

SOUTH LONDON KNOWLEDGE EXCHANGE

COLLABORATION -> INNOVATION -> GROWTH

STRATEGIC INVESTMENT POT APPLICATION SEPTEMBER 2019



BID SUMMARY

The South London Knowledge Exchange will build an ecosystem of dynamic SME/University collaboration to stimulate knowledge-based growth through business start-up or expansion, improved productivity and creating high-quality jobs. Via a network of knowledge hubs in new workspace, a partnership of councils and universities will deliver a consistent innovation support offer and routes into more intensive collaboration between entrepreneurs and academia.

PARTICIPATING BOROUGHES

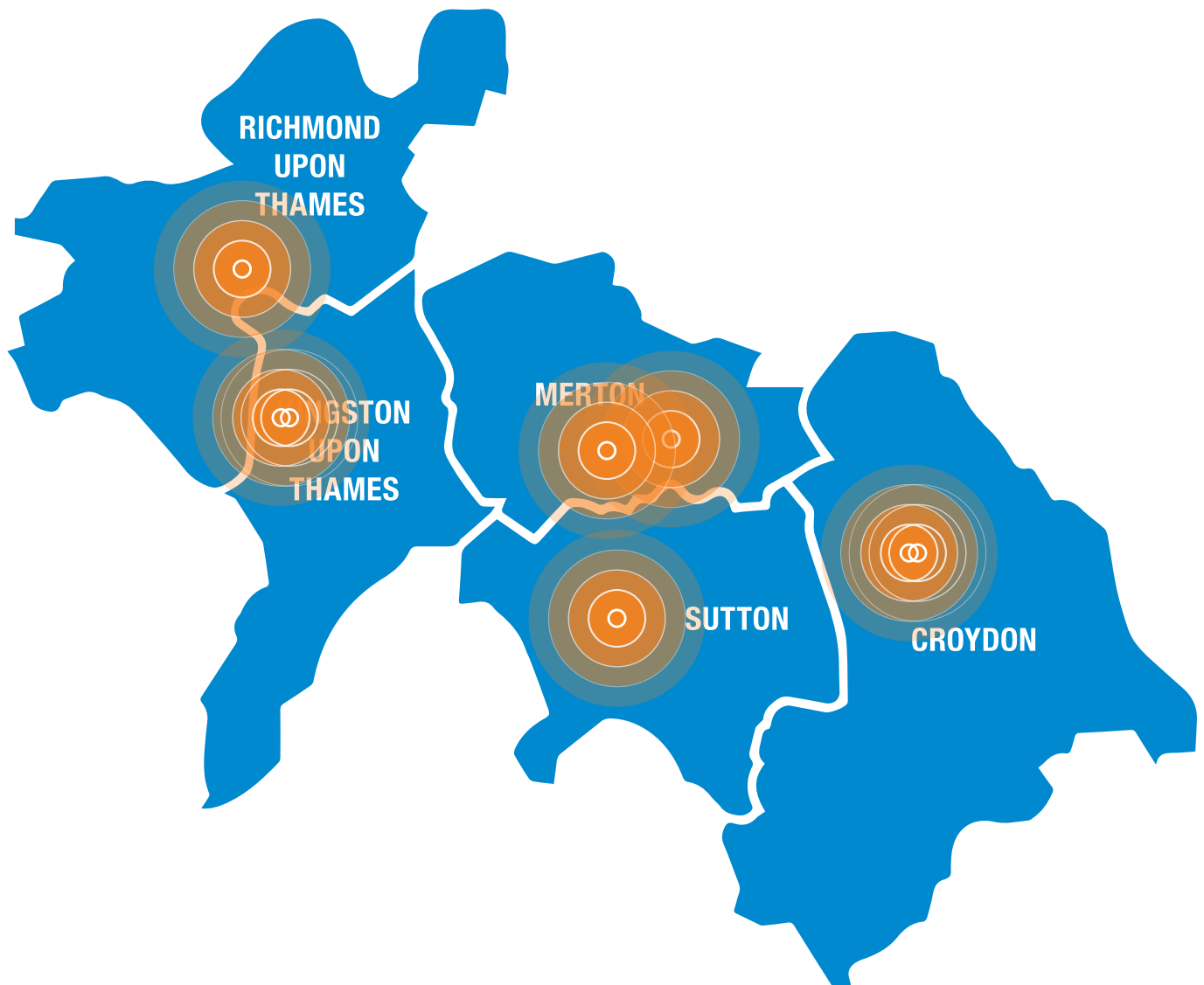
- Croydon
- Merton
- Sutton
- Kingston upon Thames
- Richmond upon Thames (accountable body)

OTHER ORGANISATIONS SUPPORTING THE PROPOSAL

- South London Partnership
- London South Bank University
- St Mary's University
- Sussex Innovation Centre
- John Lewis Partnership
- Kingston First BID
- Successful Sutton BID
- Kingston University
- University of Roehampton
- Wimbledon College of Art
- Croydon College
- Kingston Chamber of Commerce
- Merton Chamber of Commerce

OUTPUTS	
Jobs	654
Commercial space	11,369m ²
Existing business supported	1,115
Early stage business supported	532
Business-HE collaborations	265
New products, processes/JVs developed	50

FUNDING	
Private sector	£4.59m
Public sector	£3.88m
In-kind contributions	£0.57m
CIL / S106	£0.21m
Borrowing	£3.34m
Unidentified	£2.99m
Strategic Investment Pot bid	£12.07
Strategic Investment Pot proportion	43.6%



DETAIL OF PROPOSAL

This proposal brings together the five South London Partnership (SLP) boroughs, local Higher Education Institutions (HEIs) as well as other business partners to deliver a new and impactful sub-regional offer to support local businesses to collaborate, innovate and grow. This new sub-regional delivery partnership will integrate and enhance existing local programmes and HEI links to create a comprehensive, compelling and accessible Knowledge Exchange (KE) programme. A network of workspace hubs in key locations will provide engagement and service delivery points. These will provide modern workspace solutions for SMEs, tackling local shortages resulting from Permitted Development Rights and the failure of the market to replace with adequate stock. An innovative digital platform, KU2U, will provide online support infrastructure.

Rationale for intervention

ONS data shows Outer South London has the poorest business productivity in the capital despite a relatively high skilled population, strong knowledge base and clusters of business excellence. Low-skilled sectors feature heavily in the business base and these are increasingly subject to structural economic change. This project will support economic resilience and adaptability, helping to achieve SLP growth ambitions supporting balanced growth, less out-commuting, better quality local jobs and environmental sustainability. Many south London town centres have lost jobs over time, especially in office employment, and the SLP boroughs have lost 560,000sqm of office stock since the extension of Permitted Development Rights in 2013. Integrating workspace hubs into the project will provide new workspace solutions for business to complement the support offer as well as stimulating the commercial market. The KU2U platform (see below) will also support more efficient use of existing workspace.

