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# Regeneration, Investment, Partnerships – a Legacy

**A report prepared by *emda***

September 2011

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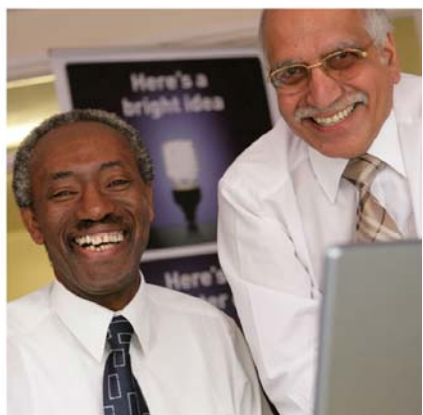
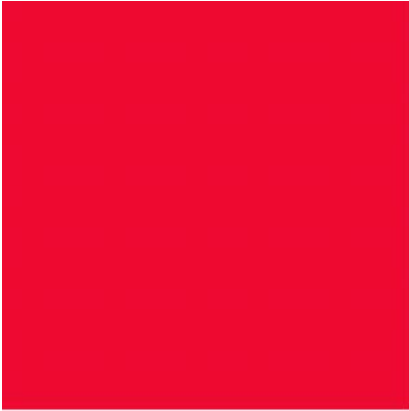
This document forms part of the *emda* Knowledge Bank.

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# East Midlands Development Agency 1999-2011

## Regeneration, Investments, Partnerships

### A Legacy



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## **emda's Legacy**

*emda* has added significant value to the East Midlands' economy, as set out in *Over a Decade of Achievements*. The agency's impacts and achievements include:

- putting back between **£9 and £15 of economic output** (or GVA) into the region **for every £1 spent**
- **144,000 jobs** created or safeguarded
- **171,500 businesses** supported
- **300 inward investment projects**, creating or safeguarding more than 30,000 jobs
- **£1.3bn of investment** levered into the region
- **41,000 business health checks and loans of £22m** following the recession in 2008

As a legacy for successor organisations – within Government, and in Local Enterprise Partnerships, Local Authorities and Universities – *emda* has prepared a series of nine handbooks. These reports are designed to help those who come after *emda* to learn the lessons of the past decade - what was achieved, how it was done, what worked well and what was less successful.

The handbooks cover *emda*'s key areas of responsibility, namely:

1. Business Support
2. Innovation
3. Enterprise
4. Inward Investment
5. Support for Manufacturing
6. Promoting Science, Technology, Engineering and Mathematics (STEM)
7. Regeneration
8. Tourism
9. Low Carbon Economy

Each of the handbooks is summarised below.

## Chapter 1

# Business Support

This is in effect a series of mini-handbooks, covering different aspects of *emda*'s support to businesses:

- Business Support Simplification Programme
- Regional Business Link
- Business Start-up Service
- High Growth Support
- Diversity
- Funding escalator
- Responding to economic shocks

The importance of Business Support has been reflected in the investment *emda* has made in this agenda. For example, between April 2006 and March 2011, *emda* invested £166m in the delivery of regional Business Support and created or safeguarded 39,385 jobs, created 11,011 new businesses, assisted a further 112,173 businesses and supported 25,268 individuals with their skills development. Other **achievements** set out in the handbook include:

- The Business Transformation Grant delivered by Business Link created or safeguarded 2,290 jobs and generated £361m in GVA between 2007 and 2010.
- The Business Link Start-Up Service created or safeguarded 9,381 jobs and created 7,586 businesses that survived 12 months or more between 2007 and 2010.
- The Manufacturing Advisory Service East Midlands has supported 3,500 manufacturers in the region and generated £95m in GVA between 2005 and 2011.
- *emda*'s High Growth Company Support programmes have helped more than 300 companies since 2005, generating more than £80m in regional GVA.
- *emda* created a number of successful venture capital funds in the region. For example, the Regional Venture Capital Fund invested £19m in 44 businesses between 2002 and 2008 and the Lachesis Fund has invested £7.4m in 52 enterprises or projects seeking to commercialise research activity since 2002.
- The SfB Understanding Finance for Business product has helped 141 East Midlands SMEs raise £108m since 2002.
- *emda*'s management of two national grants schemes has resulted in Grant for Business Investment creating or safeguarding 7,450 jobs since 2002, generating £315m of private sector leverage, and the Grant for Research and Development achieving a cumulative net GVA impact of £308m.
- Part of *emda*'s recession response included the creation of a Transition Loan Fund. Between February and November 2009, the TLF approved 59 loans to a value of £6.7m to businesses employing 2,890 staff.
- Also as part of our response to the recession in 2008, 2,000 businesses attended *emda*'s Survive and Thrive events with a further 19,000 people accessing information from a dedicated web site.



- Improving project design, procurement methods and contractor performance to deliver improved cost per output ratios. For example, between 2006 and 2010 the cost per business assisted and business created has reduced by 46% and 29% respectively.
- Implementing a regional Simplification Action Plan reduced the number of *emda* funded business support products to 29 (plus three pilots) by March 2010.
- Leading the transfer of the Business Link service to the RDA network. Moving from five county based operators to one regionally based provider increased the proportion of client facing staff employed from 50% to 70%.
- Developing an independent regional IT platform (RBSIS) leading to improved access to information for business advisers, better partnership working and improved management information systems.
- Building the capacity of advisors, mentors and coaches led to increased take-up. For example, social enterprise take-up of Business Link services increased by 107%.
- Mainstreaming equality led to a significant increase in take-up of programmes from disadvantaged and under-represented communities. For example, between 2007 and 2011, the proportion of BME and women owned businesses accessing Business Link increased from 1.9% to 6.8% and 9.2% to 17.2% respectively.



