Evaluation of Scottish Enterprise Technology Park

Report

for

Scottish Enterprise Lanarkshire

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Contents

Acknowledgements I

Tables & Figures II

Executive Summary V

1. Introduction 1

2. Methodology 4

3. Scottish Enterprise Technology Park 14

4. Findings 21

5. Economic Impact Assessment 66

6. Conclusions 75

Appendix 1: Additionality Calculator – Turnover i

Appendix 2: Additionality Calculator – Jobs vi

Appendix 3: History of SETP xi

Appendix 4: The Questionnaire xix

Appendix 5: Glossary, Abbreviations and Acronyms lxxiii

Appendix 6: References lxxvii

Appendix 7: Consultees lxxix

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Tables & Figures

Tables

Table	Page
Table 1: Summary Economic Impacts	X
Table 2.1: Characteristics Of Respondents And Non-Respondents	9
Table 4.1: Year Established	31
Table 4.2. Is This A Subsidiary, Branch Plant Or Branch Office	32
Table 4.3: Absolute Employment Numbers	33
Table 4.4: How Difficult Is Recruiting Skilled Employees To Your Establishment?	36
Table 4.5: % Sales By Area (Number Reporting)	38
Table 4.6: Distribution Of Suppliers By Area (Number Reporting)	39
Table 4.7: Distribution Of Competitors By Area (Number Reporting)	39
Table 4. 8: How Important Were The Following Factors In Your Decision To Locate On SETP	45
Table 4.8(B): How Important Were The Following Factors In Your Decision To Locate On SETP – Innovators	46
Table 4.9: Rating As A Place To Do Business	48
Table 4.10: Rating Of Professional And Support Services (#)	49
Table 4.10a: Rating Of Professional And Support Services (%)	49
Table 4.11: To What Extent Do You Agree With The Following Statements (#)	50
Table 4.11a: To What Extent Do You Agree With The Following Statements (%)	50

Table	Page

Table 4.12: Type Of Innovation Activity In Period 2004-06	56
Table 4.13: Type Of Innovation Activity By Type Of Company	57
Table 4.14: Spend By Type Of Innovation Activity In 2006	58
Table 4.15: Co-Operation Indicator 2004-06	59
Table 4.16: Types Of Co-Operation Partner	59
Table 4.17: Barriers To Innovation	60
Table 4.18: Would You Have Started Your Main Innovation Activities At All	61
Table 4.19: What Would Have Happened To Your Average Innovation Expenditure	62
Table 4.20: Financial Information (£)	62
Table 4.21: How Has Turnover At This Establishment Changed Over The Last 3 Years	63
Table 4.22: How Have Market Conditions For You Product/Service Performed Over The Last 3 Years	63
Table 4.23: Would You Have Started Up Or Continued In Business	63
Table 4.24: What Would Have Happened To Average Annual Turnover & Employment	63
Table 4.25: Has Location On SETP Brought Forward Or Delayed	64
Table 4.26: Has Location On SETP Affected The Quality Of …	65
Table 5.1: Turnover	68
Table 5.2: Employment	69
Table 5.3: Levels Of Deadweight	69
Table 5.4: Levels Of Leakage	70

Table	Page
Table 5.4: Levels Of Displacement	71
Table 5.5: Summary Economic Impacts (Grossed Up)	75
Table 6.1: Economic Impacts	86

Figures

Figures	Page
Figure 3.1: Inputs And Targets	20
Figure 4.1: Industry Sector	30
Figure 4.2: Spin-off Businesses	32
Figure 4.3: Employee Place of Residence	34
Figure 4.4: Degree Level Employment	35
Figure 4.5: Customers or Suppliers in Priority Industries	37
Figure 4.6: Has This Establishment Ever Been Located Elsewhere	40
Figure 4.7: Where Were Your Previous Premises Located	41
Figure 4.8: What Other Locations Did You Consider	42
Figure 4.9: Possible Future Alternative Location	47
Figure 4.10: Innovation Activity 2004-06	54
Figure 4.11: Support for Innovation	61

Executive Summary

SEL commissioned EKOS to undertake an evaluation of the economic development benefits of SETP over the period April 1994 to March 2006. The evaluation results are intended to add value to the future delivery of the project from the viewpoint of SEL as well as project participants and stakeholders. Findings and recommendations will be used to inform the future delivery of the Technology Park and contribute to understanding the role of Science Parks in economic development.

