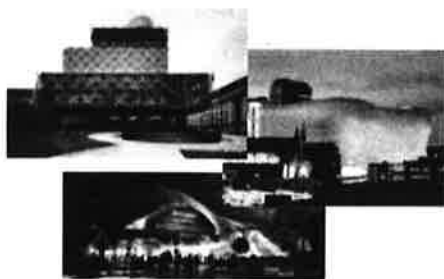




Department for Business, Innovation & Skills

## University Enterprise Zones Pilot

# University Enterprise Zone – BIRMINGHAM



## Application

## March 2014



Aston University



UNIVERSITY OF  
BIRMINGHAM



UCB  
University College Birmingham



Newman  
University  
Birmingham



# University Enterprise Zone – BIRMINGHAM

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### 1. SUMMARY INFORMATION

#### 1.1 Applicant Details

University name	Aston University partnering with: Innovation Birmingham Birmingham City University (BCU) University of Birmingham (UoB) University College Birmingham(UCB) Newman University
Address	Aston University Aston Triangle Birmingham B4 7ET
Lead contact name	
Direct telephone number	
E-mail	
1.2 Brief Project Summary	
Brief description of project	The University Enterprise Zone in Birmingham will deliver an exciting collaborative workspace environment using new technology to improve access for businesses, with high-value growth potential, to the collective expertise of all the universities in Birmingham, so increasing ability to grow. The University Enterprise Zone will provide accommodation for businesses by extending the Innovation Birmingham Campus facilities in the city centre at Faraday Wharf and in the new iCentrum building, both located on Birmingham Science Park Aston.
Total project cost	
Amount of funding applied for	
Amount of additional co-investment	



## 2. PROJECT PROPOSAL

**Provide an outline proposal for a pilot University Enterprise Zone.**

The University Enterprise Zone (UEZ) proposal for Birmingham is a collaborative bid between all the universities in the city and the city council, through Innovation Birmingham. It builds on the proven experience of the city's 5 universities (Aston University, Birmingham City University (BCU), University of Birmingham (UoB), University College Birmingham (UCB) and Newman University) to encourage student and graduate entrepreneurship and to support growth strategies for ambitious early-stage, and more established, businesses. Innovation Birmingham Ltd. is a not-for-profit company created, and owned, by BCC to deliver new activities focused around the development and operation of the Innovation Birmingham Campus for the digital community and tailored to the needs of future entrepreneurs.

The UEZ will be distinctive on the Innovation Birmingham Campus, which is conveniently located in the city centre within a short walking distance of two university partners (Aston and BCU). The UEZ will provide a collaborative workspace environment using virtual connectivity, and communications tools, to link businesses to the universities in the city and beyond. It expands the available space for innovative companies at this exciting location and specifically addresses the challenge of making it easier for micro-enterprises and small businesses to be supported in their growth through engagement with the universities. The UEZ will develop new ways of working and provide valuable lessons for other cities and economic centres.

The capital cost of the facilities is [REDACTED]. The UEZ funding applied for here enables an extension of the existing Faraday Wharf building by [REDACTED] to provide new incubation facilities and the addition of a [REDACTED] mezzanine floor to provide grow-on space, over and above the planned [REDACTED] floor space in the new (about to be built) iCentrum building (see Annex 1). The co-investment for the UEZ is the funding for the originally planned iCentrum building in the form of a commercial loan from BCC to Innovation Birmingham. 75% of the additional space will be rented by businesses with high-value growth potential, targeted on application of digital or smart technology in their products and services. The remaining space in the extension to Faraday Wharf will be a 'catalyst space' that can be used for entrepreneurial training, project demonstration etc.

Colocation of the UEZ on the Innovation Birmingham Campus increases the potential impact of improved access to university expertise beyond those businesses occupying the extra space created. Efficiency is high as the management processes and support services are already in place. Revenue costs will be provided by business rents, income from business support projects and university contribution for use of facilities.

The UEZ is located on the Innovation Birmingham Campus, extending the existing Faraday Wharf building and the planned iCentrum building (see Annex 1 for details). The campus is a short walk from the proposed HS2 station, with excellent road, rail and air links, and is therefore well-placed for businesses with high-value growth potential with export ambitions. Birmingham is the right place to pilot new thinking that will create a successful University Enterprise Zone since the city:

- has the youngest, and the most ethnically diverse, city population in Europe;
- has advantages of scale as the second largest city in the UK and is ranked in the top 20 European Cities of the Future (2014/15);
- has competitive offerings in the following key sectors: advanced engineering – automotive and aerospace; business, financial and professional services; ICT & digital media; life sciences and food and drink;

- has one of the largest local authorities in Europe with its Green Commission aggressively driving reduction of carbon emissions and its Smart Commission driving better use of data to create new business opportunities;
- delivers a broad base of business incubation capabilities linked to education, research capabilities, business clusters and local communities;
- has valuable knowledge assets linked to innate scale of the Greater Birmingham and Solihull economy with an annual Gross Value Added (GVA) of £36.5bn, 848,000 jobs and 63,000 businesses, with over 70,000 students and over 4,000 FTE academics (in universities) and has 22.5% of workplace-based employment in 'knowledge intensive' industries (above the core city LEP and national averages).