Strategic context and alignment

This project provides targeted support for business innovation, creates stronger business environments and harnesses the partnership's knowledge of the sub-region via a place-specific programme and partnership. Combined with SLP programmes for transport, infrastructure and skills, this aligns with the foundations of the UK Industrial Strategy. It also aligns with the emerging London Industrial Strategy, particularly the "supporting inclusive innovation" and "nurturing the conditions for local growth" strands.

Service need and design principles

A key requirement that this project will address is the low take up of innovation, HEI collaboration and advice by businesses in the sub-region. HEI partners report low take up of services in our boroughs and decline in HEI generated entrepreneurship. Part of this is down to low awareness, both of the existence of services but also their relevance and potential benefits for businesses. The project will be of sufficient scale and profile to communicate a compelling and easily accessible offer which increases demand and take up. A focused engagement and awareness raising programme will target those businesses who would not naturally take up KE services. Integration with existing and an enhanced KE offer will enable these businesses to convert interest into formal collaborations and access to other national and regional growth programmes.

The offer should be accessible locally and the workspace hubs are an essential element of the programme, given the geographic scale of the sub-region and poor orbital connectivity. Each borough also has well developed business networks and support services which can support engagement. The KU2U platform will support access to wider resources and collaborations, complementing these local offers.

This proposal has three distinct elements:

- An aggregated business-HEI engagement, support and KE programme supported through a digital platform
- A network of hubs providing access to services and workspace solutions
- Partnership support between LAs, HE and business to develop the sub-regional offer and seek further funding opportunities

The KE programme will provide a structured 'innovation pathway' whereby start-ups and growth-ready businesses can get essential business support in areas like IP, financing or marketing, then transition into higher levels of expertise and facilities access – the goal is to reach at least 1,115 businesses (potentially more through KU2U), to enable 265 to access structured and intensive knowledge exchange support.

The KE programme consists of initial awareness activity followed by diagnostic surgeries and innovation readiness support. This is focused around the local hubs and tied into other support services. Subject to readiness, businesses would then be supported to develop formalised collaboration projects with sub-regional HE partners, linked to capabilities in areas such as Creative, Digital, Health/Sports/Ageing sciences and Low Carbon. Further details are provided in the 'Supporting Information' document.

The hubs will be located in spaces that local authorities have identified to deliver new SME workspace. All hubs are located in key town centres and their development as new employment clusters aligns with borough priorities. SIP investment will enable capital investment to bring these spaces forward in a common timeframe and be fully integrated with the KE Programme.

The hub locations are:

- Croydon town centre
- Kingston town centre
- Merton - Mitcham and Morden
- Richmond Upon Thames - Twickenham
- Sutton town centre

Further details of the hubs are provided in the 'Supporting Information' document.

There is already a solid business support offer from - and existing partnership work with - local HEIs, allowing initial activity to commence quickly. To achieve the level of sub-regional integration and scaling up we aspire to, a deeper sub-regional partnership and supporting infrastructure will be established.

A key element is an innovative digital platform developed by Kingston University, KU2U, which will provide powerful online support for engagement, collaboration, sharing of resources, and monitoring & evaluation. KU2U will underpin the KE Programme and will attract a wide range of businesses to engage with it as well as supporting collaborations (see 'Supporting Information' document). As this activity develops, the platform will use machine learning to understand business demands and needs, improving responsiveness and refining the offer. The platform is free to view but will take a small transaction-based fee that will support further development and sustainability.

The new borough-HE partnership will oversee and support the development of an aggregated sub-regional offer. A South London Knowledge Exchange Partnership Manager will provide dedicated capacity to support this, shaping and securing delivery of the KE elements of this bid, but also securing sustainability and expansion through further funding bids.

ANTICIPATED SCALE OF ECONOMIC BENEFIT

The core purpose of this unique project is to improve business growth and productivity through HEI collaboration. This will deliver the following benefits:

- Growth of knowledge-intensive supply chains and clusters unique to South London
- South London more attractive for inward investment and supply chain relocation and growth
- Creation of new high-quality jobs in knowledge-intensive industries
- Business growth and productivity improvements
- Graduate employment and enterprise

The hub network will deliver significant new workspace together with specialist space for product development, testing, prototyping etc. This will support many of the businesses on the programme, as well as supporting boroughs' location-specific ambitions within the sub-region, some of which will have sub-regional and London-wide impact of their own, including Sutton's London Cancer Hub and the proposed Higher Education campus in Croydon. The hubs will also support high street and town centre regeneration programmes. This will result in direct additional business rate yield but their catalytic effect will stimulate significant further investment from public and private sources and future uplifts in the business rate base.

The following sections set out both the direct and indirect impacts and benefits delivered by the programme. However, it is important to note the focus on collaboration, innovation and productivity growth. The activities to deliver these objectives will generally have higher unit costs than standard business support (or in the case of specialist facilities, standard workspace costs). This is a conscious choice of the partnership in order to meet long term strategic aims for greater economic resilience of the SLP boroughs based on an expansion of knowledge-intensive activity and improved productivity.

Scale of direct project impact

This project will engage at least 1,115 businesses in the SLP area in order to raise awareness of the benefits of innovation and the HEI business support offer. From this, at least 265 will be supported to enter into a structured collaboration with the sub-regional knowledge base and HEI partners and, from this, 50 businesses would enter into formal collaboration projects to develop new products, services or business processes. This will be supported through the KU2U digital platform which will provide online support, collaboration and resource sharing opportunities. This platform will be open to a wider range of businesses that will be encouraged into business collaborations, resource sharing (e.g. property or equipment) and joint marketing. We expect the 1,000+ businesses directly engaged by the programme will, through the KU2U platform, enable further business engagements of two to three times this number. The partnership will also work with wider business support programmes supported by Innovate UK, ERDF and regional offers, such as the LEAP Enterprise Hub.

Raising awareness of, and securing access to, the above offer will be integrally linked to the network of hubs across the five boroughs. These will deliver sufficient workspace (11,369 m² NIA) to accommodate 570 businesses; at least half of these will be new or early stage businesses. We see the hubs as key entry points to the 'innovation pathway' concept and they will be the main location for engagement events, business support services, etc.

The investment in workspace will deliver direct economic impact. The 570 businesses accommodated are estimated to support 654 new jobs (or graduate placements) in knowledge intensive sectors. Using London GVA measures per worker in these knowledge based sectors, we have undertaken an economic impact analysis of the investment in the hubs, which suggests they will yield a net additional GVA of around £41m over the project period (assuming hubs start operation in years 1 and 2). This represents a 2.3:1 return on total investment in the hubs (and 4.8:1 return on the SIP investment). The workspace delivered through the hubs will provide new employment space available to the market and will yield an estimated uplift in business rates of £2,841,000.

