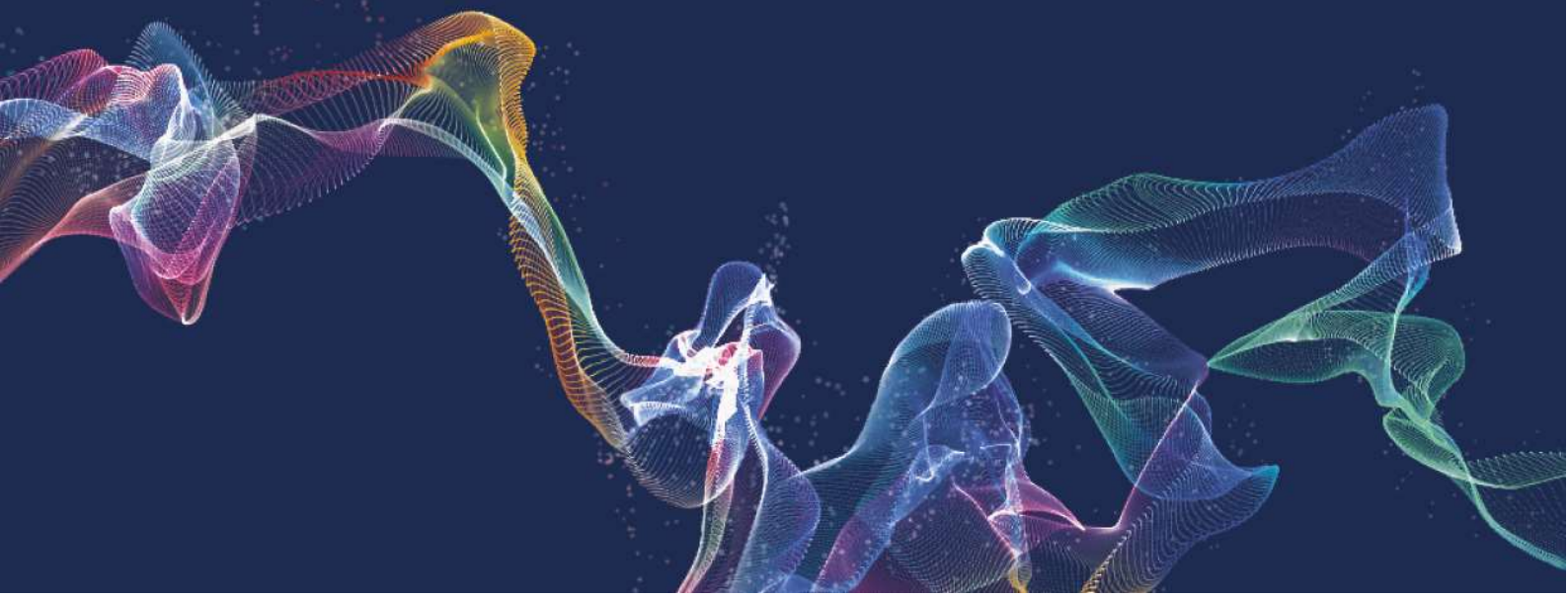
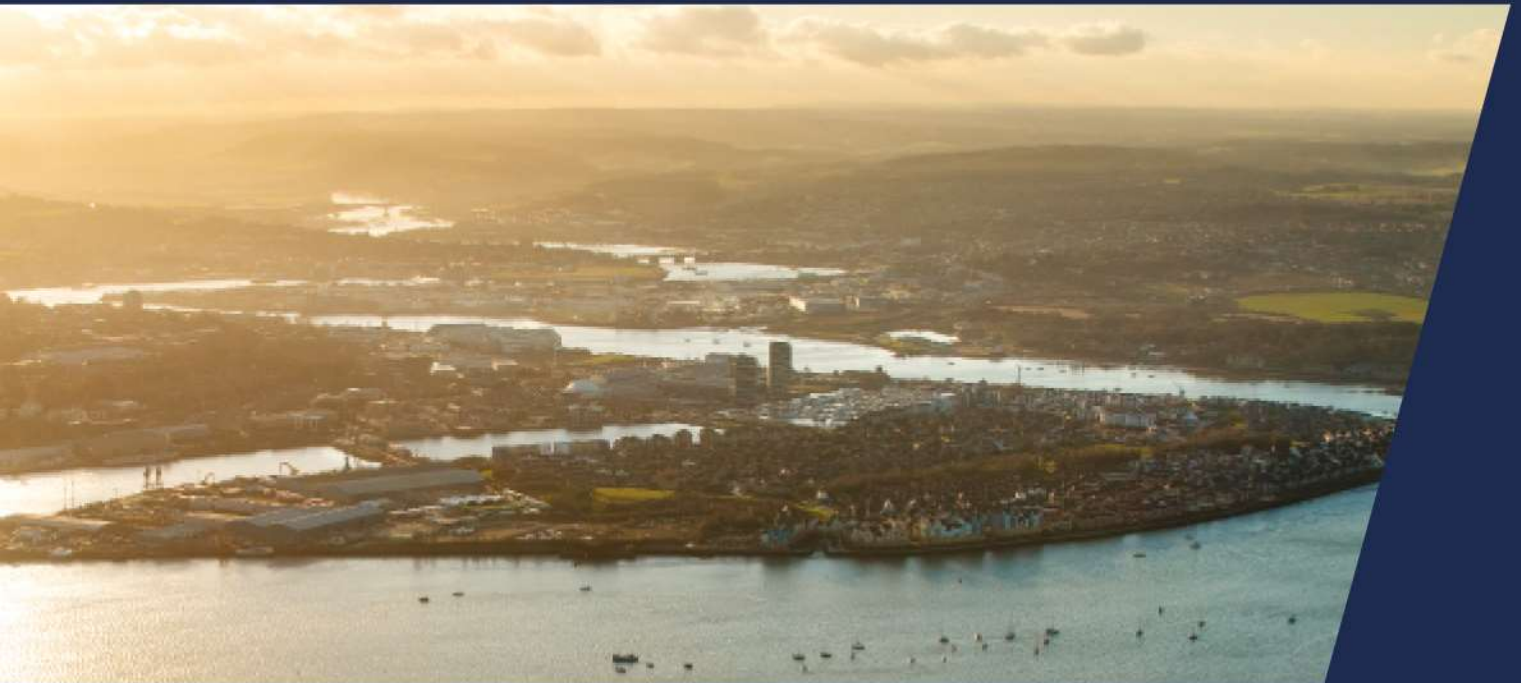


# Medway Innovation Strategy

October 2022



# Contents

- 1. Introduction..... A-0
- 2. Why innovation is important ..... A-4
- 3. Innovation in Medway today ..... A-7
- 4. An Innovation Strategy for Medway..... A-19

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# 1. Introduction

Innovation can seem like an abstract concept. The purpose of this strategy is to define *what* innovation 'is', *why* it is important to Medway's current and future economic growth and *how*, through supporting increased innovation in its economy Medway Council can support the delivery of improved economic outcomes.

This strategy deliberately takes a focused approach, identifying specific priorities where the council could realistically deliver specific interventions across the short, medium and long-term and which are appropriate for Medway and focused on economic outcomes.

The innovation agenda has never been so important nationally: it is at the heart of the Government's vision and priorities for 'levelling up' across the United Kingdom as a key mechanism for unlocking productivity improvements and associated economic growth.

Innovation is at the heart of Medway Council's overarching economic development and regeneration vision and strategy, *Medway 2037*. Rather than being an end in itself, innovation – also considered alongside creativity - is embedded as a cross-cutting theme spanning all the council's key six economic and regeneration priorities, as identified below:

- **Destination and placemaking:** innovation in placemaking will make Medway a more attractive location for businesses and residents.
- **Town centres:** are focal points in which business communities can come together to innovate, space can be provided, and smarter technologies can be used.
- **Inward investment:** attracting more innovative businesses and ideas into Medway will be important in stimulating further inward investment, raising levels of ambition, productivity and encouraging existing businesses to innovate.
- **Business accommodation and digital connectivity:** providing and connecting the right types of space and infrastructure will be important in enabling businesses to innovate.
- **Sector growth:** higher levels of innovation including building networks and leveraging Medway's existing innovation assets will lead to more productive jobs and businesses being developed, supporting sector growth.
- **Improving employability:** innovation will create new job opportunities for local residents.

Developing a more innovative economy in Medway will be critical to delivering the key priorities set out in *Medway 2037* to create a more sustainable, resilient and higher-value economy for Medway which delivers growth and benefits for all.

An important and related theme is that of climate change. Medway Council has declared a climate emergency and the transition to a net zero carbon society and economy is a stated

priority. The council's adopted *Climate Change Action Plan (2021)* sets out how the council will work towards net zero carbon by 2050 across all areas of its operation and influence. To work towards the net zero transition businesses and institutions will need to innovate and do things differently. This strategy does not seek to overlap with the specific priorities, actions and solutions proposed in the Climate Change Action Plan, but instead focuses on how the council can facilitate and support businesses and institutions to become more innovative: a focus on the factors which are conducive to unlocking innovative economic outcomes. Additionally, this strategy also recognises the *opportunity* presented by the net zero transition: it is not just about helping existing businesses adapt, but also recognising that new technologies and economic sectors will emerge which could deliver jobs and economic growth for Medway. Medway Council recognises that in some instances it will need to take the lead in exploring and nurturing these opportunities.

