councils may think about bringing developments forward:
- Government funds are currently focussed on capital, and so there may be a need to work with private developers to do capital-revenue swaps. I.e. if developers will deliver premises, but revenue activities such as incubation support require public funding, then developers could be asked to put forward 'revenue funding' for incubation support in exchange for an equivalent capital subsidy.
 - Councils may consider joint ventures for projects, working in partnership with other organisations.
- 6.33 A further point to note is that SEPs are currently focussed on activities for funding in the short-term, i.e. to 2015/16. Several actions identified in this report, in particular premises, are not ready for implementation yet and are likely to require some gestation time. As a result they may be potential fundable actions for future years.

Annex A: Consultees

Table A-1: Consultees

Name	Organisation
Dr Mark Vaudin	Animal Health Trust
Nic Rumsey	Carisbrooke Investments/Haverhill Research Park
John Granger	Cheffins
John Harvey	Churchmanor Estates
Dave Baker	Federation of Small Business
Adrian Cannard	Greater Cambridge Greater Peterborough LEP
Andrew Manig	Independent business advisor
Alex Till	Menta
Gordon Ellis	Merrifields
Chris Starkie	New Anglia Local Enterprise Partnership
Graham Abbey	Newmarket Chamber of Commerce
Kevin Horne	NWES
David Gill	St John's Innovation Centre
Nick Burfield	Suffolk Chamber of Commerce
Lucy Robinson	Suffolk County Council
Sue Roper	Suffolk County Council
Professor Brendon Noble	University Campus Suffolk
Nikos Savvas	West Suffolk College
Stephen Graves	West Suffolk NHS Foundation Trust

Annex B: Data tables and charts

Table B-1: Number of active enterprises in West Suffolk and comparator areas, 2004 and 2012

Area	2004	2005	2006	2007	2008	2009	2010	2011	2012
Forest Heath	2,335	2,335	2,365	2,400	2,410	2,325	2,245	2,230	2,240
St Edmundsbury	4,110	4,180	4,230	4,355	4,410	4,395	4,265	4,195	4,205
East Cambridgeshire	3,320	3,380	3,380	3,495	3,560	3,645	3,645	3,635	3,665
West Suffolk	6,445	6,515	6,595	6,755	6,820	6,720	6,510	6,425	6,445
Cambridgeshire	24,025	24,430	24,815	25,750	26,025	26,145	25,940	25,915	25,990
Suffolk County	26,950	27,190	27,370	28,090	28,170	27,985	27,455	27,170	26,920
England	1,885,265	1,904,490	1,924,485	1,987,590	2,024,990	2,040,150	2,046,310	2,040,980	2,070,400

Source: IDBR, Business Demography - 2012, (IDBR does not cover non-profit making organisations and very small businesses without VAT or PAYE schemes i.e. self-employed and those with low turnover and without employees)

Table B-2: Sector definitions

Sector	2007 SIC codes
Equine Sector	47722 : Retail sale of leather goods in specialised stores
	79909 : Other reservation service activities (not including activities of tourist guides)
	93110 : Operation of sports facilities
	93191 : Activities of racehorse owners
	93199 : Other sports activities (not including activities of racehorse owners) nec
	46230 : Wholesale of live animals
	46499 : Wholesale of household goods (other than musical instruments) nec
	29202 : Manufacture of trailers and semi-trailers
	96090 : Other personal service activities nec
	94990 : Activities of other membership organisations nec
	15120 : Manufacture of luggage, handbags and the like, saddlery and harness
	92000 : Gambling and betting activities
01430 : Raising of horses and other equines	
Advanced Manufacturing Sector	21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations
	262 : Manufacture of computers and peripheral equipment
	263 : Manufacture of communication equipment
	264 : Manufacture of consumer electronics
	266 : Manufacture of irradiation, electromedical and electrotherapeutic equipment
	267 : Manufacture of optical instruments and photographic equipment