The focus for the UEZ is on innovative technology-inspired businesses, with high-value growth potential, seeking to exploit the opportunities offered by the "smart city" agenda in its broadest sense, that is, the application of 'smart' technology and the use of data to deliver better products and services for customers. Reinforcing the breadth and scale of these applications, Arup (in BIS Research paper 136, 2013) estimate a \$408 billion global market for smart city technologies in 2020 and, if UK industry took a 10% share of the market, these activities would be worth \$40.8 billion p.a. to the UK economy. The UEZ adds value by enhancing connectivity to the wider expertise of the universities in the city (and their local collaborators) who are key players in many of the relevant "eight great technologies" (the big data revolution and energy-efficient computing, energy and its storage, advanced materials and nanotechnology, life sciences, genomics and synthetic biology, regenerative medicine, robotics and autonomous systems, regenerative medicine, satellites and commercial applications of space, agri-science) that will inform and inspire many of the products and services developed. There are specialist incubation facilities within the city that will not be replicated in the UEZ. Companies requiring, for example, 'wet' laboratory facilities operating in the life sciences sector, will be directed to the Birmingham Biomedical Innovation Hub on Birmingham Research Park run by UoB, but will be able to benefit from connectivity to the UEZ.

The innovation ecosystem generated by Innovation Birmingham and partners has created a successful focus for entrepreneurial ventures. The main building for Innovation Birmingham (Faraday Wharf) currently has 50 tenants renting their own space. There are currently 8 companies on the Entrepreneurs for the Future (e4f) incubator programme supported by three Entrepreneurs in Residence and since 2009 over 90 companies have been through the programme. There are also 65 companies with 'hot-desk' membership packages which provide access to the Faraday Wharf facilities (café, e4f Centre and networking space); 80+ networking events each year; 1-2-1 'Visiting Expert' sessions provided by corporate partners and mentors; monthly Tech-meet-ups; access to finance through links with local and national angels and venture capital. Over 170 companies have registered on the Birmingham Skills for Enterprise and Employability Network programme (BSEEN) which also has project space in Faraday Wharf. BSEEN (led by Aston University, in collaboration with BCU and UoB) offers students and graduates a package of intensive start-up support. Participants benefit from a variety of workshops, networking opportunities, tailored mentoring, grants and office space at Innovation Birmingham Campus, BCU or UoB. Faraday Wharf currently has 4300m<sup>2</sup> of lettable space with additional meeting rooms, a large atrium for exhibitions and receptions, a café, and benefits from its own car park. To support the digital community Innovation Birmingham has invested in a 20Gbit/sec internet service.

Birmingham has demonstrated strong partnership working and an ability to join up university support for business through a number of collaborative projects including Innovation Vouchers, graduate placements and Knowledge Exchange & Enterprise

Network (KEEN). The UEZ will take this to the next level, using the latest technology to create a collaborative workspace environment that will reduce barriers to effective collaboration of businesses with universities. This bid is from a partnership of all the five universities in the city and the City Council (through Innovation Birmingham) who bring valuable experience and know-how together in the UEZ:

- The BSEEN partnership has enabled sharing of the overheads of facilities, mentoring from many city organisations and administrative support, allowing most resources to be allocated to support students and graduates on their enterprise journey.
- 139 businesses have so far completed the Goldman Sachs 10,000 Small Businesses programme (GS 10ksb) in the Midlands, run by Aston Business School in partnership with Goldman Sachs and the Said Business School. The continuing programme accelerates the growth of high potential small businesses to create jobs through a high quality, practically-focused business and management education curriculum, supplemented by a range of business support services.
- Local academies and colleges bring potential interactions with young entrepreneurs and some of the companies they engage with could become users of the UEZ facilities. Within walking distance of the UEZ are the Aston University Engineering Academy, the Birmingham Ormiston Academy and Birmingham Metropolitan College (whose Enterprise Academy has signed up over 5,000 students in the first 5 years).

The extra UEZ incubation space will be a [REDACTED] extension to Faraday Wharf including over [REDACTED] of flexible space for businesses to rent, with flexible co-working space capable of reconfiguration to meet the demands of specific start-ups. The space will promote collaboration using configurations developed through experience of operating the successful e4f centre in Faraday Wharf over the last 4 years. Academics working with businesses will utilise the co-working space as a matter of course but this collaborative environment will also be supported by technology that enables effective communication and collaboration with the knowledge exchange offices and academics in any of the 5 universities. Innovation Birmingham's approach to promoting innovation creates communities of interest that can be geographically colocated or connected by high quality video linkages, promoting intellectual proximity. A further attraction for new businesses is the plan for the new TechShop (providing a modern prototyping facility enabling hardware to be produced quickly and promoting the 'Maker Economy' alongside the digital economy) to be located on the Innovation Birmingham Campus (see Annexes 1 and 2).