The direct economic impact of the knowledge exchange element of the proposal is not easy to determine as there are few impact evaluations that can act as valid comparators. We estimate the knowledge exchange programme to enable an increase in employment (including graduate placements) of 80 FTE. This represents a return on investment in the KE programme of around 1.4:1 (or 2.1:1 on SIP investment). This increases the net GVA impact of the project to £47m and the return on investment to 2.7:1 (and 5.4:1 on SIP investment).

However, evaluations of other public support for innovation suggest larger impacts, for example a doubling of business survival rates, 15% additional employment and 25% additional turnover as a result of support. The Higher Education Funding Council reported over £7 generated for every £1 they invested between 2009-14. There is therefore every reason to suggest that the direct 'jobs-based' GVA impact of the KE Programme is a very conservative estimate, especially compared to the longer term impacts and multipliers.

Scale of longer term and indirect impact

The programme will also deliver longer term impacts:

- The economic impact from the KE collaborations that will be realised after the delivery period
- The wider economic benefits of both the knowledge exchange programme (for example businesses accessing other forms of support and ripple effects through local supply chains) and the local regeneration effects of investment in the hubs (for example increase in town centre spend)
- The longer-term impacts of a deeper partnership between boroughs and local HEIs resulting from this project. This will increase longer-term collaboration with businesses and improved responsiveness to business need. Evaluations have suggested strong 'learning effects' of HEI collaborations extending through the supply chain and the persistence of such collaborations once the value is realised.
- Supporting longer term transformational projects. The Croydon hub will support the development of a longer term HE campus and innovation focused business space in the borough.
- The local and wider regeneration benefits of investment in the hub network, in particular their alignment with town centre diversification and High Street regeneration initiatives.
- Wider geographical benefits that will be induced, especially through the KU2U platform and existing partnership links through the Coast to Capital and M3 LEPs

WHAT COULD BE DELIVERED IF YOUR BID WERE PART FUNDED AT 25%, 50% AND 75%?

Rationale for chosen budget

The proposed project budget has been devised to reflect an integrated and balanced approach to achieving the optimal scale of impact and delivery at both sub-regional and local level. It is predicated on:

- A knowledge exchange programme of sufficient scale to achieve traction amongst the local business base and stimulate interest of HEI partners in an aggregated offer
- Delivery of a network of hubs across the sub-region by the second year of the project that can support the desired level of business engagement and service delivery
- Level of partnership and programme support sufficient to establish and support an effective and deep partnership whilst providing project assurance and risk management for a complex programme of activity

A reduction in the amount of SIP funding would necessitate a compromise between these elements that would impact upon project integration and therefore the impacts and outputs delivered.

To recap, the full budget will deliver the following:

■ Economic impact (net GVA)	£47m
■ Business Rate Yield	£2.84m
■ Commercial floorspace (NIA)	11,369 m2
■ Jobs created	654
■ Businesses supported	1,115
■ Business HEI collaborations	265
■ New products/processes	50

Delivery at 75%

With 75% of the requested SIP award, the programme would see proportionate reductions in the workspace and knowledge exchange budgets. In the case of the workspace projects, this would be managed through quantitative reductions in floorspace and/or reduced scope (such as less attractive affordability provisions) or deferred benefits beyond the project timescale as replacement funding is sought. Although we have sought to limit the impact on project outputs, direct economic impacts through GVA and business rate yield would be disproportionately affected (a reduction of nearly one third) due to later delivery of workspace projects in the project period.

There would also be negative local impacts on regeneration programmes and stakeholder engagement. The reduced SIP funding would also impact upon some of the match funding identified for the full bid, either in terms of scale or timing.

The knowledge exchange element would see a proportionate reduction in outputs and impact. However, the reduced budget will see some additional risk in engaging with businesses due to the reduced/delayed delivery of the local hubs. The KU2U would see some delay in reaching full capabilities which will also add some risk. However, the intention is to run the KE programme at a proportionately reduced level.

This scenario will deliver the following

■ Economic impact (net GVA)	£31m
■ Business Rate Yield	£1.97m
■ Commercial floorspace (NIA)	9,753 m2
■ Jobs created	505
■ Businesses supported	874
■ Business HEI collaborations	221
■ New products/processes	35

Delivery at 50%

With a reduction to 50% of the SIP funding requested, the hub network would be reduced disproportionately by over 55% due to reductions in scale/scope and the loss of two of the nine hubs (in Croydon and Mitcham). This feeds through to similar reductions in floorspace, new jobs accommodated and business rate yield.

The knowledge exchange programme budget has been reduced by 40%, proportionately less than the workspace reduction. This underlines the strategic importance of the knowledge exchange concept and ensures that businesses accessing the service can still benefit from a sub-regional offer. The partnership would nonetheless be limited to supporting 166 businesses through the innovation pathway model resulting in a reduced number of collaboration projects.

The partnership and programme support would however be reduced in duration and the KU2U service would need to be significantly reduced in scope and reach. External investment would need to be sought to establish a comprehensive offer to local businesses and undertake the machine learning analysis to adapt to demand. Engaging sufficient local businesses to the

programme will be challenging and will require close project management and assurance. This option would see a reduction of direct economic impact (as measured by GVA) and business rate yield of just under 60%.

This scenario will deliver the following:

■ Economic impact (net GVA)	£20m
■ Business Rate Yield	£1.97m
■ Commercial floorspace (NIA)	5,168 m2
■ Jobs created	329
■ Businesses supported	651
■ Business HEI collaborations	166
■ New products/processes	30

Delivery at 25%

At 25% of the current SIP request, the project would need to be significantly scaled back. Whilst the intention is to achieve a programme of equivalent purpose, it will be focused on a 'skeleton' network of five hubs (themselves reduced in scale and scope) and will offer reduced scope of partnership and business engagement. It will resemble more of a pilot project around which the partnership will seek to develop alternative funding opportunities. The KU2U service would only be developed in beta form for testing across the network for a short period of time. Whilst this will help with proof of concept, unless other funding is identified, its role in supporting project delivery would be very limited. The numbers of businesses supported into the innovation pathway would fall to 86. This option would see a reduction of direct economic impact (as measured by GVA) and business rate yield of around 80%.

This scenario will deliver the following:

■ Economic impact (net GVA)	£9.5m
■ Business Rate Yield	£0.57m
■ Commercial floorspace (NIA)	2,400 m2
■ Jobs created	161
■ Businesses supported	318
■ Business HEI collaborations	86
■ New products/processes	10

DETAILS OF MATCH FUNDING

The total project budget is £27,685,000 of which SIP funding of £12,057,000 is requested – 44% of the total.

Knowledge Exchange Programme

The knowledge exchange programme has a total cost of £4,417,500 of which SIP funding of £2,860,000 is requested – 65%. The Knowledge Exchange Partnership Manager will be tasked with securing £2m of additional income; when this is included, the SIP proportion is 45%. Whilst the match-funding for the Knowledge Exchange element is a lower proportion, it reflects the service gap the partnership is attempting to address. The partnership is confident that a new aggregated offer will prove attractive for external funders.