Objectives

The evaluation objectives can be summarised as providing SEL with a detailed understanding of the:

- impact of the project on structural change within technology firms locating on the site;
- interaction of the various project interventions;
- extent to which systematic change and sustainability of outcomes have been achieved;
- rationale for the project;
- effectiveness and efficiency of management processes and performance;
- scale and nature of project inputs;
- scale and nature of project activities and outputs;
- scale and nature of employment and turnover growth associated with the project;
- wider economic benefits associated with the project; and
- differential benefits of multi and single occupied buildings.

Study Method

In summary the key components of the method were as follows:

- desk based review and analysis:
  - action: conducted a review of the monitoring data, activity reports, approval and management papers
  - purpose - to gain an insight into the rationale for the project, its operation and progress to date in meeting any targets set out in the approval papers;
- consultations:
  - action – consultations with Scottish Enterprise (SE) and Scottish Enterprise Lanarkshire (SEL) executives who have played a role in the design, development, targeting and management of SETP
  - purpose - to gain an understanding of the rationale for and workings of SETP; and
- fieldwork:
  - action – a face to face survey of Park residents[1]
  - purpose – to obtain views across a range of issues relating to their location on the Park.

Project Description

The Scottish Enterprise Technology Park (SETP) is located in Scotland's largest new town, East Kilbride. It began life over 50 years ago as the National Engineering Laboratory (NEL), which undertook research and development work for both government and business. In 1994 the Scottish Enterprise Network acquired the 34-hectare facility, with responsibility for the management and development of the Park lying with Scottish Enterprise Lanarkshire (SEL).

SEL and ERDF investment in the SETP project has been as follows:

- £6,264,000 of net expenditure by SEL on SETP facilities and services;
- £2,859,000 of expenditure by SEL on business / training support for companies located on SETP; and

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[1] In addition to a survey of current Park residents we also attempted to conduct a survey of previous tenants but this did not prove successful.

– £3,290,000 of ERDF grants to support SETP projects.

A total of **£12,414,000** of public sector money has therefore been invested in SETP and the companies located there between 1994-2006.

SE has received, net of VAT, some **£17.3m** in rental income from Park tenants.

This suggest that SE have received some **£4.9m** more in revenue than it has spent on developing the Park and the businesses located there. This equates to a return on investment of just under 40%.

Strategic Appraisal

SEL's intervention in the Park has provided a good fit with a number of strategic frameworks that have driven SE and LDA/SEL interventions over time. These have included:

– Lanarkshire Development Agency et al (1998) *Changing Gear: a Shared Strategy for the Lanarkshire Economy* – Lanarkshire;

– The Scottish Executive (2000) *The Way Forward: Framework for Economic Development in Scotland* – Edinburgh;

– The Scottish Executive (2001) *Smart Successful Scotland Ambitions for the Enterprise Networks* – Edinburgh;

– The Scottish Executive (2001) *Knowledge Economy* – Edinburgh;

– The Scottish Executive (2001) *A Science Strategy for Scotland* – Edinburgh;

– The Scottish Executive (2004) *The Framework for Economic Development in Scotland* – Edinburgh;

– Lanarkshire Economic Forum (2004) *Changing Gear towards 2010* – Lanarkshire; and

– The Scottish Executive (2006) *A Science Strategy for Scotland Progress Report*- Edinburgh.

Consultation Programme

The key issues that emerged from the consultation programme were as follows:

- acquisition of the Park enabled a number of strategic objectives of both SE and the LDA/SEL to be realised, which would enable the SE network to take the lead in promoting a range of technology park initiatives – property development, business development and economic development;

- highlighted that the market failure that they perceived had been addressed by SEL intervention on the Park was *risk aversion,* although the market failure rationale for further and continued SEL intervention was currently less strong due to the success of SEL interventions leading to some market adjustments;

- over time the targeting and selection criteria applied to prospective Park tenants had widened, with the guidelines being diluted by the private sector landlords who had sought to keep space occupied regardless of the tenant's business. Since 2001 SEL has however sought to keep a tighter control over entry criteria;

- property support was considered by the consultees to have been delivered well;

- the SE network segmentation model meant that many companies on the Park fell outside the high impact definition and therefore were not able to benefit from SEL's support delivered through its account management approach to business development; and

- there was a mix of views as to the future role of SE/SEL in SETP, although all recognised the need to encourage the private sector to maintain its role.