Grow-on space will be provided through the rest of the accommodation in the iCentrum building and by the existing facilities of Innovation Birmingham and other Science Parks. iCentrum will be a key part of Birmingham's Smart City innovation capability. [REDACTED]

- iCentrum will provide commercial grow-on accommodation (see Annex 1 for details). The originally planned [REDACTED] space has been designed to create the optimum environment for tech entrepreneurs and innovative collaboration, catering for innovative start-ups through to more established, growing businesses. Construction of iCentrum is scheduled to commence in September/October 2014.
- The UEZ bid enables extra space by installing a partial mezzanine floor during construction of the double-height ground floor. The iCentrum capital project has already been extensively value-engineered and the original budget cannot deliver the addition of the mezzanine floor. In essence the UEZ bid will realise further benefits (and outputs) from iCentrum through its linkage to the incubator space in Faraday Wharf and by expanding the usable space for new businesses requiring commercial grow-on accommodation with easy access to university expertise.
- It is intended that other grow-on facilities in the city will be part of the connected

network allowing successful businesses to make better choices of location for their next phase of development.

The offer to businesses based in the UEZ, and the selection process to help to create a vibrant community of businesses keen to work with the universities, is being driven by partners in this bid who bring considerable experience in business support for enterprise growth. The 'whole will be greater than the sum of the parts':

- The UEZ provides a flexible and stimulating working environment:
  - structured to promote collaborative discussions and stimulate innovation through its physical layout and its ICT and AV facilities;
  - offering an initial 6 month package with two months free and inclusive of desk space with desktop screens, Wi-Fi internet access and phones.
- The UEZ offers businesses a range of attractive supporting facilities:
  - Café, meeting spaces, atrium for large social events, car park, access to the new membership activity in iCentrum; a state of the art events/ demonstration space.
- The UEZ provides easier engagement with a range of business support activities:
  - The UEZ partners are a key part of the evolving business enterprise support agenda. If successful in their Small Business Charter applications, the Business Schools will have the opportunity to provide access to loans from the Start-Up Loans Company, support from the Growth Vouchers Programme and a bespoke leadership and management development programme under Growth Accelerator. (Aston and UoB applying for Gold status, BCU for Silver Status);
  - Being based in the UEZ will help businesses access the most appropriate forms of support professional and financial services and public sector business support in Birmingham. For example, UKTI already have good working relationships with tenants at Faraday Wharf and the local office have already agreed to provide further tailored briefings for the UEZ;
  - Businesses can apply for the GS 10ksb programme, delivered by Aston Business School, to develop the leadership of the business (with demonstrated excellent growth outcomes for small businesses who have completed the programme);
  - For successful applicants the e4f programme, part-funded through ERDF, at Innovation Birmingham will be available as they become established.
- The UEZ creates a unique collaborative workspace environment (see Annex 2):
  - A key differentiator for the UEZ will be the communication platforms and collaborative software that will enable the UEZ to offer a unique means of promoting collaboration between local and regional SMEs and the 5 Birmingham universities and a local expansion of wider national, and international, plans being delivered through iCentrum. The UEZ platform, linking to the knowledge exchange offices in the universities, combined with the business support offering proposed here, does not currently exist. These facilities will be used for general mentoring/skills training and to promote connectivity to address business and technical issues faced by the new ventures. The technology will complement existing projects like Innovation Vouchers, Innovation Exchange, and Innovation Engine which rely on brokers but have often failed to engage young businesses who are often particularly short of time to explore potential university support;
  - The UEZ will make a reality of effective connectivity with institutions that are physically more distant. The physical node for Birmingham of an interconnected national network (NVI), is established in Faraday Wharf, but will be expanded in iCentrum, providing a platform for the interconnection of innovation, incubation and research centres in the UK (<http://www.nvinetwork.com/>). An Investment Forum will soon be launched using this connectivity to link together a nationwide grouping of angel funders;
  - The collaborative workspace environment in the UEZ also enables linkage of the



innovation sites across the city, e.g. to the BizzInn Incubator hosted by UoB (located at Birmingham Research Park, Edgbaston) helping to build a community of entrepreneurs. (In the nine months that it has been open, BizzInn has already supported 25 small businesses across a range of sectors.)