SIP funding is essential for initial awareness raising and engaging businesses with low awareness of HE collaboration through to formal projects and intensive support. A higher proportion of match funding is allocated to more intensive collaboration activities where there are opportunities to align with a number of existing sources of funding available to HEIs through programmes they have developed or from other sources such as Innovate UK or ERDF. Given the direct business benefits that are likely to arise, income from business is also expected to contribute to these collaborations. SIP funding will be around 50% on average for this intensive innovation and collaboration support. It will be used to support businesses new to HE collaboration and will function as an incentive

to achieve this. When brokering collaborations between businesses and HEIs, the ability to bring match funding to the deal will be a key criteria.

The KU2U platform is a new and innovative project that would add considerable value to this proposal. It is currently unfunded but Kingston University would be ready to deploy internal staff resources and overheads to its development. The service would also be developed to generate income which would be reinvested in further development. Taken together, it is estimated this would cover 25% of the total KU2U costs.

Hub network

The hub network consists of a number of workspace/business support projects already planned in the partner boroughs. These are at different stages of development and at different scales. SIP investment of £8,607,000 will allow all to be brought forward within the project timetable to enable a sub-regional network to support the knowledge exchange programme. The SIP investment will be matched by investment of £12,020,500.

Each hub has its own match funding package but share the following categories:

- Borough Councils' own funding from capital/revenue grants or (in the case of LB Sutton) borrowing.
- Section 106/Community Infrastructure Levy contributions (Kingston, Richmond)
- Investment from HE partners (Croydon) and in-kind support to establish an innovation hub (Richmond)
- Private investment and/or income from workspace operators; this will reflect the level of capital investment mobilised by each borough as well as the requirements for each space (e.g. affordability provisions). The estimated operator investment will also reflect the underlying value of the land and buildings and any value foregone to landowners for their use in supporting public benefit.

Details of individual hub match funding is provided in the Supporting Information document.

PLEASE ENTER DETAILS OF THE DELIVERY TIMESCALE AND GEOGRAPHIC SCOPE OF YOUR BID

Delivery timescale

The project is programmed to deliver direct outputs and impacts over a three-year period. The aim is to arrive, after three years, at an integrated, commonly branded knowledge exchange offer, accessible across the sub-region with delivery focused on the network of workspace hubs and supported by the KU2U platform. Together with dedicated support to develop a strategic as well as operational local authority–HE partnership, this will establish a strong offer to the sub-region that will continue well beyond the project end date.

Geographic scope

The geographic scope is therefore principally a sub-regional one and project delivery, governance and management will be assured through sub-regional structures. There will also be strong local impacts in each borough, the project supporting local regeneration and business engagement programmes. With the scope of the partnership and the full capabilities of the KU2U platform, the project is potentially scalable across a wider area, for example other parts of London and/or neighbouring LEP areas. However, project delivery will be focused on delivering impact in the SLP area.

To arrive at the outcomes and delivery model set out above, the partnership has developed a three-year programme with delivery to start within three months of project commencement.

DELIVERY PLAN

Year 1 – Business engagement and knowledge exchange services will commence, based upon existing offers and developed through a common approach that will support development of a consistent branded offer. Three hubs are programmed to open in Year 1 in Kingston, Merton and Richmond. The KU2U platform will be developed in beta form and trialled through the initial service delivery.

This will be supported by establishing robust governance and programme management, project mobilisation, development of project inception and execution plans, a project delivery manual and recruitment of staff. The proposal has been developed under the auspices of SLP Borough Growth Directors who will play a key oversight role during this mobilisation period. SLP boroughs and HE partners already meet on a regular basis and a formal project Programme Board will be developed from this.

Year 2 – The remaining local hubs will open throughout this year and the initial business engagement activity will ramp up accordingly. The aim is for three quarters of the business engagement target to have been delivered by the end of the year. Following beta testing, the KU2U platform will provide full support to the knowledge exchange programme. The Programme Board will establish steady state working arrangements and devise a future funding strategy.

Year 3 – Completion of the knowledge exchange programme delivery with two thirds of the intensive collaboration outputs being delivered in this year. The branded programme will be available across the full hub network. The KU2U platform will be feeding back programme and company specific information that will be fed into service development and funding bids. The partnership will agree a project closure plan and pursue further funding/revenue opportunities to continue to deliver the service.

SOUTH LONDON KNOWLEDGE EXCHANGE

COLLABORATION -> INNOVATION -> GROWTH

SUPPORTING INFORMATION

- DETAILS OF HUB NETWORK
- KNOWLEDGE EXCHANGE PROGRAMME
- PROGRAMME TIMELINE
- STRATEGIC ALIGNMENT AND EVIDENCE BASE

STRATEGIC INVESTMENT POT APPLICATION - SEPTEMBER 2019



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DETAILS OF HUB NETWORK



CROYDON – CREATIVE DIGITAL OPEN LAB / SCIENCE AND INNOVATION CENTRE

A series of open labs in Croydon town centre supporting Croydon's creative industries and knowledge intensive sector, providing follow-on workspaces.

Open Lab complex - 930 sq.mt. Creative Digital Open Lab. Building on the Creative Enterprise Zone and Music City Initiative, the open lab will provide state of the art facilities for residents, students and local businesses. A space to collaborate and innovate; create / make new creative digital content and products; and incubate the startup of new creative digital businesses.

650 sq.mt. Science and Innovation Centre. Managed by LSBU. The centre will harness the growth of the low carbon built environment sector in Croydon capitalising on the university's strengths in energy (batteries, photovoltaic), air (carbon capture), water (purification) and imaging/vision (artificial vision). The centre will lead to commercialisation across the full range of technology readiness levels, develop new partnerships and products and create spin-outs.

Affordable Workspace Fund Pilot - A revolving workspace fund. Low cost loans (4% + arrangement fee of 2%) to landlords and workspace providers. In return, providers must offer creative and knowledge intensive sector start-ups discounted rent, tapered over 3 years at 40% below market rate. A minimum of 15 loans of up to £50k offered to workspace operators for the refurbishment of total 2,322 sq.mt. of workspace.

Objectives

- Growth of creative industries and knowledge-intensive supply chains & clusters unique to South London
- South London becomes more attractive place for inward investment and supply chain relocation and growth
- Job creation - new jobs in the creative and knowledge-intensive industries
- Business growth - businesses more productive as a result of innovation

Rationale

- Low productivity - structural problems in local labour market in Croydon and across the sub region (dominance of low-pay sectors and low skills jobs)
- Burgeoning creative industries in Croydon through the Creative Enterprise Zone and Music City Initiative

- Growth of low carbon built environment sectors
- Market failure in affordable workspace market - supply is not keeping up with demand

Deliverability

Creative Digital Open Lab: Croydon College property secured and partnerships established. Equipment provided by the College. Operator selected through open tender process. Membership model. Science and Innovation Centre: LSBU partnership established. LSBU to run the centre through membership model. Anchor businesses secured. Location to be secured by Q2 20/21. Affordable Workspace Fund Pilot: Town Centre workspaces providers identified. Croydon Enterprise Loan Fund (CELF) operator to manage the fund on behalf of Croydon Council.