The handbook draws out a number of key **learning points** for the next generation of business support policy-makers and practitioners. These include:

- **Simplification** - It is easy to proliferate business support type activities if no overall framework of intervention exists. For example, the delivery of start-up support used to be fragmented and inconsistent across the region prior to *emda*'s intervention. Future public support must continue to bring together providers to offer consistent support and value for money. Where smaller initiatives potentially contribute to proliferation, a 'braided approach', where separately funded interventions are aligned and interwoven, can be adopted which offers focused client engagement and reduced confusion.
- **Mainstreaming Diversity** - There is a role for specific diversity based enterprise and business support activities. However, *emda* has shown that mainstreaming the wider diversity agenda into the core business support programmes makes rapid improvements in engagement with underrepresented communities.

- **Integration of Independent Advice** - Providing impartial and independent diagnosis of business need before referral to further business support is crucial to improving the competitiveness of a client business. Integrating business engagement with the diagnostic/brokerage/referral processes across a support portfolio reduces costs by gaining efficiencies of scale. Developing a RBSIS type system makes this integrated engagement model work. A clear set of measurable user acceptance criteria ensures the system's effectiveness.
- **Targeted Approach** - There is scope to focus support programmes more on growth businesses, particularly in the light of reducing budgets. However, over prescription should be prevented where possible.
- **Responding to Economic Shocks** - Effective management can support beneficiaries in shock who may not have previously accessed mainstream support. Responses need to be agreed quickly and, ideally, a flexible source of investment support should be available if needed. A sub-national body to lead partners, as well as to secure adequate funding, should be encouraged.
- **Metrics** - Policy makers need to identify appropriate methods for measuring the performance of publicly funded support activities.



## Chapter 2

# Innovation

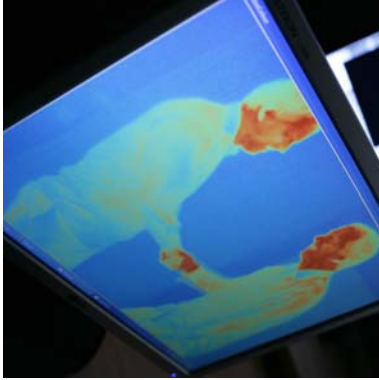
Innovation – the successful exploitation of new ideas – has been recognised by successive Governments as a key driver of economic competitiveness. The region's priorities and plans for Innovation have, since 2006, been promulgated through the Regional Innovation Strategy (RIS), produced by the East Midlands Innovation Council, acting in an advisory capacity to *emda's* Board. The RIS was last refreshed early in 2010. The handbook sets out *emda's* approach to support for Innovation.

The handbook identifies a number of **achievements**, including:

- Improved connections between key public bodies, ensuring more coherent and concerted action on Innovation (for example, the Healthcare & Bioscience iNet's work to open up opportunities in the NHS for the region's SMEs).
- Improved links between businesses, entrepreneurs and other innovation enablers, such as universities and angel investors. Since 2003, *emda* invested more than £150m in the region's universities.
- The filling of 'gaps' in the region's innovation system, including finance for innovation, and peer-group learning.
- Good examples of regional partners committing to major Innovation projects, with the productive use of resources (for example, the engagement of the University of Nottingham and Loughborough Universities in the Manufacturing Technology Centre as founding research partners).
- The needs and interests of the region's would-be innovators have been successfully championed nationally and internationally, for example through the FP7 Support Service. This service - which helped business and universities to access R&D projects via European and international collaborations - was regarded as an exemplar by the European Commission and BIS. Over the period 2007-10, more than 400 companies were assisted, leading to 10 FP7 projects (combined value €40m).
- By the end of 2010/11, the iNets supported more than 1,700 businesses, and established around 50 university R&D collaborations, introducing new university relationships for nearly 500 businesses. The iNets have client satisfaction levels equivalent to the Manufacturing Advisory Service and have a cost per business assisted (£5,633) that is one tenth of the national Grant for Research and Development programme. In addition, of the 2,654 businesses supported by the iNets since 2007, 29% have already introduced new to the industry products as a result of the help they had received and a further 30% intend to do so in the future. The iNets are the focus of the case studies in the handbook.
- Beneficiary responses on the impact on their business of the iNets' grants suggests an undiscounted 5 year GVA impact of £18.8m, providing an almost six times return on investment
- The RIS also laid the foundations for the Regional Technology Framework, which highlighted the region's priorities for cross-cutting and enabling technologies. Over the period 2008-11, 6 universities and 63 businesses received funding of some £4m from *emda* and ERDF under the RTF. The funding levered an additional £3.6m into the region.



- The iFestival, an annual celebration of innovation in the region, ran for four years from 2007; helping to raise awareness across the community about the importance of Innovation. More than 76,000 people attended 655 events throughout the region, with 124 partner organisations involved.