- The UEZ will provide faster and easier ways for businesses to identify and link to the centres of expertise and related ERDF projects (see Annex 3):
  - The UEZ makes it easier and quicker to identify and connect with the knowledge exchange offices and the research expertise of the universities in the city (and their collaborators) who are key players in many of the "eight great technologies";
  - The partners are delivering a range of ERDF-funded projects, knowledge transfer partnerships etc. to provide technical and business support. Location in the UEZ will ensure that businesses are aware of, and make best use of, relevant projects and help shape future bids for ESIF funding;
  - The UEZ will bring complementary expertise, for example, from Birmingham City University, with relevant experience in web-based applications and the design industries (notably architecture, industrial, interior, fashion and jewellery);
  - Social enterprises with a strong technical content may find the UEZ an ideal place to grow. All the university partners are working with UnLtd to develop start-ups in the social economy and bids for future UnLtd programmes are being currently being submitted collaboratively. Newman University have a particular desire to extend their involvement in social enterprise. BCU's links with organisations such as the Initiative for Social Entrepreneurs will help link the UEZ to the emergent Social Enterprise Zone in the nearby Digbeth area of the city.
- The UEZ offers an attractive next step location for Graduate start-ups
  - The UEZ will offer graduate start-ups a great opportunity to grow. BSEEN is a business start-up programme which is part-funded by ERDF that will act as one source of new businesses for the UEZ. The new ESIF strategy (2014-20) also includes an intention to fund revenue for such activities.
  - The UEZ will provide opportunities from other university entrepreneur schemes e.g. UoB provides expertise in entrepreneurship and leadership through Birmingham Business School. UoB also has an extensive student entrepreneurship offer including: a Postgraduate Enterprise Summer School; Talent Pool, in which doctoral students undertake enterprise skills courses followed by targeted consultancy opportunities; Plan B, a business competition which gives students elevator pitch training; Entrepreneurship Scholarships, with the role of working with university enterprise societies. These, and other schemes at partner universities, may provide potential tenants.

The wider economic and social benefits will include the catalytic effect of the exciting physical space and the collaborative workspace environment, available to a wider set of businesses than just those located at the site, which will help drive innovation in the city. The ambition is that the capability of the UEZ to join up support activity from the universities in the city (and their networks) will continue to be used to support innovation and growth beyond the vulnerable start-up phase to create sustainable companies that continue to innovate. Alumni (of programmes) will be connected to other powerful networks of successful entrepreneurs (e.g. the regional and national alumni of the GS 10ksb programme, E2Exchange and the Enterprise Diversity Alliance). Creating a more coherent set of interventions involving the City Council and the universities will create better outcomes for innovation programmes and reach more companies.

The appraisal and evaluation methodology will be independent but based on the experience of the Business Schools engaged in the UEZ. A baseline for the performance and university engagement of the existing tenants of Innovation

Birmingham will be undertaken. This evaluation framework will then be rolled out on an annual basis to provide information about the impact of the improved access to universities and the overall ecosystem generated by the combined facilities of Innovation Birmingham, the UEZ [REDACTED]. The aim is to track companies on the longitudinal business demography database (the ONS Business Structure Database (BSD) of all registered businesses) which would also have the advantage of providing comparative data on similar businesses not located in the UEZ. However, many of the businesses will not be formally registered for VAT and/or PAYE and thus lie outside the BSD so a brief annual survey of these businesses will be carried out to track performance and impact, using the longitudinal version of the annual Global Entrepreneurship Monitor (GEM; led by Aston) tracker survey of nascent businesses to identify comparative data. The discussion between BIS and the HMRC (including the Enterprise Research Centre (ERC)) on the release of individual-level self-employed data to enhance evaluation methodologies is helpful. This evaluation and monitoring will provide helpful data on demand for grow-on space, company evolution and the attractiveness of the location and the contribution made to the economy of the city.

In order to focus on innovative and high-value SMEs, potential tenants of the UEZ will go through a selection process, drawing on the experience of the GS 10ksb programme, the Enterprise Research Centre and the e4f incubator to help to create a vibrant community of entrepreneurs keen to work with the universities in the city. The selection process will help identify, through a diagnostic tool, an early indication of the coaching, mentoring and enterprise education requirements and help develop an integrated business support package for resident companies in their formative months and years.

There are significant market failures operating in Birmingham. With the exception of the iCentrum building proposals, no other new commercial incubator developments have been proposed in Birmingham for the past 4 years. As is the case nationwide there is little market interest in developing incubator space without public sector support within Birmingham. The UEZ addresses elements of pioneer risk / co-ordination / imperfect information failure as the project involves investing in a new mechanism to facilitate co-operation. A private sector investor would correctly predict that, until the approaches proposed are demonstrated to give benefits, the market will not take off. The costs of co-operation are real, and required now, whilst the benefits are uncertain and in the future. The public sector can add confidence by creating and securing support by investing in demonstration projects, infrastructure or other pump-priming activities or by assisting the first entrants. Once the market has started to take off, and the benefits demonstrated, other investors are then more likely to follow. As the Government response to the Witty review says, "Many science parks tell us that there is little or no appetite in the private sector to invest in providing this space for small firms. These firms cannot commit to taking space a long way in advance of need, so the property market sees a high degree of risk in this kind of speculative investment, especially since the financial crisis. These firms are important to future economic growth, however, and there is a clear argument for public support." As a whole, incubator tenants do not generally engage strongly with universities to help them grow as evidenced by the current tenants of Faraday Wharf where only 10% actively engage with universities.