Outputs/Impacts

- 1,580 sq m of fully refurbished and equipped lab space
- total 2,322 sq m of new affordable workspace
- 30 new businesses created
- 83 direct jobs/placements created
- 140 businesses supported
- 28 new products/partnerships formed
- Business Rates Yield: £1,546,000
- Net additional GVA: £8.12m

Strategic Partners

- In addition to SLP Knowledge Exchange group
- Partnerships established: London South Bank University and Croydon College
- Key stakeholders: Innovation Networks (Nesta, Catapult); Business networks: SINC, Nexus, Start-up Croydon; Croydon BID, others

Timescale

- Open Lab secured by Q2 20/21
- Affordable Workspace Fund Q1 22

Match Funding

- Council: £895,500
- Lab Operator: £1,105,000
- HEI (Centre Operator): £1,146,000

SIP Funding Request

- Open Lab: £1,750,000
- Workspace Fund: £750,000



KINGSTON – THE EXCHANGE / RIVERSIDE

Provision of a new networked cluster of integrated, flexible workspaces, underpinned with opportunities for business & academia to collaborate. This will support design, digital and creative arts & fashion, scientific & tech enterprise sectors, and working with Kingston University, to bring design thinking into business and commercial thinking to academia, providing an important resource for the wider business community, helping to diversify the town centre and re-establish its business offer.

Objectives

- Provide flexible workspace to meet the local and subregional needs
- Support productive collaboration between the large local academic presence and enterprise
- Provide opportunities for skilled business people to work in the borough, reducing the outflow of talent
- Boost the local business rates base through direct provision and effects of knowledge exchange and collaboration.
- Stimulate productive activities for student population to engage in business

Rationale

- A severe shortage of high-quality, flexible, affordable workspace for SMEs including start-ups & entrepreneurs. Over 14% of B1(a) floorspace lost in the borough due to PDR equating to around 490 FTE. Poor market response to re-provision over the last 20 years
- 78% of local businesses strongly agreed or agreed that the availability of affordable commercial space was important to the success of their business
- Kingston University has the highest rate of student enterprise but the borough suffers from the lack of capacity to propagate and retain this.
- 15% decline in the town centre offer, underlining the need to diversify and transition towards the knowledge economy
- Under-representation of ICT, Digital, Media & Creative Industries, the Knowledge Economy, despite overall growth and a young, well-educated population
- Exceptional space opportunities within the centre and close relationship with the university, to enable challenges to be addressed

Deliverability

RBK has negotiated a 15 year lease on the Exchange building with St George and it is envisaged that a head lease would be taken by the council from St George and sub-leased to a professional workspace operator. John Lewis Partnership is the owner of the riverside space, with RBK holding the freehold. The building is subject to a S106 agreement and JLP has entered into commitments to encourage occupation of the space, and positive discussions have taken place. Planning issues are not anticipated and the project builds on excellent university links.

Outputs/Impacts

- 1870 sq m new workspace
- 170 businesses created
- 170 new jobs/placements
- 90 businesses collaborating with HEIs
- 15 new products/partnerships formed
- Business rate yield: £381,000
- Net additional GVA: £11.95m

Strategic Partners

- Kingston University, incl Kingston School of Art
- John Lewis Partnership PLC
- St George
- Kingston Chamber of Commerce
- Kingston First BID
- Competitively procured workspace operator(s)

Timescale

- Completed negotiations Q1 2020
- Operator procurement, fit out Q2/3
- Opening by end 2020

Match Funding

- £851K RBK funds/S106
- £782K developer/private sector contribution

SIP Funding Request - £2 107,000



THE ROYAL BOROUGH OF
KINGSTON UPON THAMES

MORDEN / MITCHAM – MORDEN CROWN / CREATIVE MITCHAM

Merton is proposing two complementary spaces. The 10-year 'Creative Mitcham' Meanwhile Space on the underused council-owned Sibthorpe Road car park will provide up to 1500sqm of flexible space to support local creative entrepreneurs, bringing vitality and income into the town centre, subsidised by shared workspace and chains on the Crate/Pop Brixton model. The two-storey moveable structure will offer studios, co-working and food & beverage units. The Morden Crown Creative Space in the Civic Centre will be refurbished to provide 287sqm of meeting and maker space with specialist equipment and SME support.

HEI collaboration for both will focus on Wimbledon College of Art (part of University of the Arts London), but the spaces - and companion market - also offer opportunities for design/tech partnerships and live product/service testing for SMEs, start-ups and graduates across the Knowledge Exchange network.

Objectives

- Nurture a community of local entrepreneurs focused on creative businesses
- Create opportunities to share skills, learn and play
- Revitalise the town centre, incl. replacement of an underused & sometimes dangerous vacant area
- Deliver an exciting place for young businesses to base and work co-operatively
- Ensure sustainability by mixing affordable start-up space with popular chains
- Act as a live marketing suite for investors
- Use its varied event & meeting spaces for Knowledge Exchange networking and showcases

Rationale

- Compared to the rest of Merton and south London, Mitcham has poor transport links, fewer jobs, a lower-skilled population and higher levels of crime and deprivation, and needs opportunities for locals
- Lack of affordable workspace is restricting opportunities for SMEs and creative practices to start and grow locally. The GLA Open Workspaces study shows only five workspaces in the borough, with only one in Mitcham
- Local SMEs and independent creative workers bring major benefits to local economies and communities. With only 2.9% of jobs in media, creative or cultural industries now, there's great potential for Morden SMEs to create employment, improve social cohesion and share culture

- The Mitcham Creative Complex and the opportunities available through the Knowledge Exchange address all of these gaps; align with Merton's Local Plan; and integrate creativity, mixed space and public inclusion into the digital- and tech-focused Knowledge Exchange

Deliverability

Both sites are council-owned and Morden Crown is vacant. LB Merton would procure an experienced provider to design, seek planning, deliver & operate the meanwhile hub, at a cost of c. £1.5m.