The council recognises that it is only one stakeholder in Medway's economy: the businesses, colleges, universities along with the residents, students, employees and entrepreneurs of Medway all represent key stakeholders in the innovation landscape. This strategy therefore sets out how Medway Council will seek to deliver enhanced innovation outcomes in its economy, in line with the ambition set out in *Medway 2037* using the levers it has its disposal. The focus of this strategy is how the council can *facilitate* a more innovative local economy to deliver the vision defined in this strategy.

## Medway Council's vision for an innovative economy

Medway will be known nationally as a centre of business innovation and high value employment. Medway's dynamic innovation ecosystem will comprise diverse businesses, employment locations, workspaces, further and higher education institutions. We will work to ensure the economic benefits of innovation are shared with all businesses, communities and places. We will support innovation in our key existing sectors including manufacturing and engineering, construction and the creative industries; and the growth of emerging sectors, including agri-food and hydrogen. We will identify, nurture and drive emerging opportunities associated with the twin drivers of the transition to the net zero carbon economy and increasing technological advances, particularly in sectors where Medway has a competitive advantage.

The council will seek to deliver this Vision through delivering on the following priorities:

- Supporting our businesses to innovate – start-up; grow; relocate.
- Providing and supporting others to deliver the right spaces for innovation.
- Pursuing and supporting emerging opportunities.

Alongside this strategy, the council has developed an Action Plan to deliver on these priorities. The Action Plan is summarised in this strategy, recognising that it will be a 'live' document which will continue to evolve and adapt in response to emerging opportunities – rather than fixing it at a specific point in time. Medway Council will take ownership of the development, iteration and implementation of the Action Plan in ongoing dialogue with stakeholders and in response to funding, partnership and sectoral opportunities. This will ensure the Action Plan remains 'live' and fit for purpose to deliver on the vision defined in this overarching strategy, to optimise the prospects for unlocking enhanced economic outcomes through innovation. Medway Council will commit to annual monitoring of the delivery of this strategy, focused on progress in delivering specific interventions identified in the Action Plan.

It is worth noting that this Innovation Strategy does *not* seek to examine how Medway Council can become more innovative in its activities across the full breadth of its services and corporate objectives. This strategy solely focuses on how the council can facilitate and catalyse more innovation in its local economy.

## An overview of the Innovation Strategy

This Innovation Strategy follows the following structure:

- **Why is Innovation important?** Defining what innovation is and why it is important to Medway in supporting local growth aspirations, and the wider national and regional strategic context.
- **Innovation in Medway today** An introduction to Medway's innovation ecosystem including:
  - An overview of existing and proposed innovation assets, including workspace and research institutions.
  - A summary of workspace supply and demand dynamics in Medway.
  - An overview of business support in Medway.
  - A review of emerging challenges and opportunities relating to innovation in Medway.
  - Summarising the key barriers to innovation in Medway to identify key areas for intervention.
- **The Innovation Strategy for Medway**

- **Our vision for a more innovative Medway** – our overarching proposed vision for creating a more innovative economy in Medway.
- **How we get there: overarching priorities for innovation in Medway** – defining overarching the priorities and strategic areas of focus to achieve the vision.
- **The Action Plan summary** – summarising the proposed projects and interventions to deliver on the identified priorities which are captured in a separate, 'live' Action Plan.

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## 2. Why innovation is important

One of the major benefits of innovation is its contribution to economic growth. In simple terms, innovation amongst businesses can lead to higher productivity, meaning that more outputs are produced for each unit of input. As productivity rises, more goods and services are produced, helping to grow.

As highlighted in the government's Levelling Up White Paper and Build Back Better Plan, innovation has been recognised as being central to the government's plans for economic growth. Innovation is needed, both to remain competitive on the global stage, but also to ensure that the country respond to some of the critical challenges of the modern day (e.g. climate change and ageing population). Whilst important at a national level, innovation is also important to Medway, in ensuring that Medway becomes a higher-value economy, providing jobs, opportunities and wealth for local communities.

### What is innovation?

'Innovation' has a broad definition. A widely used definition of innovation is from The Organisation for Economic Co-operation and Development which defines innovation as: ***“a new or improved product or process (or combination thereof) that differs significantly from the unit's previous products or processes and that has been made available to potential users (product) or brought into use by the unit (process)”***.<sup>1</sup> The Oslo Manual for measuring innovation defines four types of innovation:

- **Product innovation:** a good or service that is new or significantly improved, this includes significant improvements in technical specifications, components and materials, software in the product, user friendliness or other functional characteristics.
- **Process innovation:** a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software.
- **Marketing innovation:** a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.
- **Organisational innovation:** a new organisational method in business practices, workplace organisation or external relations.<sup>2</sup>

Innovation is fundamental to economic growth. It leads to the development and application of new ideas and technologies which results in productivity gains. Higher productivity means

<sup>1</sup> OECD (2018) 'Oslo Manual' cited in Department for Business, Energy & Industrial Strategy (July 2021) UK Innovation Strategy

<sup>2</sup> OECD (2018) 'Oslo Manual'

that more goods and services are produced, which stimulates wage increases and business profitability, creating more and better paid jobs and improving UK competitiveness.

Fundamentally whilst there are different – and often subtly nuanced – definitions interpretations of what innovation means, Medway Council recognises that innovation entails businesses doing things differently and better to deliver productivity gains and all of the associated economic benefits.

This strategy focuses on identifying a number of clear priorities and actions which the council will seek to deliver in order to facilitate positive innovation outcomes.

## Responding to national and regional ambitions

There are a range of national and regional policy objectives and priorities that this Innovation Strategy seeks to align with, recognising that the wider policy context provides a clear indication of future priorities and direction of travel for investment from the Government. Whilst supporting innovation is seen as a priority for the Government, a similar emphasis is also placed on increasing private sector investment in innovation. The Government's objectives and the importance placed on driving increased innovation outcomes is indicated in a number of key national policy documents including the Levelling Up White Paper, 'Build Back Better' the UK Government's Plan for Growth and the UK Innovation Strategy. These are summarised in Annex A.

It is important to appreciate *why* innovation is seen as a particularly important component of a successful economy. Fundamentally, innovation is recognised as a key driver of increased economic productivity. Innovative investment in research and development (R&D) is acknowledged as creating high-skilled jobs and raising productivity and growth<sup>3</sup>. The Government has identified driving economic productivity as the first of its key 12 missions in its Levelling Up White Paper; increasing innovation in the economy will be a key component of delivering on this mission to boost productivity:

### UK Government Levelling Up – Mission 1

*By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.*

Importantly, the role of innovation in driving increased productivity and economic benefits is also identified by the Government in its Innovation Strategy as being intricately bound up

<sup>3</sup> NIESR. *From Ideas to Growth: Understanding the drivers of innovation and productivity across firms, regions and industries in the UK*. 2021.



with the characteristics of place (existing clusters of businesses and institutions) and in its Levelling Up White Paper as being closely linked to other dimensions including equality of opportunity, health, education and social infrastructure. Therefore, this Innovation Strategy is not approached in the abstract and instead is developed to be bespoke for Medway's socio-economic context.

## Summary

Innovation is prioritised at all tiers of policy: it is a central priority for the Government and will continue to be a key focus of their economic policy and funding initiatives. Unlocking innovation outcomes needs to be rooted in a place-based approach.

What this all means for Medway is that this Innovation Strategy needs to be grounded in the challenges and opportunities specific to Medway. Additionally, this strategy will seek to deliver upon Medway Council's objective of delivering *growth for all* to ensure

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### 3. Innovation in Medway today

Having defined innovation and recognised its importance within a wider context, including its pivotal role in unlocking wider economic and societal outcomes, this section now looks to define the local context as a platform for a locally bespoke strategy.

Medway's innovation ecosystem includes higher and further education institutions, dedicated innovation spaces for smaller businesses, organisations delivering innovation and enterprise support services and businesses actively innovating, investing and delivering Research & Development (R&D)

This section provides an overview of the socio-economic context of Medway and the key components of this innovation ecosystem, including barriers to innovation and potential interventions to address these.

#### Defining Medway's innovation ecosystem

There is no single definition of what an innovation ecosystem comprises. An example of an academic definition is *"the evolving set of actors, activities, and artifacts, and the institutions and relations, including complementary and substitute relations that are important for the innovative performance of an actor or a population of actors"*<sup>4</sup>.

Whilst a seemingly abstract definition, applied in practical terms the importance of the concept of an ecosystem is that when thinking about innovation, one needs to consider the networks of organisations, processes, facilities/spaces, institutions and relationships which collectively effect and drive innovation in context. Depending on context, innovation ecosystems can vary hugely: they could be strong, weak, imbalanced, growing.