The main **learning points** from *emda's* experience are as follows:

- Government can have an important role to play in facilitating effect innovation systems below the national level.
- Innovation support to business is most effective when it is tailored to the needs of specific sectors and pulls together the input of the various players in the innovation system, crucially including the universities.
- It is important to articulate clearly how the innovation system works, including where the failures are and how to address them, so that stakeholders buy in to the proposed solutions.
- In the current economic conditions, a strategy for innovation is at least as important as it was at a time of growth. This is in line with the Coalition Government's emphasis on the importance of investing in high-growth industries.
- When the Government produces its Innovation Strategy later this year, it needs to consider the extent to which there is a need for strategic frameworks for Innovation below the national level and how the LEPs will connect into this national strategy.
- The LEPs can build on the progress that has been made by developing strong relationships with their respective universities.
- While universities are effective at managing relationships with major companies, it is necessary to have interventions that enable smaller and nascent businesses to engage with universities, with benefits on both sides and a significant economic benefit.

- The East Midlands Innovation council has been a major success. Its membership has contained high-calibre, committed individuals with extensive regional, national and international connections. It has provided an expert, independent advisory group. The TSB need to consider whether the existing structure of Science & Industry Councils should have an ongoing role within the new landscape.
- The iNets have been particularly successful at engaging with productive businesses because of their expertise and ability to tailor services to their sector, sub-sectors and individual companies. They have built relationships of trust based on proximity and face-to-face contact.
- Businesses need more than information to make important decisions. Innovation is inherently risky and innovators need the opportunity to think about what to do and consider the consequences of their options. The iNet advisers have played a critical role in counselling businesses along the innovation journey so that businesses are more likely to move forward and the risk of poor decisions being made is reduced.
- The iNets have built a large, dynamic and informal network of businesses, universities and partner organisations in which the tacit knowledge of the iNet team is continually used to stimulate innovation through a range of mutually reinforcing activities. This has led to increased involvement from network participants in iNet activities that encourage strategic thinking, business knowledge acquisition, better business decision making, facilitation of collaborative working and innovative behaviour.
- Businesses have unparalleled access to information but less time than ever to find and digest what they need. Communications must be clear and relevant to their needs.
- Much more needs to be done to promote and showcase innovation; the iFestival and innovation portal have been successful mechanisms for supporting this process. Clear and strong marketing messages are important to communicate benefits of innovation and encourage take up.
- Case studies are effective mechanisms for bringing to life how support programmes have impacted on companies and how innovation can improve the performance of all organisations. Equally stakeholders or potential funders are better incentivised to be involved if the impacts of innovation activities are reported in terms of business improvement.
- A major issue for all policy makers is to identify appropriate and objective methods for measuring innovation performance. Problems arise as methods often lack local detail, use economic indicators that can be difficult to relate to specific input activities, and/or depend on data that is typically quite old when reported.

## Chapter 3

# Enterprise

The handbook describes *emda's* activities to encourage the development of a culture of enterprise within the East Midlands' economy and highlights key learning points from *emda's* experiences. *emda's* approach in this area can be broken down into three elements:

- Providing strategic direction to *emda's* partners and stakeholders
- Providing the economic evidence base for the Enterprise agenda
- Investing in specific activities and infrastructure

*emda's* key **achievements** have fallen into the following categories:

- **Evidence** – developing a comprehensive evidence base articulating the benefits of working on the enterprise agenda and highlighting opportunities for further investment;
- **Visibility and profile** – providing investments and interventions that have raised the visibility and profile of the enterprise agenda;
- **Catalyst for change** – determining the gaps and opportunities that exist in this agenda and using investment as an incentive to bring partners together and stimulate activity;
- **Best practice and expertise** – undertaking activity that other public sector organisations were unlikely to tackle; including providing high quality support to individuals, particularly from under represented communities. This has included developing mechanisms and measurements to support the agency's mainstreaming approach.

Project-level evaluations undertaken have generally shown positive outcomes and developed useful learning points. Examples of these are shown in the case studies in the handbook. A review of the enterprise projects invested in by *emda* since 1999 suggest that they:

- Assisted 13,925 people to get a job
- Helped 51,686 people to develop their skills
- Created or safeguarded 7,527 jobs
- Created 2,593 business



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*emda* and its partners have sometimes found the enterprise economic indicators, such as the proportion of start up businesses, difficult to influence. The agency's experience shows that the combined regional investment is not sufficient to overcome quickly the broader macro factors that influence the region's economy. There is also a time lag here. Investment in young people's skills, for example, will only potentially develop into economic impact in future years.

The **learning points** and future opportunities identified in the handbook are as follows:

- Enterprise is a diverse and cross cutting policy area. Local policy makers should provide strategic direction and a clear framework of objectives that are aligned with national priorities to avoid the danger of proliferation following the closure of *emda*. Partners should also try to avoid the setting of over ambitious targets as this agenda has proven more difficult to influence on a macro economic scale that expected.
- Generating new and resilient businesses should continue to be the ultimate goal of the enterprise agenda. However, not all enterprise investment should be focused on starting businesses. There are different elements of entrepreneurial development required for individuals to get them to the stage of setting up a business.
- Creating a pathway of **Enterprise Education and Awareness** is challenging. For example, much school based enterprise activity remains extra-curricula and time intensive for teachers. A coordinated national drive by education policy makers is required to bring this forward. Educational institutions are rich sources of potential future entrepreneurs. Future funded initiatives should be aligned with national activities to extend and tailor the focus of their enterprise promotion and skills development activities. The most successful projects have been found to target individuals who are close to completing their studies. Engaging with individuals is more difficult after they leave the education system. Providing impactful and locally focused enterprise promotion events linked into the start up agenda helps with this. These will need further review once the regional Business Link service is disbanded.
- *emda*'s work in developing **Entrepreneurial Skills** has proven that people from disadvantaged areas or under-represented communities can start up a business with support and financial assistance. The importance and quality of the expert support was highlighted as a key factor for success in this. Providing a structure and the careful management of opportunities for the regional networks of ambassadors, coaches and mentors is essential to avoid their volunteering fragmenting.
- SEEM demonstrated that you can stimulate new **Market and Enterprise Opportunities** for social enterprises to start and grow. Such organisations have the ability to build the capacity of local authorities and other strategic partners to provide advice and support to existing enterprises. Providing them with separate funding to support enterprises, say with grants, can move the agenda forward more quickly. However, care must be exercised to ensure relevant expertise is employed to manage such schemes.



