

Local Enterprise Partnership

13 January 2022

The Synergy Project (MIT REAP)

Is the paper exempt from the press and public?	No
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

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Executive Summary

This paper sets out findings and proposals from a report commissioned by the MCA and LEP to investigate the state of South Yorkshire innovation ecosystem and provide recommendations for improvement.

What does this mean for businesses, people and places in South Yorkshire?

Businesses and people from across the region will have the opportunity to contribute to and benefit from the MCA and LEP's innovation-led growth focus, which is at the heart of the Strategic Economic Plan.

Recommendations

That Board members:

1. note the progress in developing the detail to underpin the innovation-led inclusive growth focus and provide further steer on how to develop this work further.
2. That the findings from the research are discussed and noted, and Board members propose what actions could be taken from this.
3. Set out how the findings from this study:

- inform the work of the proposed South Yorkshire Innovation Board (separate paper).
- inform the new and emerging South Yorkshire innovation-led growth story and how the proposed Economic Summit (separate paper) could help develop this further.

Consideration by any other Board, Committee, Assurance or Advisory Panel

N/A

1. Background

- 1.1 The Board agreed in the SEP, that innovation was the best way to increase productivity for South Yorkshire. All the evidence shows that South Yorkshire's innovation ecosystem is operating at a sub-optimal level. To help address this, the MCA and LEP, along with five other English regions, participated in a project with MIT in 2020. The scheme (Regional Entrepreneurship Acceleration Programme (REAP)) presented an opportunity to deliver a step-change in the region's ability to generate and exploit innovation, through applying tried and tested insights and methodologies.
- 1.2 Following the completion of the MIT REAP programme, the MCA and LEP, alongside Barnsley Metropolitan Borough Council, Sheffield Hallam University, and the University of Sheffield, funded a study to explore the conditions needed to promote Innovation-Driven Enterprises (IDEs) – start-ups, scale-ups and SMEs with high growth potential and global ambition.
- 1.3 The researchers carried out over 50 interviews, gathering input from entrepreneurs, business leaders and other members of the South Yorkshire ecosystem. The study objectives were to:
 - Identify the barriers to the formation and success of IDEs in South Yorkshire
 - Explore the regional innovation ecosystem, identifying what works, what doesn't and where there are gaps
 - Formulate and test out activities designed to strengthen the ecosystem and encourage IDEs to start and to thrive

2. Key Issues

- 2.1 The MCA has been developing the innovation-led growth focus of the SEP with eminent academics and peer MCAs and continuing efforts to persuade Government about the need for a deliberate, intensive, and sustained focus to deliver their levelling up objectives and the required step-change in South Yorkshire's economy. This research is part of that effort and has helped to understand the barriers and solutions.

The research found that some things are going well, including business support and progress in Sheffield's universities. However, many gaps and barriers were identified. The key barrier is the lack of "join up". 75% of people interviewed said the innovation and entrepreneurship ecosystem is fragmented or disconnected. There is a lack of connectivity and support networks, people don't know what support is available and how to contact others, and it is difficult to find collaborators and to set up collaborations.

- 2.2 The findings from the study include the following:
 - There has been too much focus on FDI and indigenous larger company innovation investment for IDEs, but with limited impact on SMEs, micro businesses, and new enterprise.

- Business networking remains significantly underdeveloped in South Yorkshire and a more coherent approach is required.
- Availability of accessible equity and angel finance to support innovation and scale up is inadequate, relative to the scale of the challenge and our ambitions.

2.3 The following issues were also identified and need to be addressed:

- Disconnection and inadequate signposting
- Visibility of innovation and entrepreneurship
- Network building – investment, mentors, collaborators etc
- Clustering around strengths and emerging capabilities
- Data gathering to benchmark activity and improve support offers
- Improving understanding between private and public sectors
- Bringing the five MIT REAP stakeholder groups together (local government, corporates, entrepreneurs, universities, and risk finance) through some type of delivery vehicle.

Despite the identified challenges, the high level of engagement garnered by the project gave reasons to be positive. The obvious talent, enthusiasm, wealth of ideas and willingness to contribute, represent significant potential waiting to be unlocked.

2.4 To create more IDEs in South Yorkshire, the paper's authors proposed:

- A clear focus on supporting innovative start-ups and SMEs with high growth potential
- tackling the disconnection issue across our ecosystem head on
- To have proper funding over a decent length of time (for an ecosystem support activity)
- All stakeholders to step up and work in partnership
- An (ongoing) open and collaborative mindset

2.5 These findings and proposals are clearly linked to the proposed South Yorkshire Innovation Board and the planned Economic Summit (both of which are presented in separate papers for the Board to consider at this meeting). The paper on the proposed Innovation Board incorporates some of the findings and recommendations from this study. The Board's response to the study's findings could determine how the innovation-led growth aspirations of the SEP are further developed and implemented. The full report is attached to this paper.

3. Options Considered and Recommended Proposal

3.1 The LEP Board consider the feedback from the study's interviewees, and the findings, conclusions and recommendations set out in the full report, leading to consideration of the desired next steps in developing the innovation-led inclusive growth aspirations agreed in the SEP. Finally, it is important that any actions arising from this paper are fully joined up with other linked papers presented in this meeting to ensure a unity of approach and a clarity of narrative.

4. Consultation on Proposal

4.1 There has been no formal consultation sought on this proposal beyond the engagement undertaken as part of the study.

5. Timetable and Accountability for Implementing this Decision

5.1 To be decided by the Board and linked to proposals for the establishment of an Innovation Board and the planned Economic Summit.

6. Financial and Procurement Implications and Advice

6.1 There are no direct funding or procurement implications as a result of the recommendation set out for approval by LEP Board.

7. Legal Implications and Advice

7.1 N/A

8. Human Resources Implications and Advice

8.1 N/A

9. Equality and Diversity Implications and Advice

9.1 A key consideration of these proposals will be how to include people from across the region regardless of their background or where they are from, so all places and people have the opportunity to contribute to and benefit from innovation-led growth.

10. Climate Change Implications and Advice

10.1 N/A

11. Information and Communication Technology Implications and Advice

11.1 N/A

12. Communications and Marketing Implications and Advice

12.1 N/A

List of Appendices Included

None

Background Papers

Full report attached