Importantly, in considering the role of the innovation ecosystem, the exchange of knowledge and intellectual property between universities / research institutions and external networks can be of central importance. This is typically influenced by a university's local environment, access to investment, the strength of networks between academics and investors, the absorptive capacity of local businesses and the availability of infrastructure and services to support the innovation and commercialisation process<sup>5</sup>.

This strategy does not exhaustively map and appraise Medway's innovation ecosystem but instead identifies key context, assets, institutions and relationships of relevance to frame subsequent identification of potential challenges and opportunities.

<sup>4</sup> Ove Granstrand and Marcus Holgerson (2020) Innovation ecosystems: A conceptual review and a new definition (Technovation, Volumes 90-91)

<sup>5</sup> RSM PACEC Ltd (February 2018) A Report for the Department for Business, Energy and Industrial Strategy (BEIS): Research into issues around the commercialisation of university I

## Medway's current innovation landscape

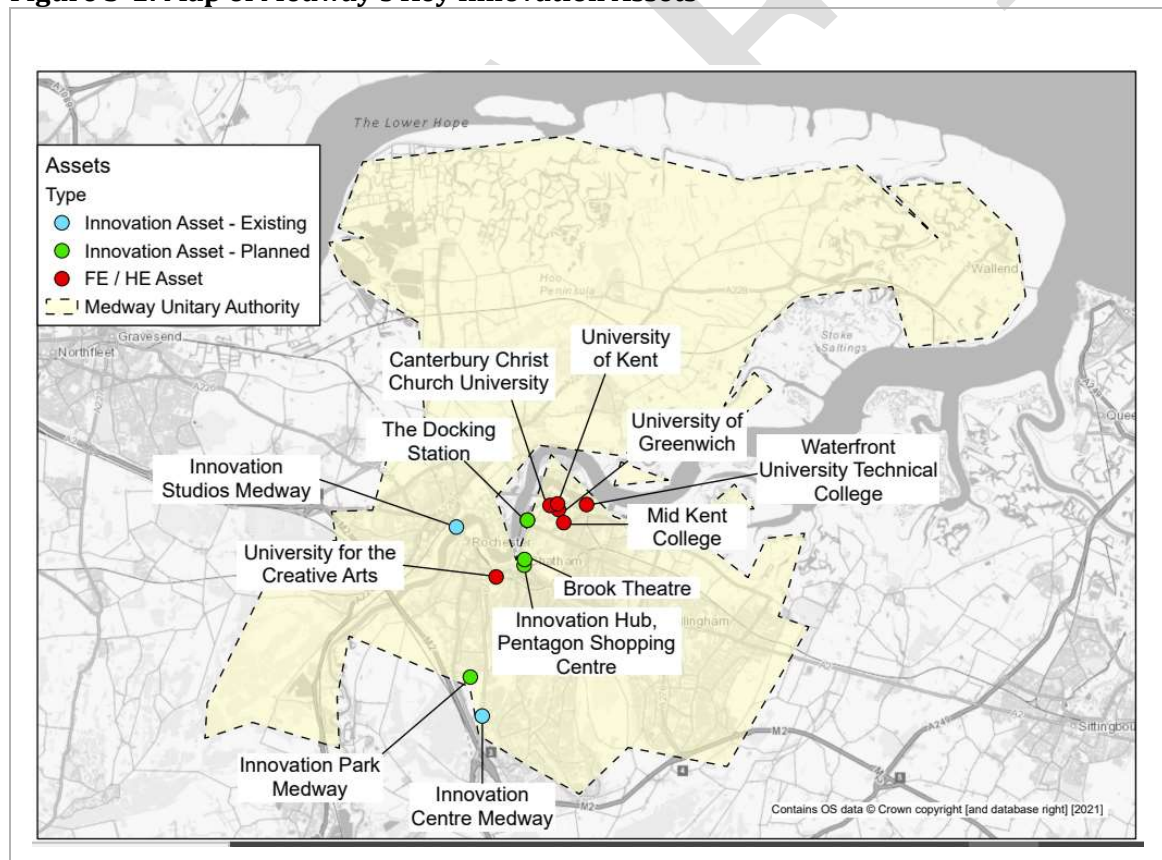
### Existing & future innovation assets (workspaces)

Figure 3-1 is a map of Medway's key existing and pipeline innovation assets. This is not an exhaustive map of business premises, workspaces or education providers but has focused on the principal assets which support small and growing businesses and, typically, include some form of business support offer.

These include established business premises such as Innovation Centre Medway and Innovation Studios Medway, planned business premises such as Innovation Park Medway, as well as projects that have received Future High Streets Fund or Levelling Up Fund (for more detail see Table 3-1).

The map also displays the location of key Higher Education (HE) and Further Education (FE) assets (Table 3-2) which also form critical nodes in the ecosystem.

**Figure 3-1: Map of Medway's Key Innovation Assets**



Source: Produced by SQW 2021. Licence 100030994

**Table 3-1: Medway's Core Innovation Assets**

Asset	Status	Description
Innovation Centre Medway	Existing	<ul style="list-style-type: none"> <li>Established Innovation Centre in Rochester that provides small office space, some business support and administrative services.</li> </ul>
Innovation Studios Medway	Existing	<ul style="list-style-type: none"> <li>Business development in Strood that uses customised shipping containers to provide affordable business premises for entrepreneurs, start-ups and micro businesses.</li> </ul>
Innovation Park Medway	Planned	<ul style="list-style-type: none"> <li>Planned development of up to 101,000 square metres of office, R&amp;D and industrial space for high value technology, advanced manufacturing, engineering and knowledge-intensive businesses.</li> </ul>
Innovation Hub, Pentagon Shopping Centre	Planned	<ul style="list-style-type: none"> <li>Planned establishment of an innovation hub/flexible workspace to support small and medium sized enterprises (SMEs) in Chatham inclusive of business support provision.</li> </ul>
Docking Station	Planned	<ul style="list-style-type: none"> <li>Conversion of a Grade II listed building in The Historic Dockyard Chatham into a cultural and creative education and incubation hub.</li> <li>To be delivered and managed by the Institute of Cultural and Creative Industries at the University of Kent.</li> </ul>
Fitted Rigging House	Planned	<ul style="list-style-type: none"> <li>Conversion of a Grade I listed former industrial building in The Historic Dockyard Chatham targeted at creative industries occupiers.</li> <li>Delivered by the Chatham Historic Dockyard Trust.</li> </ul>
Brook Theatre	Planned	<ul style="list-style-type: none"> <li>Renovation and modernisation of the Brook Theatre in Chatham to include workspace for cultural and creative SMEs with business support delivered by the ICCI at the Docking Station.</li> <li>Delivered by Medway Council.</li> </ul>

Source: SQW

**Table 3-2: Education & Research Assets in Medway**

Asset	Teaching and Research Strengths
University of Greenwich	<ul style="list-style-type: none"> <li>Agriculture and food science</li> <li>Engineering</li> <li>Natural sciences</li> </ul>
Canterbury Christ Church University	<ul style="list-style-type: none"> <li>Health and social care</li> <li>Education</li> <li>Sports</li> <li>Arts</li> </ul>
University of Kent	<ul style="list-style-type: none"> <li>Environment, food systems and natural resources</li> <li>Business studies (at the University of Kent Business School)</li> <li>Institute of Cultural and Creative Industries</li> </ul>
MidKent College	<ul style="list-style-type: none"> <li>Vocational and academic training for 16-+ year-olds delivering a range of course-types from pre-entry level up to degree-level, inclusive of</li> </ul>

Asset	Teaching and Research Strengths
Waterfront University Technical College	<p>apprenticeship routes, and covering a wide range in subject and vocational areas inclusive of engineering, construction and business</p> <ul style="list-style-type: none"> <li>STEM focused training for 13-19 year-olds focused on engineering and construction</li> </ul>

Source: SQW

## Economic baseline

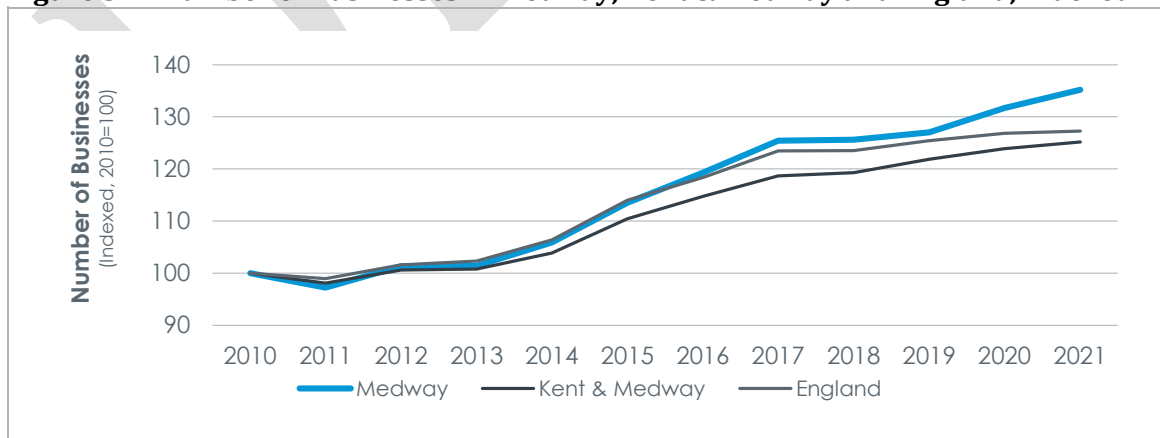
Medway has a thriving business economy, with more than 9,200 businesses located in Medway in 2021.