- The importance of partnership working is considered fundamental to securing the **Quality and Supply of Employment Sites**. It is important to establish a demand before any construction or refurbishment work starts to ensure that the premises are in the right location for prospective clients and that there will be sufficient cash flow available to sustain the activity until its breakeven point is reached. Incubation centres have been seen to be attractive to new entrepreneurs who may be reluctant to enter into a long term lease arrangement. Conversely, flexible space is needed to allow businesses to grow and remain in the same location. Some innovation centres have had to relax their occupancy criteria in order to fill the premises.
- Encouraging potential entrepreneurs to start up and grow new businesses remains a priority for the Government. Much of the future support for these potential entrepreneurs will now only be available on-line or from volunteer mentors and private sector service providers, particularly once the regional Business Link services are disbanded. This could significantly reduce the opportunities to promote enterprise to a large audience and provide “hands on” support.
- The developing Local Enterprise Partnerships (LEPs) may be encouraged to step into the “gaps” created by these changes, working to further influence the role of Local Authorities. This is a positive step, if achievable. The involvement of private and third sector organisations in developing and delivering activity is likely to be well received by Government. The hard learned lessons regarding the support and promotion of the start up agenda, if reviewed, could help to ensure that the activities undertaken continue to have real impact and offer value for money.
- Partners and stakeholders should be encouraged to access the extensive information that *emda* has already developed before investing in further evidence gathering themselves. *emda* intend to make this available through Nottingham Trent University as part of its legacy process.





## Chapter 4

# Inward Investment

The handbook describes *emda's* approach to bringing in new investment and encouraging the retention and growth of existing investors; drawing on case studies and highlighting *emda's* **achievements**. These include *emda* being involved in securing more than 300 inward investment successes from overseas in the East Midlands since 2001, with some 30,000 jobs created or safeguarded. *emda* played a role in landing just over half of all inward investment successes in the region during that period, but *emda's* successes accounted for about 75% of associated jobs. There are now more than 2,500 internationally-owned businesses in the region.

External evaluations from 2007 to 2009 were very positive about *emda's* performance against relevant economic criteria. They highlighted a strong fit with the Regional Economic Strategy, an appropriate focus on the region's priority sectors, and effective alignment of resources in overseas markets to reflect changing global trends. They also noted that *emda* had achieved good levels of client satisfaction. In the most recent survey of existing investors, more than 80% reported that they were satisfied with the support provided. The evaluations also concluded that *emda* activity has had a productive influence on national, regional and sub-regional partners.



Drawing on *emda's* own experience, the handbook also identifies a number of **learning points**, including:

- Strong but carefully targeted focus on key sectors paid dividends in terms of results. Some 75% of all *emda*-involved investment since 2001 was in the region's priority sectors and, since the latest inward investment strategy came into operation in 2006/7, about 40% was in the top priority sector of Transport Technologies.
- The conversion of FDI leads into successes can be a lengthy process and it is a fiercely competitive market. The conversion rate for enquiries in the 3 years to April 2010 was 6% and the average conversion time was just over 6 months.

- Investor Development - encouraging follow-on investment from existing overseas-owned businesses - was consistently the main source of jobs from inward investment, amounting to 88% over the period from 2001. This activity needs to be resourced accordingly.
- *emda* succeeded in building good relationships with existing investors, utilising key account management principles. It is important to have the capacity to engage with businesses at a senior level in order to achieve these positive relationships.
- Investor Development is also an important source of market intelligence, particularly in relation to the drivers of investment and business expansion. Infrastructure development, recruitment & training and finance were identified most recently by *emda*'s clients as the key factors for growth.
- Economic development specialists in market proved to be *emda*'s most successful representatives overseas.
- There is no need to develop a bespoke property database for a region or locality, given the availability of commercial systems.
- It will be important for UKTI and their contracted provider to have clarity on roles and responsibilities when working with local partners in the future, drawing on *emda*'s experience of establishing working protocols with their sub-regional partners.



## Chapter 5

# Support for Manufacturing

The handbook describes *emda's* activities to increase the competitiveness of manufacturing businesses in the East Midlands and highlights key learning points from *emda's* experiences.

*emda's* approach can be broken down into two elements:

- Providing strategic direction to our partners and stakeholders in the East Midlands based on a detailed economic evidence base
- Investing in specific activities and infrastructure to move the manufacturing competitiveness agenda on rapidly

*emda's* primary investments in the sector have been in supporting Innovation and encouraging Business Best-Practice heading. Manufacturers have been provided with a simplified portfolio of business support. Some of the products directly target the manufacturing sector, most notably the Manufacturing Advisory Service (MAS).