Outputs/Impacts

- Up to 1500sqm new meanwhile co-working/event space; 287sqm meeting/maker/event space in Morden Crown
- 82 businesses created
- 120 jobs/placements created
- 125 businesses supported
- 90 businesses collaborating with HEIs
- 30 new products/partnerships formed
- Business Rates Yield: £296,095
- Net additional GVA: £8.86m

Strategic Partners

- In addition to SLP Knowledge Exchange group
- Rediscover Mitcham partners - TfL, GLA
- Workspace Operator (to be appointed)

Timescale

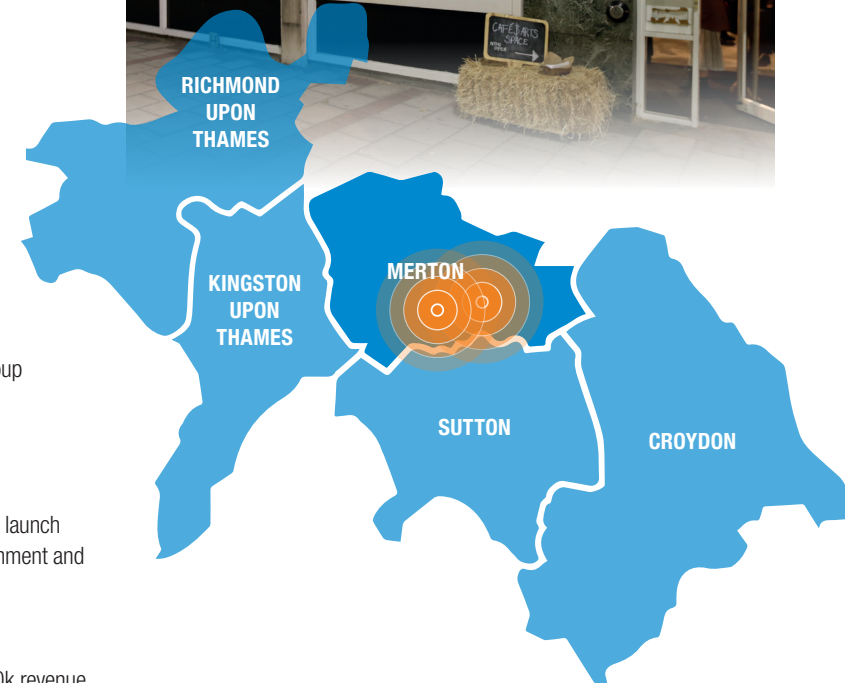
- Meanwhile Space - 1 year for feasibility, plan, design/build and launch
- Morden Crown - usable immediately; 6 months for full refurbishment and kit-out

Match Funding

- Council: Meanwhile Space 50-50 match: £500k capital, £200k revenue
- Morden Crown space: £150k rental income

SIP Funding Request

- Creative Mitcham Meanwhile Space - £650k: £550k capital as 50% match for build & fit out; £100k revenue as 50% match for prep & operation
- Morden Crown Creative Space - £200k: 200k revenue for business support



SUTTON – SUTTON WORKS

Sutton Works will create a 3,252sqm workspace & incubator hub offering digital, tech, and innovation space plus Knowledge Exchange and business support in the former BHS store in Sutton town centre. The offer will include SME advice and diagnostics on concept, start-up, and growth as part of the SLP Knowledge Exchange network, and occupants would be recruited from a mix of local and student entrepreneurs plus social value-orientated SMEs looking to grow.

Objectives

- Provide an incubator facility for Digital, Tech, Health, creative and service sectors
- Allow students/graduates to set up alongside new & established businesses, bringing commercial insight to academia and vice-versa
- Add London/local jobs in Med-tech/health sectors
- Stimulate borough and business rate growth, directly and indirectly
- Act as a live marketing suite for investors
- Use its auditorium & meeting space for major Knowledge Exchange events and showcases

Rationale

- Sutton town centre has lost more office space to PDR than any London borough and new workspace is not coming forward. SMEs need homes and the high street must revive its rates income and vitality (day and night-time economy). Rethinking office space is crucial to regeneration plans, supported by significant borough investment
- The high street location will serve a proven need for more flexible, affordable town centre workspace for growth sectors – the one existing co-working space is heavily oversubscribed
- Sutton Works will retain local talent and strengthen the market for high-productivity work, combating the dominance of low-paid work across the subregion. The borough will benefit from more activity, a more viable town centre and attractive commercial offer for businesses and developers
- Refurbishment will deliver new business rates income of £214,752, with rents to cover operating, overhead and borrowing costs. Alternatives are to leave the space vacant or lease it for storage, generating just £30k pa business rates and no wider economic benefit
- The workspace will form part of the Life Science cluster Sutton is developing, centred around the London Cancer Hub

Deliverability

A GLA-funded feasibility study confirmed suitability for conversion to workspace, attracted four expressions of interest from experienced operators, and led to the £5m refurbishment budget.

Outputs/Impacts

- 3,252sqm new office, co-working meeting space
- 100 businesses created
- 100 jobs/placements created
- 130 businesses supported
- 10 businesses collaborating with HEIs
- 10 new products/partnerships formed
- Business Rates Yield: £429,504
- Net additional GVA: £7.15m

Strategic Partners

- In addition to SLP Knowledge Exchange group
- Successful Sutton Business Improvement District
- Workspace Operator (to be appointed)

Timescale

- Purchase Aug 2019
- Planning Jan 2020
- Opening Feb 2021

Match Funding

- £3.341m from Public Works loan Board. This will fund £841,000 purchase cost and a £2.5 m (50%) contribution towards the refurbishment
- Rental income: c. £900k in Yr2

SIP Funding Request - £2.5m to cover 50% of refurbishment cost



TWICKENHAM – INNOVATION HUB

This project will refurbish and deliver approximately 560sqm of flexible office, co-working & 3D/prototyping space in a four-storey council-owned building in Twickenham's civic complex. The innovation-focused hub – the only one in the borough – will be run in close collaboration with St Mary's University, focusing on life-science expertise and connecting business, students and academics. Flexible workspace will enable SME engagement with St Mary's, complementing the business incubation/support offered by the wider SLP Knowledge Exchange.

Objectives

- Provide flexible workspace/lab facility supporting life sciences, health, sport & related sectors
- Connect SMEs, students and researchers while providing a focal point for design & tech outreach
- Add London/local jobs in growing health sectors, and encourage collaboration
- Stimulate local/borough business rate and wider economic growth, directly and indirectly
- With the facility's civic-campus location, offer public drop-in and meeting space for interested local businesses students & wider community

Rationale

- Workspace shortage - Richmond has lost 30% of its office space to PDR, and has a shortage of open/co-working space for start-ups or to support collaboration
- Unlocks economic potential – borough has 4,300 jobs in 1,400 tech enterprises – one of London's highest concentrations – and is home to world-class institutions such as the National Physical Lab, National Archives and Kew Gardens, as well as St Mary's University, but there is little collaboration with local business
- Meets known demand - 68% of businesses plan to use new technology to improve performance, but most are unsure how (2018 business survey)
- Supports local policy - Richmond town centre squeezed for workspace, Twickenham has more scope to grow as an employment hub, and this project will help connect the riverside, civic campus and town centre

Deliverability

The building is council-owned and requires only modest refurbishment. Feasibility undertaken to inform proposal and partners are engaged and positive; aiming for Q1 2021 opening.