**Medway's business base is growing, showing good levels of entrepreneurialism, and has one of the highest rates of business growth in Kent over the past decade, growing by 48%, compared to 30% across Kent and 32% nationally.**



**Figure 3-2: Number of Businesses in Medway, Kent & Medway and England, Indexed**

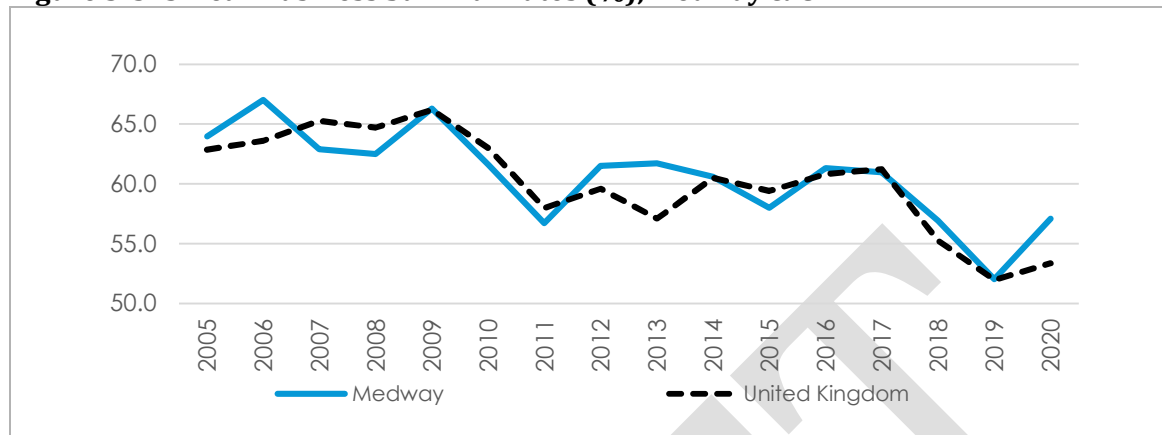


Source: UK Business Count, ONS, 2021

Once established in Medway, businesses have a similar survival rate to the national level, with 57% of businesses established in 2017 surviving to 2020. This survival rate has declined in

recent years, although this reflects a national trend, with a higher churn rate of businesses than a decade ago.

**Figure 3-3: 3-Year Business Survival Rates (%), Medway & UK**



Source: Business Demography, ONS, 2021

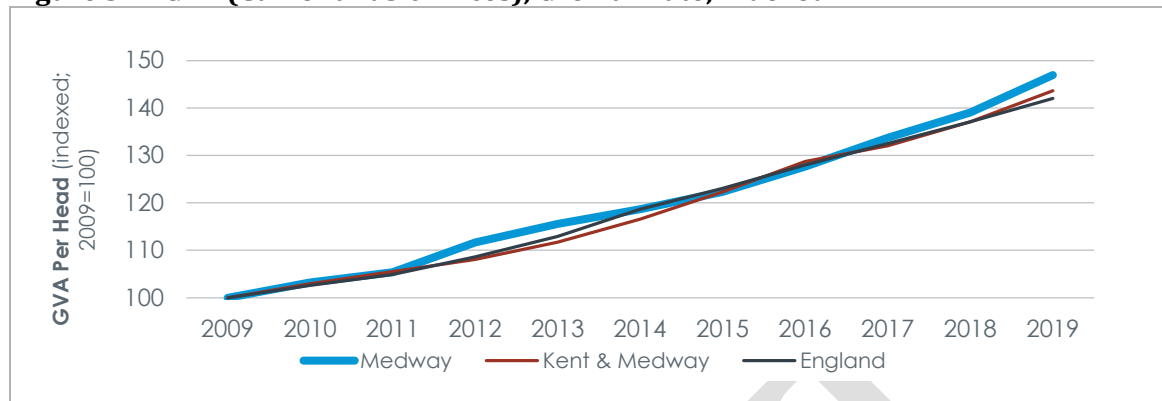
Gross Value Added (GVA) is a measure of economic output i.e. the value of the goods and services produced in the economy. It is primarily used to monitor the performance of the national economy and is now the measure preferred by the Office for National Statistics (ONS) to measure the overall economic well-being of an area.

Medway's economy produced £5.87bn of good and services in 2019, accounting for 13% of all output within the Kent & Medway area.

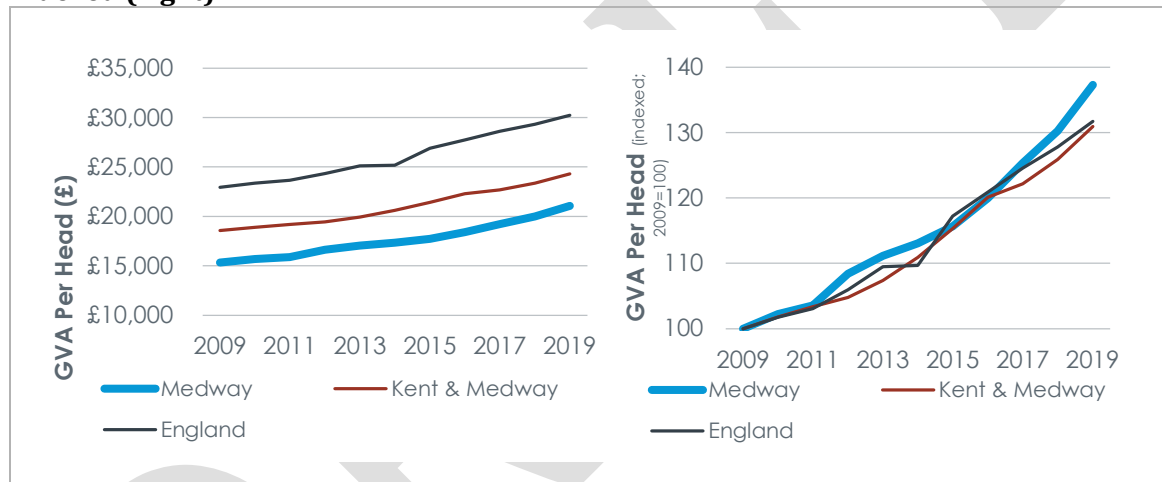
“  
**Medway has experienced strong GVA growth over the last decade: 46%, compared with 42% nationally and across Kent & Medway.**  
 ”

GVA per head provides a slightly more accurate assessment of how Medway has performed relative to its size. Although Medway has experienced strong growth in this metric in recent years (37% growth over the past decade), this has been from a relatively low base. Medway's current GVA per head is currently 15% lower than experienced across Kent & Medway and 43% lower than the national level.

“  
**Medway's current GVA per head is currently 15% lower than experienced across Kent & Medway and 43% lower than the national level.**  
 ”

**Figure 3-4: GVA (Current Basic Prices), Growth Rate, Indexed**

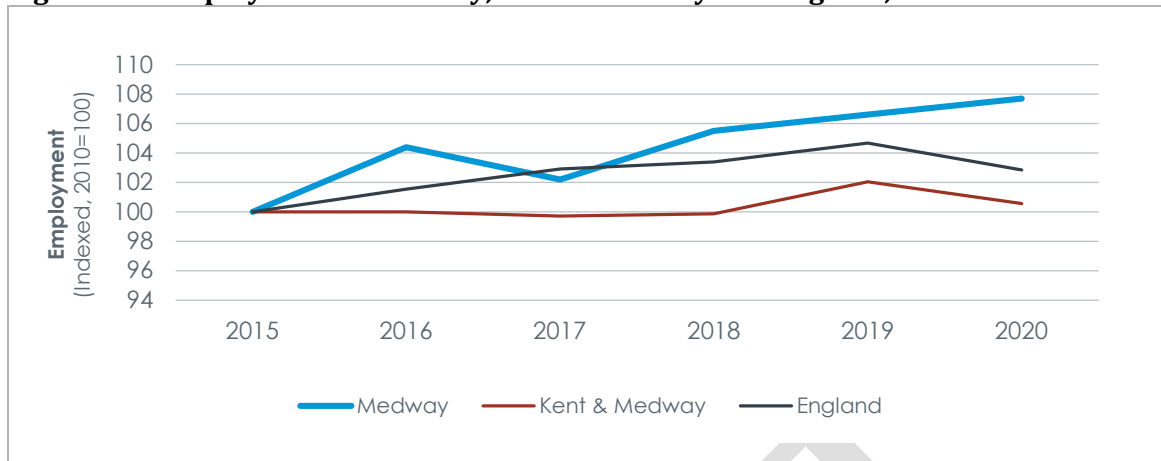
Source: Kent Analytics, Kent County Council, 2021

**Figure 3-5: GVA per Head in Medway, Kent & Medway and England, £ (left) and indexed (right)**

Source: Kent Analytics, Kent County Council, 2021

Employment growth over the past decade has been strong, complementing the strong business growth that has been experienced. Medway has exceeded the employment growth rate experienced across Kent & Medway and England. There are currently 98,000 people employed across Medway, an 8% increase in the level of employment from 2015-20.