Since 1999, *emda* has invested some £312m in programmes and projects that were either accessible to manufacturing businesses or directly targeted at supporting the sector. Some of the highlights from individual project evaluations include:

- MAS supported 3,500 manufacturers in the region and generated £95m in GVA between 2005 and 2011.
- *emda's* High Growth Company Support programmes supported more than 300 companies since 2005, generating more than £80m in regional GVA.
- The Regional Venture Capital Fund invested £19m in 44 businesses between 2002 and 2008 and the Lachesis Fund has invested £7.4m in 52 enterprises or projects seeking to commercialise research activity since 2002.
- The Understanding Finance for Business product helped 141 East Midlands SMEs raise £108m since 2002.
- *emda's* Grant for Business Investment programme created or safeguarded 7,450 jobs since 2002, generating £315m of private sector leverage, and the Grant for Research and Development achieving a cumulative net GVA impact of £308m.
- Between February and November 2009, the Transition Loan Fund approved 59 loans to a value of £6.7m to businesses employing 2,890 staff.

A review of the manufacturing based projects invested in by *emda* since 1999 indicated that collectively they have:

- Created or safeguarded 43,174 jobs
- Created 5,549 businesses
- Assisted 129,900 businesses intensively
- Forged 2,595 business collaboration with the knowledge sector
- Assisted 11,373 people to get a job
- Helped 29,448 people to develop their skills
- Leveraged £270m in external private sector income

Beyond these specific successes, *emda's* wider manufacturing related achievements can be summarised under the following categories:

- Evidence – developing a comprehensive evidence base to articulate the benefits of working on the manufacturing agenda and highlight opportunities for further investment;
- Visibility and profile – promoting investments and interventions that have raised the visibility and profile of the manufacturing agenda;
- Catalyst for change – using investment as an incentive to bring partners together and stimulate activity;
- Best practice and expertise – undertaking activity that other public sector organisations were unlikely to tackle, utilising the agency's mainstreaming approach.



The handbook provides many reflections and learning points from the wide spectrum of activity covered by the manufacturing sector:

- Strategically, *emda's* policy makers have benefitted from embracing a broad definition of manufacturing, encompassing its many specific sub-sectors that are defined on a market or technology basis. By adopting a mainstreaming approach, based on the modern advanced manufacturing definition and the primary drivers of productivity, *emda* has ensured that businesses in this sector have benefited from most of the support it has provided. Supplementing this with some manufacturing specific policy, driven by the use of private sector and/or third party endorsement, has ensured that the importance of the sector has been highlighted.
- Effective delivery of support must underpin any successful strategy. *emda* found that a holistic diagnostic of manufacturing business needs was a key factor in ensuring that the businesses were signposted to the most appropriate form of support. The adoption of the brokerage model of intensive delivery and a stringent set of criteria for using private sector consultants has helped to ensure that the quality of support offered has remained high and been well received. Grants to encourage the adoption of intensive activity or capital investment have been shown to generate significant impacts if they are used in a targeted way, based on transformational manufacturing change. Businesses will contribute to these services financially if the above criteria are met and have often continued to fund such activity themselves after the *emda* intervention has been completed.



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- Supporting this, the escalator of funding enabled public sector financial initiatives to be linked to and targeted in support of the specialist business support and capital investment provided separately by *emda*. Multi-interventions, either at points in a business's lifecycle or at a critical point in its growth, have proved to be effective. This has often required a mix of finance, whether it be grant, equity or loan. However, the agency has avoided developing sector-specific equity and loan funds; reflecting that funders prefer to invest in a range of sectors.
  - *emda*'s capital investment in manufacturing has led to a legacy of world-class facilities, such as the Manufacturing Technology Centre. Evaluations have shown that they should provide lasting benefits for individual companies and the region's manufacturing base as a whole.
  - *emda* has developed a sophisticated multi-partner approach to dealing with economic threats, particularly in the manufacturing sector. Unfortunately 2008 proved that, however effective this support, it can only go so far to mitigate the impact of a global recession.

Against the background of much-reduced funding compared to the RDAs, it will be important in the future that:

- Local Enterprise Partnerships (LEPs) are encouraged to step into the "gaps" created by these changes, working to influence the role of Local Authorities and, perhaps, drawing down funding from the Regional Growth Fund. BIS Local will need to review how it can use the LEPs to gather the intelligence required to influence future policy in favour of the region's manufacturing sector.
- BIS Local and LEPs will need to work closely with the remaining Government bodies that act in and across the regions.
- The Government will need to continue to address the 'image deficit' for manufacturing. This is not easy to influence and Government needs to drive it strongly if the desired cultural change is to be achieved within society. BIS should not underestimate the resource and investment required to underpin such a change programme.
- Partners and stakeholders should be encouraged to access the extensive information that *emda* has already developed before investing in further evidence gathering themselves.



## Chapter 6

# Promoting Science, Technology, Engineering and Maths (STEM)

The handbook describes *emda*'s programme of STEM projects and highlights key learning points. The programme was developed to deliver innovative activities that enriched young people's experiences of STEM.

The importance of STEM was reflected in the level of investment *emda* put into both the STEM Programme (£6m – 2008/2011) and a STEM-related project, the Learning Grid (£4.5m – 2004/2009). The STEM Programme represented 60% of *emda*'s budget allocated to the strategic priority Employment, Learning and Skills from 2008 to 2011.