Outputs/Impacts

- 557sqm new work/lab/fabrication/meeting space
- 50 businesses created
- 50 jobs/HE placements created
- 50 businesses supported
- 10 businesses collaborating with HEIs
- 10 new products / partnerships formed
- Business rates yield: £188,000
- Net additional GVA: £3.515m

Strategic Partners

 - In addition to SLP Knowledge Exchange group

- St Mary's - above and beyond SLP contribution
- Richmond Newtech (local tech network)
- Twickenham BID
- Workspace Operator (to be appointed)

Timescale

- Council release of building Summer 2020
- Refurbish & kit-out
- Opening first half of 2021

Match Funding

- Council S106: £150k
- Council Economic Development: £100k
- c. £200k co-investment from operator
- St Mary's University: £100k in kind specialist equipment & expertise

SIP Funding Request - £650k for refurbishment, adaptation & specialist equipment



SOUTH LONDON KNOWLEDGE EXCHANGE PROGRAMME

The following table sets out a framework for the Knowledge Exchange Programme to be developed by the partnership. It follows an ‘innovation pathway’ model but businesses may join at any stage. An example of a ‘call to action’ for target businesses is given for each service element. Whilst based on a generic model, it is inspired by existing services which are shown in the table. This allows an initial programme to be delivered in Year 1 whilst an aggregated sub-regional offer is developed for Years 2 and 3.

ACTIVITY	TARGETS	CALL TO ACTION	EXAMPLES OF CURRENT SERVICES
Business engagement and awareness raising	1,000 businesses attending awareness raising events	<i>“Have you considered how working with a university could help grow your business”</i>	Kingston University - The HackCentre programme has been set up to encourage creative problem solving and give students the confidence and skills to develop and communicate ideas supported by industry partners Broadening Horizons is a Student Consultancy project where participants find innovative solutions to real company challenges, breathing new life in to businesses by sharing ideas based on academic research and information. BH is a multidisciplinary programme and provides students from diverse courses and backgrounds the chance to acquire valuable, practical experience whilst supporting businesses
Diagnostic and initial readiness support	200 established businesses assisted	<i>“Getting your business ready to benefit from a project with a university</i>	London South Bank - Innovation Bootcamps providing skills like branding, business model planning, market research, pitching that allow businesses to benefit from more intensive innovation support
Support for early stage business	200 early stage (< 3yrs) businesses assisted	<i>“Working with a university to develop your business idea”</i>	London South Bank - Innovation Support , a programme of intensive support and mentoring, academic consultations and trial trading opportunities as a precursor to more formal collaborations.
Supporting collaborative work	150 businesses accessing university support	<i>“Find specialist advice/placement to implement a business project”</i>	Sussex Innovation Centre - Catalyst Programme helps SME’s reach their potential by providing a range of business support services and flexible, risk free staffing solutions through the use of graduates
Formal collaboration projects	100 business-HE collaboration projects 50 new products or processes developed	<i>“Establishing a joint project with a university to develop your business”</i>	Kingston University & Roehampton University - The Santander Universities Internship Scheme is aimed at financially supporting small and medium sized businesses (under 250 employees) to employ a student or recent graduate from University on a short term internship
KU2U platform	New collaboration platform developed 1,000 businesses on platform 5 HEIs on platform	<i>“Join our online platform to support business-university collaboration and help you find the resources you need to develop this”</i>	New service - comparator is University of Brighton’s Profitnet a learning network designed to enable organisations to learn from each through expertly facilitated confidential group sessions

KU2U – COLLABORATIVE DIGITAL PLATFORM DEVELOPED BY KINGSTON UNIVERSITY

KU2U is an advanced business-to-business version of the “Airbnb” business model providing a unique, secure and shared digital platform transforming network access and interconnections of businesses, universities and local authorities across the South London Partnership area.

The purpose of this free-to-view platform is to enhance local placed-based collaboration and provide improved profiling, extended access to specialist, knowledge, skills and training, facilities and opportunities for sharing space and enhanced connectivity across borough boundaries. Providing a supportive and facilitated network for the South London Knowledge Exchange business hubs, KU2U will enable all partners to both list their assets, expertise and shareable resources and to seek out local opportunities and specific needs in real time.