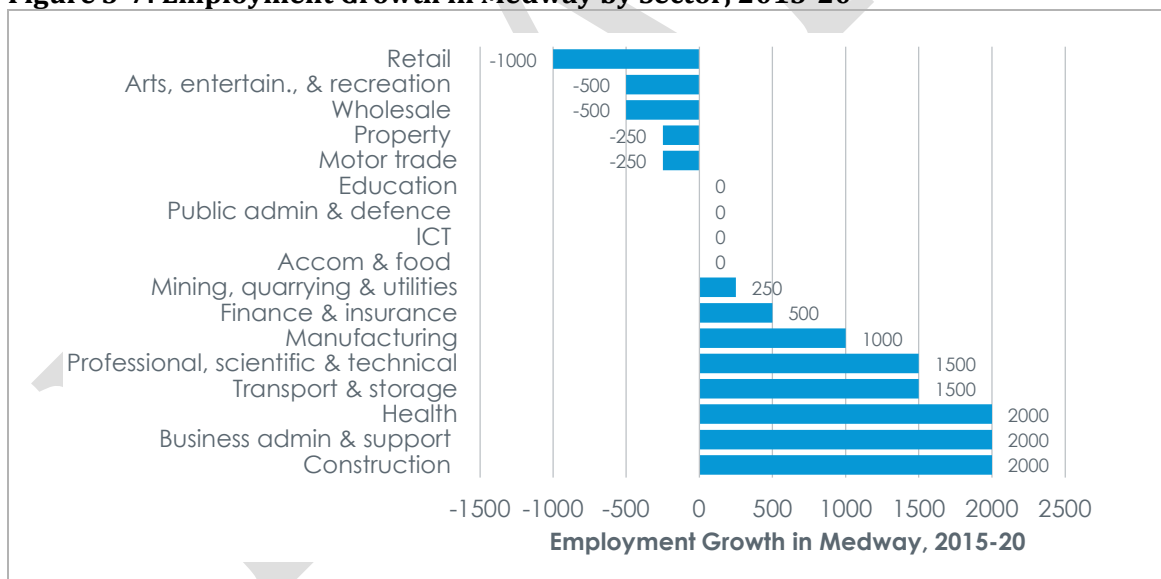
**Figure 3-6: Employment in Medway, Kent & Medway and England, Indexed**



Source: Business Register and Employment Survey, 2021

Over the past five years, there has been a gradual restructuring of Medway’s economy, with a shift in Medway’s core strengths. Employment within the retail, wholesale and cultural/other service sectors has declined over the past five years, with a shift towards health, business administration & support, construction, manufacturing, professional, scientific and technical sectors.

**Figure 3-7: Employment Growth in Medway by Sector, 2015-20**



Source: Business Register and Employment Survey, 2021



## Economic context – key points

- Medway has experienced strong growth in economic output, outpacing regional and national growth.
- However, economic output per head is still much lower than regional and national comparators.
- Employment growth in Medway in recent years has exceeded that of the wider region and nationally.
- Key growth sectors in Medway include manufacturing; professional, scientific and technical services; health; construction; transport and storage; business administration and support.

### Innovative businesses in Medway

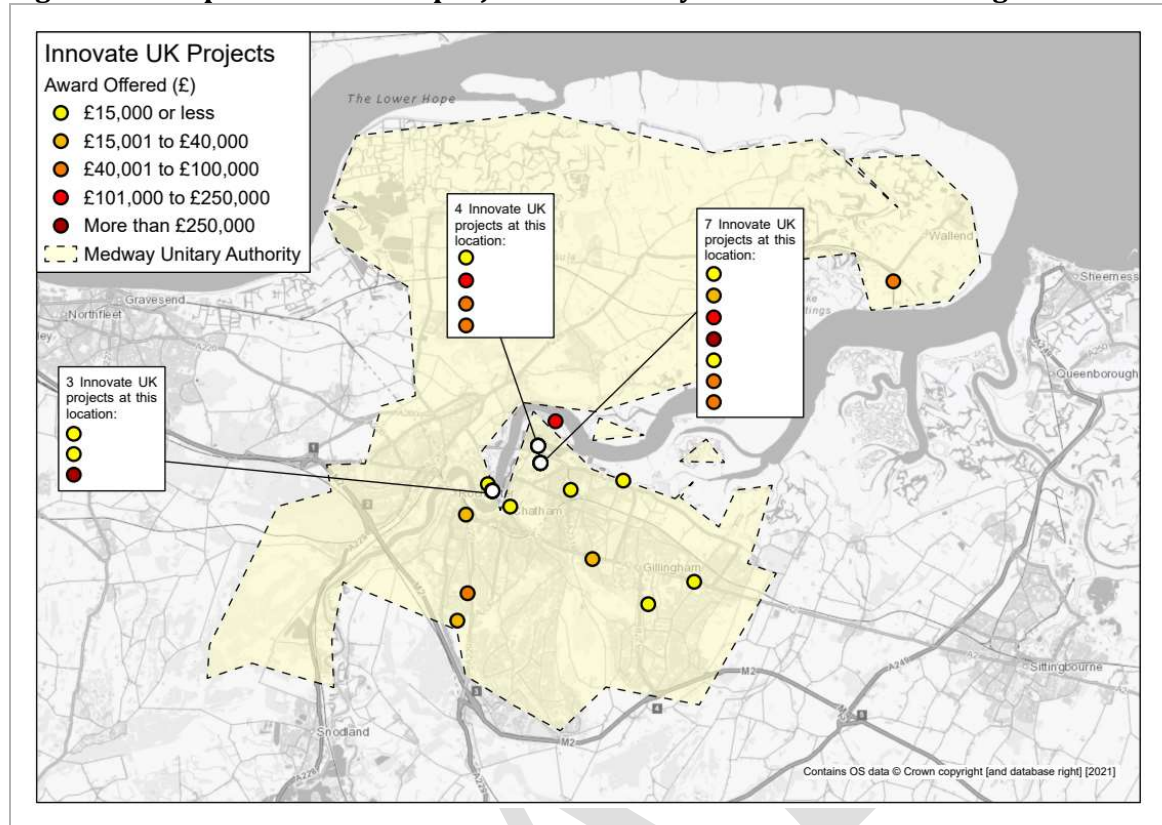
Medway is home to a significant number of innovative and high-growth businesses both large and small: BAE Systems, BorgWarner (formerly Delphi Technologies), Veetee Rice, Dovetail Games, The Juice Executive and the Copper Rivet Distillery. This small selection of companies demonstrates the breadth and diversity of Medway's business base, with particular strengths in health, construction, engineering, manufacturing, and the creative industries; each provides a case study of innovation excellence in itself.

There are many advantages for businesses of all scales seeking to choosing either to remain, start-up, or relocate, grow and innovate in Medway: excellent road and rail connections including proximity to major markets and high-speed links to London; lower occupational costs than much of the south-east; and the presence of high-quality universities and colleges.

An interesting recent example of investment in a potentially innovative growth sector is the Growing Kent and Medway Consortium (including NIAB EMR and the University of Greenwich) which secured £18m from the Strength in Places Fund towards developing a research, innovation and enterprise cluster supporting growth in technology-driven horticulture, fresh produce packaging, food and drink processing and its supply chains. This will include an allocation of c. £5m funding for grants and loans to small businesses in the agri-food sector.

Since 2004, 26 projects have received Innovate UK funding in Medway. The location of these projects and the amount of funding awarded is displayed in Figure 3-8. Sectoral analysis reveals that the funded projects predominantly span the '*Manufacturing, Materials and Mobility*', '*Clean Growth and Infrastructure*' and '*Ageing Society, Health and Nutrition*' sectors, whilst examination of the Innovate UK Product Type reveals that projects most commonly received funding for collaborative R&D and feasibility studies.