Successive Governments have recognised STEM skills as essential to improve productivity. Skilled scientists, technicians, engineers and mathematicians are needed across a number of sectors in which the UK has a competitive advantage (such as advanced manufacturing, low carbon, sustainable construction technologies, etc). The East Midlands has the largest proportion of employment in manufacturing of the nine English regions, which highlights the importance of STEM skills to the region's economy. In addition, other skilled trades account for a larger share of employment in the East Midlands than elsewhere and such jobs require intermediate (i.e. Level 3) skills that are closely related to STEM subjects.

*emda* defined a clear role in the STEM arena in the East Midlands. It was not appropriate to fund statutory STEM provision in schools, colleges and universities, therefore the principal objective of *emda*'s engagement was to add value to enrichment and enhancement activity already taking place. The agency was also well placed to help connect schools with businesses to improve young people's understanding of potential STEM-related careers and allow business leaders to influence provision in schools.

*emda* recognised the importance of taking a strategic overview, in order to bring greater coherence and impact to the array of STEM initiatives and partners in the region. The approach taken by the Agency was to work with partners to achieve a spectrum of STEM support from primary schools through to universities. *emda* deliberately took the strategic longer-term perspective and invested in activities that would shape the workforce of the future. It was the first RDA to invest substantial funding into STEM support for schools and became the national exemplar for other RDAs. The ambition of the programme was to initiate a culture change in the perception of young people to STEM subjects from 'dull and difficult' to 'exciting and rewarding'.

The handbook highlights the following achievements from *emda*'s activities:

- *emda* funded a number of successful STEM projects that involved creative practitioners (artists, musicians), working alongside teachers and scientists. It was this dynamic mix that unleashed new energy in STEM teachers and inspired young people to look at STEM subjects through fresh eyes. By funding such innovative activity, *emda* has significantly enhanced the use of creativity as a catalyst and stimulus for STEM skills development.

- *emda* demonstrated that non traditional delivery methods, such as taking an articulated lorry into a school as a mobile laboratory, provided the impetus to change how schools delivered STEM subjects. The agency succeeded in getting teachers to think differently about how they taught STEM in the classroom, which in turn energised young people.
- One of the major successes of the *emda* STEM programme was the formation of the Regional STEM Partnership. Made up of representatives from key STEM stakeholder organisations, the agency used its investment to stimulate a coordinated approach to delivery. This maximised funding in the region, as partners were able to identify gaps, exchange good practice, promote opportunities and work together to find solutions.
- The Agency had the vision to recognise that developing STEM skills in young people was a growing national policy area that would underpin future economic development. The agency had the foresight to pursue this agenda ahead of many other RDAs, to the extent that the East Midlands STEM Partnership became a national exemplar. The national STEM organisation STEMNET recognised the need for a regional support infrastructure and used the East Midlands as a model.
- Funding for the STEM Partnership has now ceased. However, *emda*'s strategic role has generated a commitment amongst members to continue to work together as a partnership to ensure a coordinated approach is maintained. The partnership, with its forum and networking events, has enabled a strong regional infrastructure to develop, which is highly valued by stakeholders. The STEM Partnership is also a tried and tested model that Local Authorities and LEPs may find useful to adopt to ensure that their key stakeholders work together on STEM enrichment activity.



The handbook contains feedback from beneficiaries of the STEM programmes – students, teachers and employers – as well as practical advice on how to develop and deliver successful STEM enrichment activities. The key lessons are as follows:

- **Effective approaches for increasing young people's interest in STEM** - e.g. maximise opportunities to give young people practical, hands on experience of STEM; highlight the real world applications of STEM; give young people and teachers the time and freedom to explore ideas.

- **Engaging and communicating with schools** - e.g. make full use of existing networks and partners to contact schools. Where practical, take enrichment activity to schools; be realistic about what can be achieved in the classroom.
- **Encouraging industry involvement** - e.g. emphasise the commercial benefits of getting involved; provide appropriate training for industry volunteers; use universities as alternative forms of support; encourage participating employers to act as advocates.
- **Disseminating good practice and lessons learnt** - e.g. where appropriate arrange follow up events; build in opportunities to share learning and build on the experiences of the learners after the initial participation.
- **Strategies for sustainability** - e.g. seek a funding contribution from schools which have already experienced the benefits of STEM activities



## Chapter 7

# Regeneration

The handbook presents evidence to show the wider benefits derived from the use of an integrated partnership approach to physical regeneration. It describes the tools and programmes used by *emda* and presents case studies of projects in the East Midlands. It also showcases projects delivered through the National Coalfields Programme.

The Regional Economic Strategy (RES) 2006-2020 has at its core the economic wellbeing of the region, but not at any cost. Ensuring sustainability is key to achieving lasting regeneration benefits. Physical regeneration is a keystone for the region's economy, with the construction industry and wider built environment accounting for some 11% of the region's GDP.

*emda*'s collaborative and integrated approach to physical regeneration has provided a strategic lead to improve the rate of land re-use; improve damaged industrial environments; and help provide an adequate supply of high quality development land and buildings, providing an appropriate balance between competing uses.

The importance of physical regeneration has been reflected in the sustained level of investment that *emda* has made in projects with a land and property component, some £230m since 2004. This investment is alongside the National Coalfields Programme (£75m since 2004) and the £1 billion levered in from the private sector and other public sector partners.

*emda*'s approach to physical regeneration can be summarised as follows:

- An 'enabling' approach, facilitating regeneration through grants to the principal public and private partners, rather than through direct delivery, with the exception of the National Coalfields programme.
- Using the intelligence gathered from its research, *emda* was able to draw together stakeholders to align resources and investments to maximise impact and benefits. *emda*'s sustained focus on maximising economic benefit meant that, for example, public realm projects were not supported unless there was clear evidence that doing so would have a wider economic impact. This approach provided an objective rationale for the prioritisation of schemes and projects brought forward by partners.
- Providing practical advice and developing best practice.