### **3. PROJECT OBJECTIVES AND DEMAND FOR SERVICES**

#### **3.1 Project Objectives**

What are the objectives for the project and how do they fit with wider Government objectives?

The project is designed to integrate the new UEZ pilot within the Innovation Birmingham Campus as an effective (and efficient) way of meeting the UEZ objectives which are to:

- 1) Encourage universities to engage further with business and with LEPs in driving innovation and growth at local level.
- 2) Encourage businesses with innovation potential to engage with universities.
- 3) Address the issue that there is little or no appetite in the private sector to invest in buildings on science parks providing office, workshop and laboratory space for small firms (incubator and grow-on space).

The UEZ will:

- increase the pace, breadth and depth of innovation through enhanced communication and collaboration between businesses and with universities;
  - create a flexible programme of interventions and cost effective facilities that can evolve to address the emerging needs of start-ups and more established early-stage businesses in Birmingham, building on proven delivery capability;
  - create a collaborative workspace environment linking research, skills, and enterprise support from universities, stimulated by enterprise education, that will pioneer and promote new approaches to network-enabled open innovation;
  - specifically generate linkages for the businesses to the centres of expertise that are supporting the government's industrial strategy and the 'eight great technologies'
- (Quantified outcomes are given later)

### 3.2 Demand for services

What demand is there for the services being proposed and what evidence is there that there is a market failure that needs to be addressed?

- Market failure on the site: The space for entrepreneurs currently on the Innovation Birmingham Campus is already full, partly because of the enterprise programmes such as BSEEN and e4f. There is space to develop but there is a lack of funds to bring this about without the help of a grant and there is very limited office space near to the university campuses in Birmingham. No land needs to be purchased as the site is owned by BCC. Numerous studies have shown that hi-tech enterprise start-ups are more successful through proximity to universities and the bid increases the 'intellectual proximity' of incubation space for new and fledgling enterprises. The Benchmarking of Business Incubators report (EC Commissioned) supports the approaches we are adopting to deliver successful outcomes (<http://www.cses.co.uk/upl/File/Benchmarking-Business-Incubators-main-report-Part-1.pdf>.)
- The identified need for the incubation space is partly based upon past and current demand for accommodation in Faraday Wharf which was occupied during 2011 at levels between [REDACTED]. It is also of note that since 2008 (that is throughout the recession) the average occupancy rate has been [REDACTED] with demand for space that is now outstripping the churn rate. (Data shown in Annex 4)
- An independent demand and need study undertaken as part of the business case development for the iCentrum Building identified demand amongst West Midland businesses for science park premises that provide opportunities networking with like-minded businesses and bespoke business support provision.
- Student and graduate enterprises are likely to provide a pipeline of start-up businesses that will potentially move from the 'BSEEN space' into the UEZ. In the first phase of BSEEN over 90 businesses were registered and since October 2012, 80 further businesses have registered.
- The Greater Birmingham and Solihull LEP (GBSLEP) area has a relatively small proportion of companies that are high growth (5.6%) compared to the national average (6.9%), contributing the poor private sector growth record of the area and the UEZ will help address this.
- Companies on the GS 10ksb programme have a higher proportion of female founder directors at 32% than the 19% suggested by the national GEM data. This is not due

to positive action other than a focus on businesses with growth potential first and foremost. The company selection process for the UEZ may therefore help address the gender imbalance in the tech incubator activity of Innovation Birmingham, which is indeed an issue reflected in many science parks around the country.

#### **4. FINANCIAL INFORMATION**

##### **4.1 Co-investment**

What is the indicative amount, nature and source of co-investment (this should be at least twice the amount of funding applied for)?

- The funding application will be for [REDACTED] to construct and fit out the UEZ and to fund the collaborative workspace facilities in the partner institutions. The co-investment will come from the [REDACTED] funding (as a direct commercial loan from BCC secured by Innovation Birmingham Ltd.), for the iCentrum Building (see Annex 5).
- The UEZ will be delivered in parallel with the development of the iCentrum Building and could be operational within 12 months of confirmation of the funding so the capital co-investment will be delivered in that period.
- The current ERDF or future ESIF programme also offer strong opportunities for revenue projects to provide services within the UEZ. Full approval of new capital projects could not be achieved before decisions have to be made on the UEZ bids and so this has not been used as co-investment but will provide revenue support.

##### **4.2 State Aid Compliance**

Does your proposed investment comply with State Aid rules?

- There is no aid to the University or Innovation Birmingham Ltd subject to the necessary calculation and offsets of any residual value in the building.
- There is lawful state aid to the SMEs who will be tenants of the University Enterprise Zone on the block exemption set out in Article 36.

#### **5. STRATEGIC PARTNERSHIPS AND OBJECTIVES**

##### **5.1 Local Enterprise Partnership**

Demonstrate how this proposal contributes to the SEP.