Company Survey Findings

The key findings from the survey of tenant companies were as follows:

- service sector companies predominate and business service companies especially so. Taken together the broadly defined service sector accounts for 70% of sample companies and business service activities 62%;

- the activity profile for SETP tenants differs in some respects from the average for UK science parks (see UKSPA Annual Statistics 2006). Manufacturing and construction are significantly more common at SETP than on a "typical" science park;

- the average science park has around 20% of tenants originating from HEIs (UKSPA statistics covering 1987 -2005). At 6%, SETP is significantly underrepresented in such companies;

- the single most important (rated 1) locational factors are right size premises; room for expansion; and suitable rent. Findings for SETP are generally similar to those for other UK science parks. Property-based factors are perceived as being most important in making the decision to locate to a park;

- just over half of businesses had received financial or other support from Scottish Enterprise, Business Gateway or Scottish Development International. Around 80% were quite/very satisfied with the support;

- around 56% companies were engaged in innovation activity. SETP companies compare favourably with national findings from the 2005 UK Innovation Survey in terms of introducing new goods, services and processes; and

- however, the proportion of SETP companies engaged in innovation activities is unusually low for an UKSPA member park, where virtually all companies should be involved in innovation in some way.

Economic Impact Assessment

The survey questionnaire asked a small number of questions aimed at establishing whether, as a result of the company's location on the Park or the assistance it had received from economic development agencies, it had achieved turnover or employment growth:

- what would have happened to your average annual turnover/total employment if you had not been able to secure suitable premises at this location, including any assistance from the Park management and any support from public bodies; and

- as a percentage, how much different do you think your average turnover/total employment would have been?

In addition questions a range of information was collected to provide insights into deadweight, displacement, substitution, leakage, multiplier effects, the answers to which were used to calculate the economic impact – or additionality - of SETP. The method adopted is consistent with SE guidance.

An initial assessment of the reference case and interventions option/s leads to the identification of the **gross direct effects**. These are the outputs from the reference case or intervention option. Following identification of the gross direct benefits account is then taken of factors such as:

– displacement:

– substitution:

– leakage:

– multipliers:

When these factors have been applied to the gross direct effects we are left with **net additional** economic impact.

The economic impacts resulting from businesses locating at SETP and/or receiving support from economic development agencies is summarised in **Table 1**. The data refers to the position as at January/February 2007 when the data was collected.

Table 1: Summary Economic Impacts	
Gross turnover	£210.5m - £268.2m
Gross employment	1533 FTEs - £1824 FTEs
net turnover – local	£8.13m - £9.68m
net turnover – national	£7.86m - £9.68m
net employment – local	29 FTEs – 33 FTEs
net employment – national	46 FTEs – 55 FTEs
GVA contribution – local	£1.05m - £1.25m
GVA contribution –national	£1.96m - £2.33m

Recommendations

A series of recommendations are developed that are linked to:

– the future development of SETP in terms of developing an economic development role for SETP, and an ownership/delivery model; and

– suggested weaknesses/areas requiring strengthening that emanated from the consultation programme, and tenants' views expressed during the business survey.

Recommendation 1: SEL need establish a development plan for SETP. The development plan will articulate a range of economic development targets for SETP, which in turn will influence the scale and nature of SEL intervention.

Recommendation 2: SEL should develop a delivery model that is best placed to deliver the development plan targets.

Recommendation 3: SEL should develop an effective and efficient monitoring system that measured the extent to which the activities that make up the SETP project have been undertaken and the outputs/outcomes and impacts have been achieved.

Recommendation 4: In order to fully understand the impact of the SETP project SEL should follow-up tenants as they leave the Park, say at 1 year after leaving and then 3 years after leaving. SEL should also conduct an exit interview with tenants that seek to understand the reason for seeking premises elsewhere and the impact that locating at SETP has had on the performance of the business.