Sector	2007 SIC codes
	303 : Manufacture of air and spacecraft and related machinery
	304 : Manufacture of military fighting vehicles
High- and Medium-high-tech Manufacturing Sector	201 : Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms 202 : Manufacture of pesticides and other agrochemical products 203 : Manufacture of paints, varnishes and similar coatings, printing ink and mastics 204 : Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations 205 : Manufacture of other chemical products 206 : Manufacture of man-made fibres 211 : Manufacture of basic pharmaceutical products 212 : Manufacture of pharmaceutical preparations 254 : Manufacture of weapons and ammunition 261 : Manufacture of electronic components and boards 262 : Manufacture of computers and peripheral equipment 263 : Manufacture of communication equipment 264 : Manufacture of consumer electronics 265 : Manufacture of instruments and appliances for measuring, testing and navigation; watches and clocks 266 : Manufacture of irradiation, electromedical and electrotherapeutic equipment 267 : Manufacture of optical instruments and photographic equipment 268 : Manufacture of magnetic and optical media 271 : Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus 272 : Manufacture of batteries and accumulators 273 : Manufacture of wiring and wiring devices 274 : Manufacture of electric lighting equipment 275 : Manufacture of domestic appliances 279 : Manufacture of other electrical equipment 281 : Manufacture of general purpose machinery 282 : Manufacture of other general-purpose machinery 283 : Manufacture of agricultural and forestry machinery 284 : Manufacture of metal forming machinery and machine tools 289 : Manufacture of other special-purpose machinery 291 : Manufacture of motor vehicles 292 : Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semitrailers 293 : Manufacture of parts and accessories for motor vehicles 302 : Manufacture of railway locomotives and rolling stock 303 : Manufacture of air and spacecraft and related machinery

Sector	2007 SIC codes
	304 : Manufacture of military fighting vehicles
	309 : Manufacture of transport equipment n.e.c.
	325 : Manufacture of medical and dental instruments and supplies
Life Sciences	2110 : Manufacture of basic pharmaceutical products
	2120 : Manufacture of pharmaceutical preparations
	2660 : Manufacture of irradiation, electromedical and electrotherapeutic equipment
	3250 : Manufacture of medical and dental instruments and supplies
	7211 : Research and experimental development on biotechnology
	7219 : Other research and experimental development on natural sciences and engineering

Source: SQW

Table B-3: Workplace based employment by sector, West Suffolk and comparator areas 2012

	Forest Heath	St Edmunds- bury	East Cambridge- shire	West Suffolk	Cambridge- shire	Suffolk County	England
Agriculture, forestry & fishing	200	-	100	300	700	800	337,700
Production	2,700	8,400	4,100	11,100	34,200	38,200	2,293,300
Construction	1,600	2,400	1,900	4,000	12,200	15,400	1,106,800
Motor trades	500	1,400	800	1,900	5,200	7,200	436,300
Wholesale	1,300	2,600	1,100	3,900	12,300	11,400	1,007,300
Retail	2,500	5,900	2,400	8,400	24,600	32,300	2,463,200
Transport & storage (inc. postal)	700	2,500	2,600	3,100	13,200	20,700	1,106,700
Accommodation & food services	2,900	3,100	1,400	6,000	16,700	22,500	1,640,500
Information & communication	400	800	600	1,300	15,500	8,500	971,000
Financial & insurance	500	1,000	200	1,500	3,600	8,200	924,800
Property	400	1,200	400	1,700	4,600	4,400	441,300
Professional, scientific & technical	2,200	3,000	2,100	5,200	31,600	17,300	1,935,800
Business administration & support services	1,400	10,500	3,100	11,900	21,200	27,100	2,009,600
Public administration & defence	1,500	2,100	500	3,600	10,900	13,400	1,113,900
Education	1,600	4,400	2,300	5,900	35,800	26,100	2,235,000
Health	1,400	7,700	1,900	9,100	35,000	35,800	3,074,000
Arts, entertainment, recreation & other services	1,800	2,100	1,300	3,900	10,000	13,000	1,080,300
Total	23,700	59,200	26,600	82,900	287,300	302,100	24,177,600