The proposed action areas for innovation are summarised in the GBSLEP strategy document, 'Strategy for Growth', and the SEP as:

- Putting in place the key enablers/infrastructure
- Marketing the GBSLEP region as an innovative place
- Developing effective business networks, including funders
- Stimulating demand for new products and services
- Promoting best practice in the management and governance of innovation.

The colocation of the UEZ with Innovation Birmingham will create excellent infrastructure that is an attractive place to establish a company and foster a local environment for networks and shared learning that can make a major contribution to these goals.

The 'Stimulating Business and Enterprise' intervention support package, outlined in the European Structural and Investment Funds Strategy aims to:

- Make a 'difference' in terms of productivity and the creation of new jobs and its contribution to GVA per head.
- Complement, rather than duplicate, what already is being provided.
- Be delivered in tandem with the delivery of the Innovation and R&D and Skills work under this Strategy.
- Address market failure by providing a new co-ordinated growth ecosystem of support containing a package of interventions with a focus to supporting ambitious start-up and existing businesses with a strong potential to grow, helping them to optimise

their potential by growing and creating wealth and new jobs.

- Create a business-centric approach targeted on the identified high growth / high value added and high volume / high job creation sectors in the 'Strategy for Growth' and the draft Strategic Economic Plan.

This UEZ proposal is consistent with these goals and will be a physical demonstration of commitment to them. The UEZ will support a wider spread of innovative businesses with high-value growth potential through collaboration with partners across the city, stimulating enterprise within Birmingham's universities that not only enables job creation immediately on the Innovation Birmingham Campus but ensuring potentially mobile jobs are brought to, or retained within, the Greater Birmingham economy (Annex 6 shows letters of support from partners). The UEZ will develop strong links to the proposed Growth Hub for business support. The nature of the UEZ with a high "churn" of entrepreneurs lends itself well to a direct link to the proposed Skills for Growth Hub. Businesses engaged with the UEZ will offer valuable Apprenticeship and work experience places in critical ICT skills. Links to the FE sector and the academies will create valuable training experiences in the UEZ and raise aspirations of young people.

### **Planning considerations**

Innovation Birmingham Ltd. will wrap the extension of Faraday Wharf into the ongoing planning discussions over the iCentrum Building. The original master plan discussed with the Planning Dept. showed an extension on the back of Faraday Wharf, so it will not be a new start on the concept. Planning permission for iCentrum will be sought in late April. The outline ideas of the UEZ and TechShop have already been introduced into the discussions with the Planning Department. The Enterprise Zone site encompasses the land for the iCentrum Building as well as additional space for a further development. The whole of Birmingham Science Park Aston comes under a Local Development Order (LDO). The aim of the LDO is to streamline the planning system for businesses seeking to locate and expand within Birmingham Science Park Aston and it specifically looks to enable the reuse and conversion of existing buildings.

### **Outcomes**

Indicative outcomes will include:

- new start-up companies in the UEZ per annum, measured by evaluation survey;
- new jobs over a three year period measured by evaluation survey in companies that have occupied the UEZ;
- increased proportion of companies in UEZ facilities actively engaging with universities (increase p.a. for next three years measured by evaluation survey);
- increased engagement of participating universities with SME businesses as measured by the Higher Education-Business and Community Interaction (HE-BCI) survey (increase per year in numbers of businesses and turnover);
- increased number of companies (over current baseline) located in university-related facilities (including other sites across Birmingham) in three years, and tracking UEZ involvement where possible.

iCentrum planned outcomes before extension:

- regeneration of 0.2ha of derelict brownfield land within the city's Enterprise Zone;
- provide accommodation for new high-value jobs in priority sectors for the LEP;
- create additional GVA in the economy per annum.

### **5.2 Wider strategic plans**

Demonstrate how this proposal fits the wider strategic plans of the universities.

Annex 3 contains a brief summary of some of the other relevant expertise of the universities named in this bid. It demonstrates that all 5 universities see enterprise as

an important part of their mission. There is also much more specialist technical expertise that we have not attempted to summarise. The value and significance of the strong partnership between the institutions coming together to support a single bid for the UEZ should not be underestimated. It is a further indication that Birmingham is determined to build on the tremendous knowledge assets that exist in the city, creating a new and effective way to help stimulate innovation and enterprise, and working closely with the new business community, the City Council and the GBSLEP.

## 6. INDICATIVE PLAN AND MILESTONES

### 6.1 Provide an indicative plan that shows the timetable for the establishment of the zone and the delivery of the facilities.

Design and Planning Application:	2 months from Award
Procurement of materials (Construction Partner previously tendered through an OJEU compliant Competitive Dialogue)	3 months from Award
Start of construction and fit out:	5 months from Award
Practical completion (available for occupancy):	11 months from Award
Completion of construction of link-bridge to iCentrum and the mezzanine floor in line with completion of iCentrum	Target September 2015

### 6.2 Predicted spend profile

Outline the predicted spend profile during development, demonstrating that the award will be spend across the three year period

Design, Planning and prelims:	
Construction (over S Shaped curve from month 5-9):	
UEZ FF&E inc. ICT:	
Capital spend at Partner Institutions for ICT(months 9-11):	
Complete spend by September 2015	

## 7. RISKS AND CONTINGENCIES

Outline the risks (management, financial, commercial), strategies for their mitigation, and contingency planning. Please add additional lines to the table as required.