**Figure 3-8: Map of Innovate UK projects in Medway and amount of funding awarded**

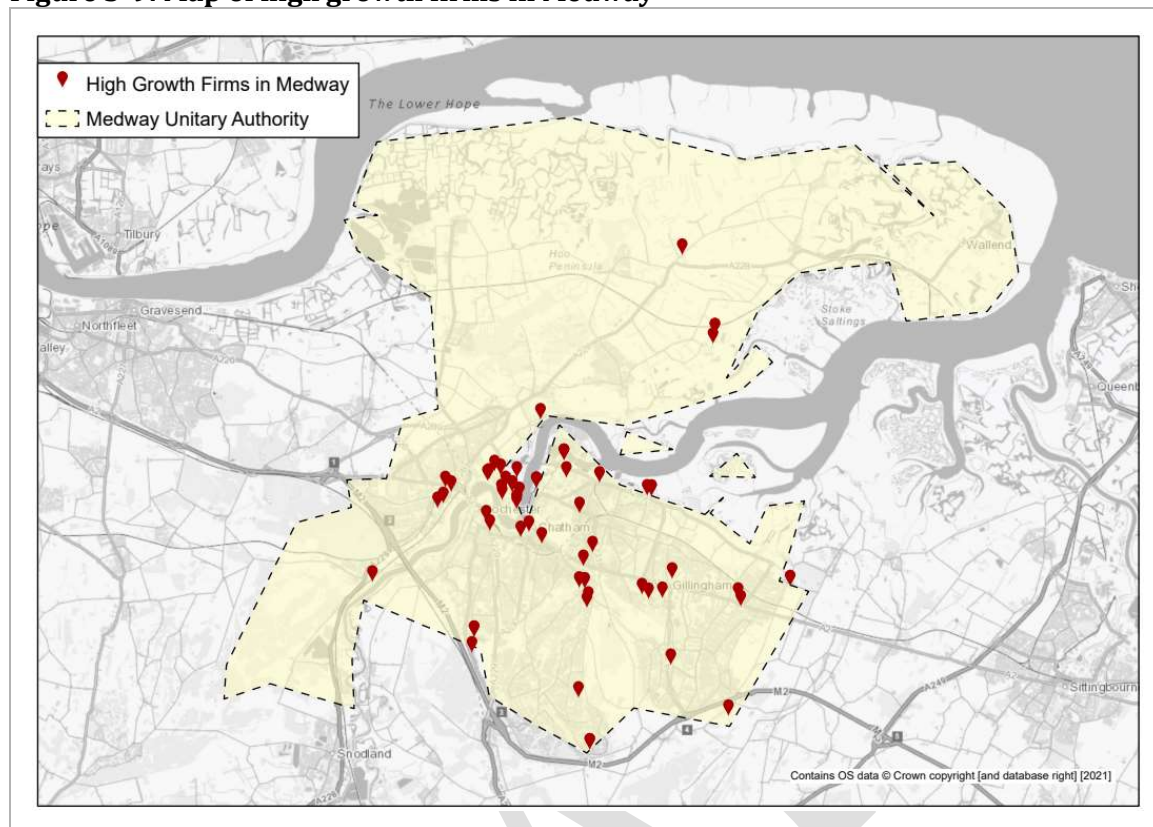


Source: Produced by SQW 2021. Licence 100030994

According to data from Beauhurst, there are 83 high growth firms in Medway – second only to Sevenoaks in terms of numbers of high-growth firms when compared to other local authority areas across Kent and Medway. High growth firms are categorised as such if they meet one of Beauhurst’s ‘triggers’ - securing equity; being a HEI spin out; meeting the OECD’s definition of a scale up; attending one of the UK’s top accelerator programmes; being on one of the UK’s top high growth lists; or receiving a ‘large’ innovation grant.

The location of these firms is displayed in Figure 3-9. Common characteristics include:

- Sector: the three most frequently cited sectors of high growth firms in Medway are ‘Manufacturing’, ‘Wholesale and retail trade / repair of motor vehicles and motorcycles’ and ‘Professional, scientific and technical activities’.
- Stage of evolution: the majority of high growth firms in Medway are either in the ‘established’ or ‘growth’ stage with regards to business evolution.
- Relative to other local authority areas across Kent, Medway’s high-growth firms have raised relatively low amounts of private equity investment over the last 10 years.

**Figure 3-9: Map of high growth firms in Medway**

Source: Produced by SQW 2021. Licence 100030994 using data from Beauhurst

### Existing innovation support landscape

There is a range of innovation/business support available in Medway, in addition to wider national schemes offered by government. Local schemes available to businesses in Medway are highlighted in the table below (schemes available beyond March 2022).

**Table 3-3: Current Innovation/Business Support Offer in Medway**

Name	Lead Organisation	Description
Kent and Medway Growth Hub	South-East Local Enterprise Partnership	Provides business advice and support, grants & finance and skills and training opportunities.
Medway Corporate Giving Fund	Kent Community Foundation	Brings together socially responsible local businesses and connect them with innovative projects, which make a real difference in the local community and help those most in need.
Help to Grow: Management	University of Kent, Medway Campus	Offers subsidised management training for businesses to support innovation and growth
Future Forward	Locate in Kent	Business support offer for SMEs in Kent and Medway, to help businesses grow.
Attracting Venture Capital	NCL Technology Ventures	A programme provided by NCL Technology Ventures. Their programme offers a 12-hour

Name	Lead Organisation	Description
SELEP Digitisation	WSX Enterprise	programme of activity to help develop a business plan, financial model and pitch-deck. A programme provided by WSX Enterprise that includes two programmes. One for adapting with digital and the other starting and succeeding in business. Both programmes offer grants from £500 to £2000.
South East Export Development (SEED)	Kent County Council	The programme includes a series of free virtual trade missions and support services to access new international markets focused on food and drink, life sciences, digital or creative sectors.
Growing Green	Growing Kent and Medway	Helping small businesses in Kent meet net-zero targets by providing them with the skills, knowledge and innovation funding to become more sustainable.
Decarbonisation Support Programme	Kent Invicta Chamber of Commerce	Programme for businesses needing practical advice on how to tackle climate change and make a difference
Business Support and Mentoring (18 to 30 years)	The Kent Foundation	A programme provided by The Kent Foundation. Their programme offers free business mentoring and support for young entrepreneurs and business owners in Kent and Medway.
FSB Skills Hub	FSB South East	Provides business support to members.

*Source: Medway Council and SQW*

## Barriers to innovation in Medway

Whilst there are many success stories of businesses locating, growing and innovating in Medway, the council knows there is significant untapped potential waiting to be unlocked. A number of challenges; these have become evident to the council in its engagement with local businesses and other organisations and institutional stakeholders in developing this strategy, in addition to detailed feasibility and demand studies and bid preparation in support of ongoing and proposed projects (including Innovation Park Medway).

The key identified barriers are identified below. These purposefully do not focus on skills and routes into education and employment as these are addressed separately in the council's *Skills and Employability Plan for Medway 2037*.

In relation to these key barriers, the council has considered what is already been done to address them, and whether the council could be doing more. This provides a basis for the proposed strategy and action plan summary set out later in this document.

Barrier to innovation	How we propose to overcome it
<p>Not enough high-quality flexible workspace for start-ups</p>	<p><b>Intervention underway</b></p> <p>Medway Council has secured funding (Levelling Up Fund; Future High Streets Fund) to allow it, and partners, to deliver a number of flexible workspaces suitable for SMEs targeted at a number of sectors, principally focused on the creative and digital sectors along with early-stage enterprises more generally.</p> <p>Medway Council intends to progress plans and secure funding to deliver a high-quality gateway building innovation centre at Innovation Park Medway focusing on target sectors including advanced engineering and manufacturing.</p>
<p>Not enough high-quality grow-on space for businesses seeking to grow and progress beyond their existing start-up premises</p>	<p><b>Intervention underway</b></p> <p>Medway Council has progressed with the delivery of enabling and site-wide infrastructure at Innovation Park Medway and will continue to progress with the delivery of early phases including targeting the delivery of grow-on spaces suitable for multiple sectors.</p>
<p>Lack of business awareness and/or simplified, consolidated 'front door' access to Medway's universities and their resources (research, resources, facilities, expertise)</p>	<p><b>Intervention proposed</b></p> <p>Whilst each business individually promotes itself and prioritises deepening and growing its local footprint – and there are numerous examples of success stories – this is all operated at the level of individual institutions. It is proposed that the process for businesses seeking to engage with Medway's higher and further education institutions could be coordinated more clearly, reflecting the innovative universities at Medway co-located campus.</p>
<p>Medway is not widely known as a place for businesses to be based and to innovate</p>	<p><b>Intervention proposed</b></p> <p>The multi-stakeholder Medway Place Board (<i>We Are Medway</i>) promotes Medway as a place for innovation however it is recognised that currently has limited resourcing and capacity; more could be done to enhance Medway's external reputation and challenge perceptions.</p>
<p>Access to finance and funding for SMEs</p>	<p><b>Intervention proposed</b></p> <p>Whilst this is not an issue restricted to Medway, access to funding and finance – whether public or private – is a key factor in supporting business growth and innovation. In order to unlock and innovation growth <i>at scale</i> in Medway it will be important to ensure those businesses seeking funding or finance have access to potential sources.</p>

## 4. An Innovation Strategy for Medway

Following a detailed review of the context and evidence in the preceding sections, the Innovation Strategy itself is deliberately concise to ensure Medway Council is focused on targeted, meaningful interventions.