*emda*'s investment in physical regeneration has made the following contribution to its corporate output targets:

- |                              |              |
|------------------------------|--------------|
| • New and safeguarded jobs   | 71,338       |
| • People helped to get a job | 36,882       |
| • New Businesses             | 13,914       |
| • Land Reclaimed             | 695 hectares |



Over and above these outputs, *emda* has made a significant contribution to the transformation of many places in the East Midlands and has left behind a legacy of partnerships and organisations, such as OPUN and Blueprint, which may be drawn upon by stakeholders in the region whose role it will be to facilitate regeneration after the agency has closed. *emda*'s capital investment in land and property has had an impact across many strategic priorities in the RES.



The handbook identifies a number of **learning points**:

- In order to deliver substantial benefits for communities it is critical that an evidence-based long-term vision is established. This requires a cross-sector, inter-organisation and often cross-boundary consensus on priorities. It is equally important that such partnerships recognise the long-term nature of realising the maximum benefit from such schemes. Continuity of action, coupled with ensuring that adequate resources are available, will avoid the waste that can be caused by continually establishing, delivering and ending short-term interventions. This in turn helps in providing certainty to communities and partners alike, thereby presenting an opportunity to develop and further their involvement, knowledge and skills. Sustainable regeneration must be underpinned by a vision of the long term objective capable of containing a mix of short term interventions and opportunities. In short, sustainable regeneration is a marathon, not a sprint.
- Physical regeneration is not a complete solution in itself. To solve deep-seated structural and social problems a joined-up, collaborative, multi-disciplinary approach is required. It is important that this approach continues in the emerging sub-national landscape.
- It is essential to secure early private sector buy-in to major regeneration schemes to ensure that public sector intervention will maximise both employment potential and private sector leverage. It is often necessary for public sector investment to be made in things such as site assembly, infrastructure and local capacity in order to secure investment and return value much later in the future. In order to achieve success the public sector requires a high degree of knowledge and understanding of the needs of the business community. There is also a critical need to understand the realities of current and emerging opportunities, strengths weaknesses and threats to businesses, supply chains and sectors. Where this understanding is properly aligned to appropriate investments and an understanding of market conditions, regeneration projects will maximise private sector investment and economic and social returns.



- Many regeneration schemes impact across administrative boundaries, which is why there is a need for an impartial and objective strategic lead to establish partnerships between local and central government, together with the private sector and the local community to deliver viable solutions. The emerging sub-national landscape will require similar strong leadership to take decisions that are sometimes tough in order to ensure that investment decisions are appropriately prioritised and based upon achieving the greatest economic impact over an appropriate time-frame. If this does not happen there is a danger of failing to address the needs of those localities whose social and economic fabric is most at risk of placing an even larger burden on society through the wider costs of social and economic failure.
- Without the support of the community, regeneration schemes will not reach the objective of sustainable economic wellbeing, or achieve better outcomes for local people. *emda* found that close working relationships with partners, such as the Sub Regional Strategic Partnerships (SSPs), local authorities and the wider community and voluntary sectors, particularly in areas of severe deprivation, have been important. These relationships enable local communities and local knowledge to influence and achieve transformational change. It is essential therefore that systems of customer and stakeholder engagement are established in the early stages of each project to secure that community support, buy-in and ownership.
- Only when all of the above are delivered will a physical regeneration scheme stand a chance of being truly sustainable and contribute to better place-making and economic, social and environmental wellbeing. It is possible to provide clear guidance to partners through the mandatory application of high social, economic and environmental performance standards, such as the Building Research Establishments Environmental Assessment Method (BREEAM) and the HCA's housing standards, but these are merely tools to be used to encourage and challenge development and regeneration partners. These tools are not substitutes for an embedded long term partnership based approach.



## Chapter 8

# Tourism

The handbook reviews the role of East Midlands Tourism (EMT) in developing the region's visitor economy from 2005-2010. It also includes a range of case studies relating to the main regional priorities of marketing, quality improvement, investment and research.

The RES identified the importance of increasing visitor spend in the East Midlands. This has been achieved by targeting regional and sub-regional marketing to attract staying domestic and inbound visitors. Sales and marketing activity is underpinned by investment in the tourism infrastructure, new business creation and improved quality standards.

*emda*-funded activity has made a significant contribution to building the East Midlands visitor economy, which is worth more than £6 billion a year, attracts 142 million visits and supports the employment of 99,000 people.

External consultants commissioned to assess and evaluate the impact of *emda*'s intervention in the sector since 2004, through EMT, reported that *emda*'s investment had a significant positive impact in the region both financially and in terms of strategic added value. They considered that *emda*'s tourism programme was based on a "robust and evidence based appreciation of the market failure rationale for public sector intervention" and noted that *emda* "adopted a coherent and integrated policy framework which is conducive to sustainable economic growth".

Based on a total investment of £22m, the evaluation showed that:

- Between 2005 and 2009, marketing activity supported by *emda* delivered an average Return on Investment (ROI) of 21:1 over the period, against a target of 17:1;
- £114m additional revenue has been generated through visitor expenditure resulting from investment in marketing campaigns from 2005 to 2009;
- This expenditure has supported 2,284 job years of employment;
- £57m of GVA has been contributed to the region through these investments;
- Overall, tourism contributes around 7.5% (calculated in terms of GVA) to the regional economy;
- Average annual visitor expenditure has increased by 2.8% p.a. to the end of 2009, exceeding the target of 2% for an increase in value set in Destination East Midlands.