	Risk	Mitigation
1	Planning consent delayed (Construction)	Outline permission and structural survey already completed as part of options study for iCentrum. Innovation Birmingham is 100% owned by BCC. Risk Owner: Innovation Birmingham
2	Construction delayed (Construction)	May be able to use small amount of empty space in Innovation Birmingham facilities on a temporary basis or university space. Risk Owner: Universities / Innovation Birmingham
3	Collaboration of universities not effective (Management)	Top level commitment from Vice Chancellors in place. Employer and Business Engagement Group (chaired by Aston PVC) from the West Midlands universities supports the project. Steering Group will be put in. Risk Owner: Universities
4	New projects depend on start of ESIF programme (Financial)	Current ERDF projects may be able to provide support for a limited range of outputs. New ESIF strategy supports goals of the UEZ. Project development for new programme started early. Risk Owner: All partners in potential new projects
5	Lack of business take-up (Commercial)	University partners are creating new companies and emerging entrepreneurs. iCentrum facilities will also attract companies to locate in the UEZ. Risk Owner: Universities / Innovation Birmingham

## **8. DATA PROTECTION ACT**

All information in main application documents can be disclosed on request under FOI.

## **9. DECLARATION**

I declare that the information in the application form and accompanying documentation is correct to the best of my knowledge and belief

Signed.....

Name.....

Position.....

Date..... 31<sup>st</sup> March 2014

**Now email this application to [uez@bis.gsi.gov.uk](mailto:uez@bis.gsi.gov.uk) . The deadline for this application to be received by BIS is 5pm on 31 March 2014.**

## **ANNEXES:**

**Annex 1 – Location and facilities**

**Annex 2 – Technology summary for collaborative workspace environment.**

**Annex 3 – Further relevant background of partners**

**Annex 4 – Science Park / Incubator Demand**

**Annex 5 – Evidence of Co-investment**

**Annex 6 – Support Letters from Partners**



**Annex 1 – Location and facilities redacted**

**Annex 2 – Technology summary for collaborative workspace environment.-  
Redacted**

### **Annex 3 – Further relevant background of partners**

#### ***Aston University***

Three of the University's key objectives revolve around small businesses namely: to build strong relationships with business, professional and public sector organisations; to contribute to the innovation and economic landscape of Birmingham and the region; and to deliver innovative support for SMEs and new business. Aston has led the BSEEN project described earlier.

Aston has proven experience of supporting SMEs. As an example, growth is significantly higher for companies on the GS 10ksb programme than similar cohorts of small business, – e.g. 77% of firms reported an increase in jobs in the 12 months prior to March 2013 compared to only 24% in the wider business population, 66% of firms indicated that their turnover was greater compared to 35% in the wider business population, and 53% had increased the underlying profitability of the business. This programme provides practical insight into developing effective policy interventions for business through the Enterprise Research Centre (ERC) (co-hosted at Aston and involving the University of Birmingham) and the Global Entrepreneurship Monitor (GEM) annual tracker survey.

Aston University led the successful West Midlands Innovation Vouchers pilot scheme and currently has a derivative version part-funded by ERDF that not only provides a small grant but also workshops to help SMEs innovate. Other current ERDF-funded projects, aimed at supporting SMEs directly, cover the areas of servitisation, photonics, biomarkers and business transformation. Aston University is one of the leading deliverers of Knowledge Transfer Partnerships having more KTPs per academic staff than nearly all universities in the country and has a strong track record of delivering outcomes that make a real difference to businesses.

#### ***Innovation Birmingham***

Some recent successes of the early e4f companies, based in Faraday Wharf, include Soshi Games that has so far raised c£1.5m in equity investment (including a recent £285k through crowd-sourced funding) and Learning Labs that secured £300k of venture capital funding and commercial deals with Staples, Amazon and WHSmith. Droplet, an e4f alumni company and continuing tenant, which created a mobile money app, has secured £750k and hopes soon to secure a multi-million funding round. Of 10 tech start-ups in Birmingham recently highlighted 5 are located in Faraday Wharf and one of the others started there (Birmingham Post - 29 Jan 14).

#### ***Birmingham City University (BCU)***

BCU, through activity with the creative industries, other digitally-based sectors and BSEEN, has supported more than 200 start-ups using the NESTA Insight Out methodology for creative entrepreneurs. BCU has gained valuable experience running the 'Design Space' initiative focussing on designer makers which will facilitate start up opportunities between the UEZ and the Jewellery Quarter for example. The University has commercial partnerships with the Custard Factory in Digbeth delivering start up follow-on and co-working space such as Boxxed and the Moseley Exchange.