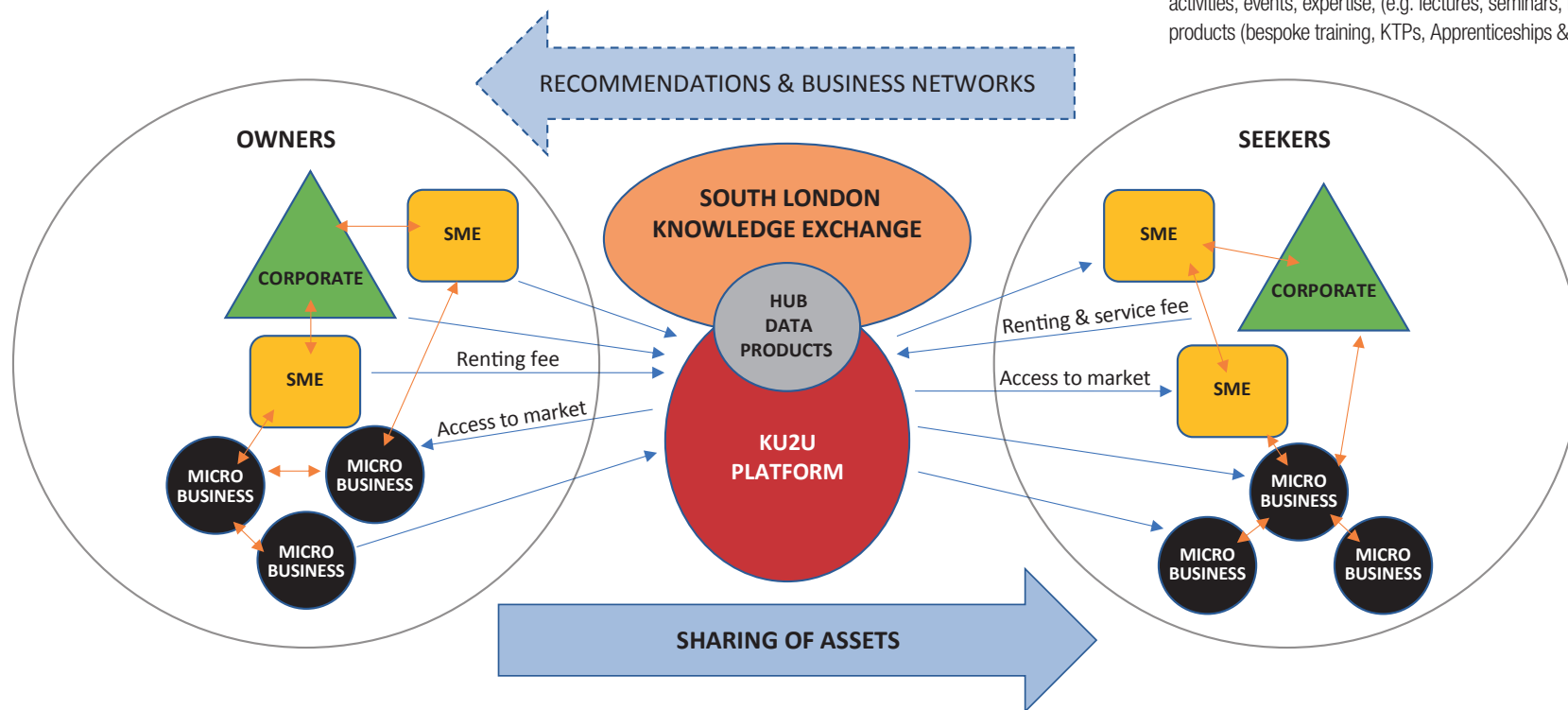
The platform seeks to

- encourage a step change in entrepreneurial activity in universities
- enhance understanding and visibility of services and resources from both business and universities
- enable new collaborations – across businesses (micro, SME and corporate), between HEIs and between businesses and universities
- increase incubation within and outside universities
- support growth through the efficient sharing of resources – skills, knowledge, workspace, equipment, etc

To be effective in realising these aims, the platform will work through the South London Knowledge Exchange to develop critical mass and partnership working. KU2U will provide direct access for businesses and the local authorities to the collective research and educational strengths of the universities in responding to the Government’s Industrial Strategy in particular in advancing ‘Artificial Intelligence’ the ‘future of work’ and predictive data and the development of new generations of talented local graduates.

KU2U will

- support both business incubation and acceleration
- create an ‘open-lab’ portal for targeted regional connectivity
- generate a sustainable income through small multiple business-to-business engagements
- stimulate and increase business capacity, capability and skills through access to training
- generate data and develop business intelligence, and innovation;
- increase local collaboration and fostering mutual support and benefit for the regional economy
- support the Government’s ‘scale-up’ for micro-businesses providing access aligned to need
- develop of leadership and management capacity
- increase access to and influence on the network and supply chain of ‘tech based’ and creative SME’s and appropriately skilled graduates to support the talent pipeline
- provision of a responsive programme of business, entrepreneurial and creative activities, events, expertise, (e.g. lectures, seminars, hackathons) and business products (bespoke training, KTPs, Apprenticeships & contract research)



PROJECT TIMELINE

Based on confirmation of funding by Dec 2019. Q4 2019/20 would be used to recruit, establish governance etc.

PROJECT	2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
KNOWLEDGE EXCHANGE PROGRAMME	Business awareness raising and engagement											
	Develop SLKE brand drawing existing programmes/ support offers				Continue to integrate and draw in wider support programmes and offers to SL Knowledge Hubs							
	Develop & commission tailored KE support & collaboration model				Deliver tailored KE support & collaboration model							
					Identify further KE development opportunities & secure funding							
									Review SLKE support & collaboration model and determine forward strategy & funding			
	KU2U – develop and test beta version				KU2U – roll out full version				KU2U – review impact and business model and determine forward plan			
INNOVATION HUB NETWORK OPENINGS												
Croydon	Workspace Fund			Open Lab 1	Open Lab 2							
Kingston	Exchange		Riverside									
Merton	Morden Crown		Creative Mitcham									
Richmond	York House											
Sutton	Sutton Works											
PROGRAMME MANAGEMENT & GOVERNANCE	Programme Launch	Communications/Marketing			Annual Report	Mid-point review			Annual Report	Forward/ Exit Strategy	Implement Forward Plan	

EVIDENCE BASE

KEY DOCUMENTS FORMING THE EVIDENCE BASE FOR THE PROPOSAL	
ONS (2019) Regional and sub-regional productivity in the UK: February 2019	GVA per hour worked in the most productive part of the capital (Inner London West) is over 42% higher than in the least productive part of London (Outer London South).
GLA (2019) Developing the evidence base for London's Local Industrial Strategy - Interim report	<p>Tackling the gap between innovative and less innovative firms is important in ensuring that growth and productivity improvements can be achieved across the wider economy.</p> <p>As well as contributing to economic performance via productivity, innovation also has a direct effect on the places where it is located.</p>
SLP (2018) Industrial and Business Land Supply Study	In the case of the office sector, the extension of Permitted Development Rights (PDR) in 2013 has resulted in the loss of over 560,000 sq m (c6m sq ft) of stock across the sub-region. Our concern is that the continued loss of commercial stock will have a negative impact on both the sub-regional and wider London economy.
ESRC (2017) Evidence Briefing "More innovation through university-business collaboration"	<p>The value of university collaboration for innovation should be better promoted to raise awareness in the business sector (particularly amongst smaller firms), for instance through national and regional information campaigns.</p> <p>For small firms, collaboration with local universities increases the probability of new-to-the-market innovation by 7.1 per cent, compared to 6.8 per cent in medium firms and 3.8 per cent in larger firms.</p>
HEFCE (2015) Evaluating the Non-Monetised Achievements of the Higher Education Innovation Fund	There are wider economic and social non-monetised benefits that result from KE activities. The Universities had helped to strengthen their regional economies through focussing their enterprise services on SMEs and their business growth and management needs, combined with support for research and development (R&D), innovation, and the exploitation of technologies.
BEIS Research Paper No. 3 (2017) The impact of public support for innovation on firm outcomes	The magnitude of additional employment and turnover effects appears very large relative to the size of grants given or payments received (though measuring this precisely is difficult). This suggests a degree of caution in interpreting the employment and turnover results,however the size of any bias would have to be extremely large in order for there to be no additional employment or turnover impact.

STRATEGIC ALIGNMENT

ALIGNMENT WITH KEY NATIONAL, REGIONAL AND SUB-REGIONAL STRATEGIES	
UK Industrial Strategy	There is world class R&D and innovation across the UK, from excellent research in university departments and public research organisations to investments from leading businesses. We need to capitalise on these strengths and foster the local ecosystems that can support innovation and sustained growth.
Mayor's Economic Development Strategy	There is now a need to explore the opportunities for more co-working spaces in London's outer London boroughs, and Mayoral and LEAP funds will continue to support local partners to deliver innovative workspace solutions in these areas. ...foster collaboration across different sectors and disciplines to shape the direction of innovation so that it better meets the needs of London and Londoners.
South London Partnership Growth Proposition	"SLP will bring together businesses from key sectors (tech, life sciences and sports sciences), with research and education providers and other partners to develop a programme of work to support economic growth."
SLP South London Skills Strategy	Ensure that skills provision better supports the economic growth opportunities in our area, including in our town centres and growth sectors
HEFC (2016) UK Knowledge Exchange Framework; Good practice in technology transfer	The strength of a university's eco-system should influence its entrepreneurial policies.... HEFCE should also continue to monitor levels of inter-university collaboration and success of overseas shared-services models.
Draft London Plan	Innovation, including London's role as a location for research and development should be supported, and collaboration between businesses, higher education institutions and other relevant research and innovation organisations should be encouraged.