Taken for *emda* by Steve Baker Photography.

Their report also highlighted that:

- *emda* provided strong engagement and leadership through the tourism programme and noted the high calibre and commitment of the EMT Board and, latterly, Council members.
- EMT was “well-respected amongst partners from the private and public sector, who were quick to comment on the high level of specialist skills and knowledge”, and made valued contributions at local, regional and national levels.
- EMT was seen to be a strong advocate of tourism at regional and national level; significantly raising the profile of the sector, making the case for investment, and improving understanding of the role of tourism in promoting sustainable economic development.
- Through its intervention, *emda* was able to influence the activities of partner agencies, reduce duplication and mobilise resources to support shared priorities in a way that was not possible previously.
- *emda*’s devolved approach, giving Destination Management Partnerships (DMPs) funding and support, recognised the importance of local knowledge and involvement in decision making and service delivery.
- Stakeholders believed that the development of a strategic framework for tourism *Destination East Midlands 2010*, at regional scale, had added significant value.

Performance after the evaluation was completed continued to be strong, with return-on-investment from marketing campaigns at 25:1 against a target of 17:1. This equates to tourism expenditure in the region of £28.2m, an increase from the 23:1 recorded in the previous year.

The handbook makes a series of **recommendations for the future** which include:

- Reviewing DMP structures due to their dependence on *emda* funding.
- Prioritising activity based on future wealth creation, jobs growth and recognition that tourism is part of the wider Visitor Economy.
- Making better connections to cut out duplication and get better value for existing activity; working across county boundaries, across Local Authority departments and across the Visitor Economy to include Culture, Sport and Heritage.
- Setting up tourism forums that allow delivery bodies and stakeholders to meet regularly to debate strategic challenges and priorities.
- Recognising the need for robust indicators to judge performance and success, and the importance of investing in market intelligence to ensure there is a sound evidence base to inform activity and prioritisation.

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## Chapter 9

# Low Carbon Economy

Low Carbon has been a key strand of *emda*'s support for regional economic development and, as such, has been integrated into a range of activities. The handbook focuses on leadership, visibility and flagship activities, along with some supporting direct delivery.

*emda* has made a significant difference to the Low Carbon agenda through its investments and activities, providing leadership and bringing about a change in the way that Low Carbon is viewed and addressed in the region. Key **achievements** fall into the following categories:

- *emda* developed a comprehensive evidence base that articulates the benefits of working on the Low Carbon agenda and highlights opportunities for further investment
- Investments and interventions by *emda* have raised the visibility and profile of the Low Carbon agenda
- Through a combination of brokerage, partnership working and pump-priming investments, *emda* spotted gaps and opportunities and used investment as an incentive to bring partners together and stimulate activity

Using its unique role, *emda* has undertaken activity that other public sector organisations were unlikely to tackle; provided high-quality Low Carbon support to businesses; and developed mechanisms for measurement of carbon emissions in mainstream economic development activity.

As a result, the region is left with a strong legacy in relation to Low Carbon. Firstly, it is significantly better informed and able to target investments through a comprehensive evidence base. *emda* has also provided a robust framework of strategies to support priorities and activities (e.g. the RES, the Regional Innovation Strategy and the Regional Technology Framework). A series of flagship investments and centres of excellence have already raised the profile of the region and will support continued investment in this agenda including the Energy Technologies Institute (ETI), the Sustainable Construction iHub and CENEX (the UK's centre of excellence for low carbon and fuel cell technologies).

In addition, more than 1,000 businesses have been supported to improve their resource efficiency through *emda*'s investments, contributing to the challenge of moving all companies in the region from high-carbon to low-carbon users, and producing significant cost savings, including:

- £6.3m of SME cost savings identified;
- 25,000 tonnes of CO<sub>2</sub> emission reductions identified;
- 88,201 tonnes of waste diverted from landfill identified; and
- 100,593 m<sup>3</sup> of water savings identified.



One of the key **lessons learnt** in the delivery of the low carbon agenda is the need to ensure that the delivery of activity through direct and generic support programmes is effectively coordinated and supported by a clear 'offer' to business. Key recommendations for the future are therefore:

- Low carbon activity must continue to be integrated into wider economic development activity and evidence fed into the development of key strategies with agreed targets for investment;
- Businesses require clarity on what is on offer and how it can be accessed;
- A much greater and more focused level of intervention is required to meet demanding targets on carbon reduction and exploit the best opportunities from the transition to a low carbon economy; and
- Activity should be focused on areas where the locality has existing strengths and emerging capabilities.

Alongside the recommendations outlined above, there are also a number of opportunities for further activity, should suitable investment vehicles/partnerships be identified - for example:

- Continuation of the Energy Connections business to business collaboration network, whether in a regional or local form;
- Activity to 'localise' the evidence base to ensure investments are targeted at local strengths and capabilities;
- Collaboration with the FE low carbon task group to ensure low carbon remains a strong element of the regional skills agenda;
- Building on key findings from recent research reports (for example resource efficient design pilot interventions); and
- Building on key regional strengths such as ETI, CENEX and the new Energy Centre at the University of Nottingham to maximise opportunities for investment and broker new part



PICTURE: Centre for Renewable Energy (CORE)