This Innovation Strategy comprises the following components:

- A vision for innovation in Medway
- Overarching priorities to deliver the vision
- A summary Action Plan to deliver on the overarching priorities

### The vision for a more innovative Medway

Medway will be known nationally as a centre of business innovation and high value employment. Medway's dynamic innovation ecosystem will comprise diverse businesses, employment locations, workspaces, further and higher education institutions. We will work to ensure the economic benefits of innovation are shared with all businesses, communities and places. We will support innovation in our key existing sectors including manufacturing and engineering, construction and the creative industries; and the growth of emerging sectors, including agri-food and hydrogen. We will identify, nurture and drive emerging opportunities associated with the twin drivers of the transition to the net zero carbon economy and increasing technological advances, particularly in sectors where Medway has a competitive advantage.

### How we get there: overarching priorities for innovation in Medway

Medway Council and its partners will work together to stimulate innovation, product and process development, and technology transfer (including the dissemination and adoption of improved products, processes and services) across Medway's economy. There are a number of overarching priorities which will guide Medway Council's proposed interventions:

- Supporting our businesses to innovate – start-up; grow; relocate
- Providing and supporting others to deliver the right spaces for innovation
- Pursuing and supporting emerging opportunities

These priority areas are discussed below with a summary of the proposed focus for interventions also provided.

## Action Plan summary

The proposed Action Plan is summarised in the body of this Innovation Strategy. The Action Plan itself will be considered as a 'live' document. Medway Council will iteratively work to develop the detail of the Action Plan in collaboration with key stakeholder partners and in the context of emerging public and private sector funding opportunities.

The Action Plan, summarised in this strategy, represents a starting point rather than an end in itself, to provide a platform for planning activity, resource allocation and investment by Medway Council and potential funding and delivery partners. Progress against delivering the Action Plan will be monitored by Medway Council, with the support of delivery partners, on an annual basis; this will also provide the opportunity for other projects and interventions which have been identified to be introduced, and for details around specific actions to be developed.

The projects and interventions in the accompanying Action Plan, summarised here, have been grouped around the three overarching priorities for innovation in Medway, which link back to the overarching vision. An overview is provided below of the principal areas for intervention which form the core of the Action Plan.

It is important to emphasise that the Action Plan, summarised below, includes a combination of nascent, aspirational project ideas along with shorter-term, smaller-scale interventions. This mix of scale and ambition is deliberate: fundamentally resourcing, capacity and funding of delivery partners will be variable and need to be flexible and responsive to challenges and opportunities.

Additionally, this Action Plan does not seek to duplicate or overlap with other areas where the council is delivering innovation. For example, the council has developed a 'Roadmap' to guide its proposed projects and delivery of Smart Cities related projects. Many of these projects are, by definition, innovative. Where it would be beneficial to align the delivery and implementation of identified interventions in this Action Plan – which are focused on supporting innovation outcomes in an economic productivity context – with the activities being delivered as part of other council policy agendas and programmes then this is highlighted.

### Priority 1: Supporting our businesses to innovate – start-up; grow; relocate

#### Business support

Medway Council will work to provide the right conditions to enable businesses to innovate, including targeted provision to support businesses on their innovation journey, and a focus

on attracting new businesses to locate and innovate in Medway. The council will continue to commission, deliver and signpost support programmes and services for start-up, growing and relocating businesses. It will also continue to *listen* to the voice of businesses, identifying and responding to their needs.

#### Defining and promoting Medway's innovation ecosystem

The council recognises that it needs to raise awareness of Medway as a location of choice to do business, grow and to innovate. The council will celebrate Medway's success stories, distil its unique message, brand and articulate the strength of its assets to attract prospective start-ups, growing and relocating businesses to Medway. The council will consider the most effective options available for creating and boosting the visibility of Medway's innovation ecosystem.

#### Innovation ecosystem: platform for coordination

Beyond a focus on the visibility of the 'brand', the council will consider supporting/developing a linked platform – potentially explicitly linked to Innovation Park Medway (IPM) in the first instance - to support enhanced inter-connections and relationships between the key components of our innovation ecosystem: businesses, research institutions, sources of business support and finance. The council will explore if and how platform could act as a facilitator and broker between Medway's innovative businesses, whether small or large, to understand their needs and requirements, and to connect them with Medway's universities and further education (FE) institutions as well as wider funding and finance opportunities. Laying the foundations for this will be critical in enabling businesses to adopt innovative research and practices coming from Medway's universities and FE offer.

#### Business networks

Networks are fundamental to the sharing of new business products, services, processes and ideas, which enable innovation to take place. Having a well-networked economy, will help increase the adoption and spread of innovative ideas, but also encourage collaboration between individuals, businesses and organisations to develop new ones.

There are a number of existing forums for businesses to network in Medway with the council involved both in delivering and supporting various forums. Medway Council will consider options for simplifying/consolidating the existing forums to optimise their effectiveness, breadth and reach. The council also recognises that often successful networks and relationships occur organically but that coordinated networks and business forums can still provide benefits for businesses including the opportunity to identify key issues, challenges and opportunities which the council could support them in engaging with.



## Priority 2: Providing and supporting others to deliver the right spaces for innovation

Having the right type of space and facilities is critical in enabling businesses to be able to innovate. Medway has a range of different innovation spaces (as identified in the previous chapter) that are either live, or about to come on stream, and so it needs to maximise the potential of this existing and new space.

### Delivering pipeline innovation spaces

The next few years will see a step-change in the supply of workspaces suitable for innovative businesses of all scales looking to locate themselves in Medway thanks to the success Medway Council and its key partners have had in securing investment to date. Emphasis in the short-medium term will be on successfully delivering all of these projects.

Innovation Park Medway provides a substantial opportunity to attract and support the most innovative of businesses, with up to 101,000sqm of space set to be delivered aimed at high value technology, advanced manufacturing, engineering and knowledge-intensive businesses. Its positioning within the North Kent Enterprise Zone provides a real opportunity to encourage a pioneering and collaborative community of businesses. Significant progress has been made in the early stages of delivery: a Local Development Order has been adopted (2021) to simplify the planning framework, public investment has been secured and works commenced to deliver enabling and infrastructure works and marketing has begun to attract potential development partners and operators in target innovative sectors including advanced engineering and manufacturing. The delivery of IPM will not just be about delivering the right spaces, but also the infrastructure, platforms, support, partnerships, curation and signposting that successful places of innovation required, linked to actions identified under Priority 1 (above).

Funding secured through the Levelling Up Fund and Future High Streets Fund will also support the delivery of new innovation spaces in and around Chatham, with the Docking Station, Brook Theatre and Innovation Hub (Pentagon Shopping Centre) set to be delivered by Medway Council and its partners in the next three years. Ensuring all these new assets are positioned differently within the Medway innovation ecosystem will be critical to enabling their success.

Medway Council will explore, where it can, the potential for supporting other lead partners in their aspirations to deliver further workspace propositions, particularly in areas which have benefitted less from recent investment, subject to robust demand and business planning.

### Diverse provision of spaces for innovation

As well as having formalised innovation spaces for Medway's businesses, there is a need to ensure that business space is provided for the whole spectrum of business activity that takes place in Medway. This includes developing meanwhile use spaces, particularly for the cultural and creative industries. This is a key deliverable of Medway Council's *Town Centre Strategy*;

there will be particular potential for supporting the delivery of creative meanwhile uses, with temporary occupation in high-street locations where there are vacant units. Opportunities will be explored across Medway to deliver upon the Council's objectives for delivering *growth for all*.

#### Priority 5: Highlighting and supporting emerging opportunities

There is evidence that business in Medway are anticipating/responding to the emerging/future pressures/opportunities which are in view – but that many businesses are still at an early stage of their journey. Making businesses aware of these opportunities will encourage them to adopt new practices and benefit from wider interventions taking place in and around Medway. There are two key elements to this:

- Responding to global and national drivers
- Responding to local opportunities and drivers

There are a range of global and national drivers impacting on all sectors of the economy, which Medway's businesses should be aware of and adapting their business practices to. This includes:

- **Net Zero:** The UK has ambitions to decarbonise all sectors of the UK economy to meet its net zero target by 2050. The government has set out its Net Zero Strategy, which is expected to unlock £90 billion in investment to 2030.
- **Technological change and digitalisation:** the UK economy is becoming increasingly digital-based, particularly following the COVID-19 pandemic, with production of goods and services using greater levels of digital technologies inclusive of data analytics, Artificial Intelligence and increased automation.
- **Demographic change** – people are living and working longer, requiring increased adaptation and resilience and increased demands for health and social care.
- **Changing working practices** – an increase in flexible and hybrid working, post-Covid.