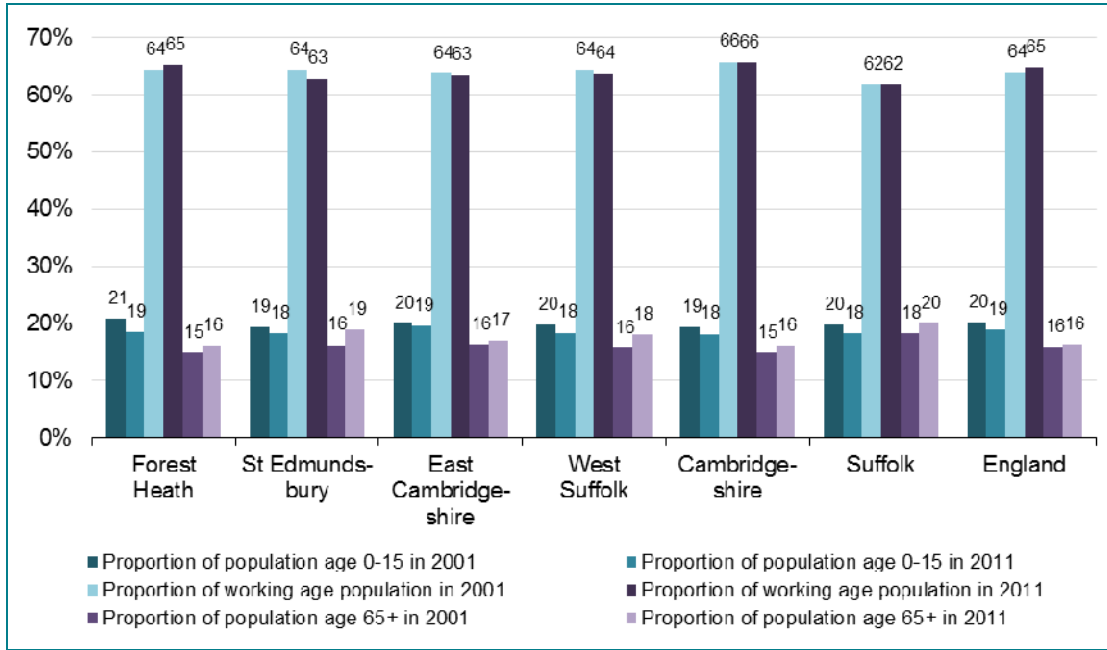
Source: BRES, 2012

Table B-4: Active Enterprises by sector, West Suffolk and comparator areas, 2012

	Forest Heath	St Edmundsbury	East Cambridgeshire	West Suffolk	Cambridgeshire	Suffolk County	England
Agriculture, forestry & fishing	220	350	455	570	2,035	2,600	94,235
Production	175	390	255	565	1,790	2,055	128,370
Construction	300	535	605	835	3,295	3,580	232,845
Motor trades	95	200	150	295	895	1,105	66,330
Wholesale	125	260	190	385	1,395	1,430	108,845
Retail	245	520	305	765	2,455	3,265	240,595
Transport & storage (inc. postal)	95	170	165	265	965	1,345	70,465
Accommodation & food services	165	295	175	460	1,540	1,885	139,370
Information & communication	85	195	220	280	2,325	1,510	153,575
Financial & insurance	45	110	60	155	530	635	56,965
Property	85	220	115	305	855	1,000	80,100
Professional, scientific & technical	220	620	520	840	4,485	3,685	329,060
Business administration & support services	185	360	265	545	1,950	2,090	157,510
Public administration & defence	30	60	40	90	305	395	20,315
Education	65	110	90	175	955	760	56,555
Health	105	255	135	360	1,315	1,810	126,690
Arts, entertainment, recreation & other services	380	335	275	715	1,840	2,340	156,390
Total	2,620	4,985	4,020	7,605	28,930	31,490	2,218,215

Source: IDBR, 2012

Figure B-1: Resident age profile, West Suffolk and comparator areas 2001 and 2011



Source: Census 2001 and 2011