BCU's Rapid Innovation Centre is a catalyst for ideas linking Creative & Cultural Industry start-ups with entrepreneurs. This expertise supports cross-sector enterprise development with galleries, libraries, the arts and museums. Links to new fab labs, such as Birmingham's open media for photography and digital media, will support the connectedness of the UEZ and an open-innovation approach to enterprise.

BCU leads, on behalf of Idea Birmingham, the 'Birmingham Made Me' (BMM) design expo which is a membership-based collaboration of manufacturing and brand-led businesses. BMM 2012 attracted over 330 companies, 15,000 visitors and the 'Entrepreneur Stores' enabled the promotion and development of 25 retail entrepreneurs. The BMM 2013 programme exhibited on a larger scale from 2012 featuring interactive touch-sensitive video promotion for over 100 businesses, delivering in excess of 130 international expert speaker events and publishing nine 'self-help' guides on innovation, design and creativity.

#### *University of Birmingham (UoB)*

UoB is one of the world's top one hundred universities and receives over 80% of all research funding within the GBSLEP area, undertaking the highest quality research and its translation, developing leading relationships with major multinational businesses (e.g. Rolls-Royce, Proctor & Gamble, Jaguar Land Rover, Mondelez/Kraft, GSK), but also focusing on delivering high-value interventions to high-growth SMEs, be they supply chains of these major multinationals or in areas of particular strategic focus for the University and the GB&SLEP.

UoB is a partner in the Birmingham Science City Research Alliance which has received substantial investment in buildings and equipment for translational research. UoB is currently delivering the majority of Knowledge Transfer Partnerships awarded to institutions in the area and nearly 90% of the current portfolio is with high-growth SMEs and half have PhDs working with them and has a live portfolio of over £17m of TSB projects (excluding KTP), with SMEs involved in many of them. From protein vaccines (Prokarium Ltd, £400k) to low resistance tyres (Fusion Innovations Ltd, £1m), UoB enables SMEs to test innovative ideas and bring them to market at scale.

The Centre for Research in Ethnic Minority Entrepreneurship (CREME) has a strong reputation for its pioneering research and business engagement activities, promoting diversity and enterprise and delivering leading-edge expertise on business support for ethnic minority entrepreneurs.

UoB has been engaged directly in a significant number of regional/ERDF funded programmes focused explicitly on supporting the SME base within this region. These current programmes have delivered well over 1000 supportive interactions with SMEs and programmes of collaboration with over 600 high-growth SME businesses. The recently-opened business incubator, the 'BizzInn' plays host to the Birmingham Business Club. This regular event addresses current hot topics relevant to SME's and has attracted significant interest. The quality of the speakers and the networking is demonstrated through the fact that the club already has over 100 SME members.

UoB runs the Medici enterprise training programme, whose objective is to help academics by providing a structured training programme covering business planning, skills training and exploitation routes. Over the last two years, there have been 71 successful participants including 25 from universities across the country. Medici is recognised as an example of best practice in entrepreneurship training for innovators by the BBSRC and Auril.

#### *University College Birmingham (UCB)*

UCB has a strong track record in supporting the entrepreneurial aspirations of its students alongside the innovation needs of established service sector businesses. UCB's vocational and applied research strengths are in the High Volume - High Job

Creation areas of the GBSLEP Strategy for Growth framework; namely Food & Drink, Sport & Leisure and Hospitality & Tourism. The emphasis on industry standard skills and performance is underpinned by the enterprise and marketing expertise of the Business School, with all UCB students combining a vocational education with enterprising behaviour. The Business School hosts the UCB Enterprise Society which supports many of the 600 plus undergraduate and postgraduate graduates from management, business and marketing enterprise programmes each year, in particular it supports the 80 plus new enterprise developments completed each year by students as part of their final year studies.

Commercial applied research activity ranges from new product development and food design with corporate clients such as Wing Yip, Tesco and Covent Garden Foods to co-hosting of hospitality events with social enterprises across Birmingham. In collaboration with leading industry experts through key partnerships enterprising students are given access to cutting edge research and facilities to progress their business ideas. Working with the established leaders in the city on Social Enterprise, such as the Initiative for Social Entrepreneurship ISE and Social Enterprise WM, UCB is committed to developing and supporting service-sector social entrepreneurs utilising grant funding programmes such as Innovation Vouchers and KTPs.

#### *Newman University*

Newman University is a values-driven university informed by the Catholic ethos and looks to make a demonstrable impact on society across a broad spectrum of social science subjects and through the development of teachers.

The University cultivates enterprise activity through knowledge transfer, consultancy and ethical employer engagement and partnership. Social enterprise is an important aspect of this and the Strategic Plan for 2014 – 2020, currently being finalised, emphasises the University's commitment to cultivating and supporting successful social ventures and enterprises in partnership with others.

**Annex 4 – Science Park / Incubator Demand Redacted**

**Annex 5 – Redacted**

**Annex 5b – Redacted**

**Annex 6 - Redacted**