Within Medway itself, there are a number of existing and more localised drivers and emerging opportunities to consider which will have an influence on the potential direction of travel for innovation:

- The delivery of up to **27,000 new homes** across Medway by 2037<sup>6</sup>, as identified within the latest Local Plan.
- **Substantial development across the Hoo Peninsula**, including new urban centres and services, and key pipeline employment opportunities (including the former Kings North power station and Thamesport).

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<sup>6</sup> Medway Pre-Submission Draft Local Plan, Medway Council, October 2021

- The development of the **Thames Estuary Production Corridor**, with the area set to become a world-class centre for creative and cultural production. The corridor is expected to experience strong growth in these sectors, as artists, businesses and institutions seek new locations and grow their networks in order to scale-up and innovate. It is thought that up to 50,000 new jobs will be delivered by the Thames Estuary Production Corridor, creating the UK's largest concentration of production activity.
- The potential development of a **hydrogen ecosystem** around Medway, building on initial feasibility work being undertaken by Thames Estuary Growth Board. The Hydrogen Route Map has identified the potential for an investable hydrogen generation, distribution, storage and usage infrastructure within the region. Project Cavendish (located on the Hoo Peninsula) has the potential to both produce and distribute low-carbon (blue) hydrogen, supplying this to gas and electricity networks across London and the south-east. There is an opportunity for Medway Council to be a potential pioneer for early adoption of hydrogen processes, becoming a leader in adopting hydrogen for the delivery of its services.
- Market demand for **modern methods of construction (MMC)** with pipeline investments in MMC facilities in Medway understood to be underway, complementing Medway's strength in the construction sector.
- Strength of key growing sectors including **manufacturing and engineering** – Medway has seen the growth of employment in these sectors in recent years and is home to a number of industry primes. There is strong alignment between Medway's employment and educational base in these sectors and potential to support even more job creation in this sector.

Importantly, evidence shows that clusters of innovative activity do not materialise out of nothing, and it is important to work with the strengths of an existing place and the characteristics and strengths of the existing business, employment and skills base. Accordingly, the council's focus will be on supporting existing sectors adapt to new opportunities and grow; the council will only explore new growth sectors where Medway has a competitive advantage (i.e. the legacy of heavy industry and energy infrastructure on the Isle of Grain lending itself to the nascent hydrogen production and distribution sector).

In this context the council will focus interventions for Priority 3 in three principal areas:

- Supporting businesses to engage with opportunities – considering impacts on existing sectors.
- Taking a leading role exploring the feasibility of new opportunity sectors where Medway has a competitive advantage.
- Council potentially acting as a demand driver in opportunity sectors.

## Annex A: National and regional innovation policy summary

**Table 4-1: National and Regional Ambitions on Innovation**

Strategic Document	Ambitions
Levelling Up White Paper	<ul style="list-style-type: none"> <li>• Sets out the government’s ambition to improve economic dynamism and innovation to drive growth across the country. There are six key ‘capitals’ identified to support this – physical capital, human capital, intangible capital, financial capital, social capital and institutional capital.</li> <li>• This new policy regime is based on a number of medium-term missions that the government has set itself. These are:               <ul style="list-style-type: none"> <li>➢ Boosting productivity, pay jobs and living standards by growing the private sector, especially in places where they are lagging.</li> <li>➢ Spread opportunities and improve public services, especially where they are weakest.</li> <li>➢ Restore a sense of community, local pride and belonging.</li> <li>➢ Empower local leaders and communities.</li> </ul> </li> <li>• There is a strong focus on the role of innovation in creating a well-functioning and productive economy, and in particular supporting the private sector, to create more wealth, to invest more and take more risks.</li> <li>• The White Paper sets out a range of policy initiatives, including investing in the next generation of British Business Bank Regional Investment Funds and plans for increasing local investment in assets to support local areas.</li> </ul>
Build Back Better: our plan for growth <sup>7</sup>	<ul style="list-style-type: none"> <li>• Sets out government’s plans to support growth through significant investment in infrastructure, skills and innovation, and to pursue growth that levels up every part of the UK and enables the transition to net zero.</li> <li>• The plan highlights that the UK has a lower proportion of innovating firms overall than other advanced economies and weaker business investment. Key actions that the government will be taking includes:               <ul style="list-style-type: none"> <li>➢ supporting access to finance to help unleash innovation;</li> <li>➢ developing the regulatory system in a way that supports innovation;</li> <li>➢ attracting the brightest and best people, boosting growth and driving the international competitiveness of the UK’s high-growth, innovative businesses;</li> <li>➢ supporting small and medium-sized enterprises (SMEs) to grow through two new schemes to boost productivity: Help to Grow: Management, and Help to Grow: Digital.</li> </ul> </li> </ul>
UK Innovation Strategy	<ul style="list-style-type: none"> <li>• The strategy sets out the government’s long-term plan for delivering innovation-led growth in the context of post-Covid recovery, re-structuring post EU-Exit, and transformative industrial change.</li> <li>• In the strategy, plans are set out against four key pillars:               <ul style="list-style-type: none"> <li>➢ Pillar 1: business – supporting businesses who want to innovate.</li> <li>➢ Pillar 2: people - making the UK the most exciting place for innovation talent.</li> </ul> </li> </ul>

<sup>7</sup> HM Treasury (March 2021) Build Back Better: our plan for growth

Strategic Document	Ambitions
	<ul style="list-style-type: none"> <li>➤ Pillar 3: institutions and places – ensuring research, development and innovation institutions serve the needs of businesses and places across the UK.</li> <li>➤ Pillar 4: missions and technologies – stimulating innovation to tackle major challenges faced by the UK and the world and drive capability in key technologies.</li> <li>• There is also a stronger emphasis on a ‘place-based’ approach to innovation with the aim to develop innovation clusters by working with institutions and businesses.<sup>8</sup></li> </ul>
<p>Innovate UK’s Plan for Action for Business Innovation</p>	<ul style="list-style-type: none"> <li>• The plan outlines how Innovate UK will contribute to the delivery of the UK Innovation Strategy. The plan identifies five strategic themes where Innovate UK’s efforts can have a significant impact on the returns the UK gains from business innovation: <ul style="list-style-type: none"> <li>➤ <b>Future economy</b> – focussing on the following major opportunities: net zero; health and wellbeing; technologies; and horizon scanning and foresight.</li> <li>➤ <b>Growth at scale</b> - increase efforts to support businesses that are scaling and help companies of all sizes to grow rather than focus solely on their projects or novel products.</li> <li>➤ <b>Global opportunities</b> – help businesses to access international innovation opportunities and help to build deep and enduring partnerships with key countries.</li> <li>➤ <b>Innovation ecosystem</b> - how partners in the ecosystem can work better, design better programmes and better help businesses to access more easily and seamlessly the knowledge, facilities and equipment they need to succeed.</li> <li>➤ <b>Government levers</b> - help government to use standards and regulations to accelerate innovation.<sup>9</sup></li> </ul> </li> </ul>
<p>South East LEP’s Economic Recovery and Renewal Strategy</p>	<ul style="list-style-type: none"> <li>• One of the core objectives of the LEP is to “support business innovation and increase investment in R&amp;D”. To deliver on this objective, the LEP will: <ul style="list-style-type: none"> <li>➤ ensure robust and flexible business support activity for all businesses and start-ups through the Growth Hub;</li> <li>➤ support R&amp;D and innovation activities by working with partners - including universities, Innovate UK, and Catapult Centres - to increase outreach and support and foster collaborations to attract greater investment into the area;</li> <li>➤ identify and address gaps in digital infrastructure and promote high quality digital infrastructure in all new developments;</li> <li>➤ help to develop a highly skilled workforce through the Skills Advisory Panel and the Digital Skills Partnership;</li> <li>➤ help businesses understand the barriers and emerging opportunities that the shift to a net-zero carbon economy presents.</li> </ul> </li> </ul>
<p>Kent and Medway Economic Renewal</p>	<ul style="list-style-type: none"> <li>• Supporting innovative and resilient businesses is one of the core channels of focus for the Plan. Key actions include: <ul style="list-style-type: none"> <li>➤ Extension and further development of the Kent and Medway Growth Hub’s support service and a further £6 million for the Kent and Medway Business</li> </ul> </li> </ul>

<sup>8</sup> Department for Business, Energy & Industrial Strategy (July 2021) UK Innovation Strategy

<sup>9</sup> Innovate UK (November 2021) [Building the future economy: Plan for action for UK business innovation](#)

Strategic Document	Ambitions
and Resilience Plan <sup>10</sup>	<p>Fund, offering loan support for firms with the appetite and capacity for growth.</p> <ul style="list-style-type: none"> <li>➤ Support those clusters of activity in which Kent and Medway has distinctive assets and capabilities, building our innovation infrastructure for the long term. These include distinctive centres of applied research, such as NIAB-EMR in the horticultural sector and the county's four universities; alongside opportunities to drive innovation, technology adoption and greater resource efficiency across the wider economy.</li> </ul>

<sup>10</sup> Kent and Medway Economic Renewal and Resilience Plan (August 2020) [Backing Jobs and Businesses: Building a Sustainable Future](#)

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