Recommendation 5: The criteria for entry to the Park should be reviewed to ensure that it meets the UKSPA tenancy criteria, where virtually all companies should be involved in innovation in some way. Even companies providing business services to tenants would be expected to be striving to develop innovations. The new criteria should then be rigidly applied to prospective new tenants to ensure the science and technology base of the Park.

Recommendation 6: An audit of all Park tenants should be conducted against the above criteria in order that SEL have a clear picture of those companies that meet and do not meet the criteria. The intention here is not to use the information to evict tenants, but to better understand the extent to which existing tenants meet the appropriate criteria.

Recommendation 7: Marketing and promotional activity relating to new innovation in products and processes needs to be instigated/stepped up, the objective of which would be to raise awareness of the strengths of the scientific community on the Park, which could attract additional R&D investment. An example of this would be the development of a small number of case studies on leading research scientists working on the Park, similar to what has been produced for the Edinburgh Science Triangle.

Recommendation 8: SEL should review with Colliers the tenant survey results with Colliers to highlight key areas of service delivery where tenants expressed disappointment. Following the review SEL and Colliers should agree how the delivery of services can be improved.

Recommendation 9: Colliers need to inform tenants of the services that they offer and the facilities that are available to Park businesses.

Recommendation 10: Additional road signs need to be erected that give clear directions from the M74 and Glasgow Southern Orbital/M77 to the SETP site. At the entrance to the site more visible signage that indicates arrival at the SETP needed to be developed.

Recommendation 11: A branding campaign needs to be instigated that promotes the site as being the Scottish Enterprise Technology Park, which distances the Park from NEL.

1. Introduction

1.1 Preamble

The Scottish Enterprise Technology Park (SETP) is located in Scotland's largest new town, East Kilbride. It began life over 50 years ago as the National Engineering Laboratory (NEL), which undertook research and development work for both government and business. In 1994 the Scottish Enterprise Network acquired the 34-hectare facility, with responsibility for the management and development of the Park lying with Scottish Enterprise Lanarkshire (SEL)[2]. SEL's main objectives for the project are as follows:

- promoting economic and business development;
- providing a flagship project for Lanarkshire in a niche market;
- encouraging and assisting creation and growth for more technology based companies;
- encouraging expansion of existing growing companies at SETP;
- developing the Park's reputation as a Centre of Technology excellence;
- maximising opportunities for technology transfer; and
- ensuring continuity and expansion of linkages with business development initiatives.

In the 10 years since Scottish Enterprise Network acquired the Park it has seen a number of these objectives come to fruition. There have been five new developments of both multi and single occupancy buildings. The Park has attracted a number of new Small Medium Enterprises (SMEs) and Scottish Enterprise continues to support them in their growth.

SETP has a range of multi-occupancy and stand-alone buildings, which house over 80 companies ranging from SMEs to large international companies. The number of people employed on the technology park is approaching 1100 and includes the following sectors:

- Advanced Engineering and Electronics;

[2] Lanarkshire Development Agency (LDA) was the previous name of SEL – the name change took effect in 2000.

– Environmental Technology;

– Medical and Pharmaceutical;

– Information Technology and Software Development;

– Biotechnology; and

– Business Consultancy with the above sectors.

The Park is also home to The Scottish Universities Environmental Research Centre, set up in 1963, which is active in the research areas of geochemistry, radiochemistry and isotope biogeosciences.

SEL commissioned EKOS to undertake an evaluation of the economic development benefits of SETP over the period April 1994 to March 2006. The evaluation results are intended to add value to the future delivery of the project from the viewpoint of SEL as well as project participants and stakeholders. Findings and recommendations will be used to inform the future delivery of the Technology Park and contribute to understanding the role of Science Parks in economic development.

1.2 Objectives

The evaluation objectives are detailed and wide ranging, and can be summarised as providing SEL with a detailed understanding of the:

– impact of the project on structural change within technology firms locating on the site;

– interaction of the various project interventions;

– extent to which systematic change and sustainability of outcomes have been achieved;

– rationale for the project;

– effectiveness and efficiency of management processes and performance;

– scale and nature of project inputs;

– scale and nature of project activities and outputs;

- scale and nature of economic development benefits:
  - employment and turnover growth
  - wider economic benefits;
- differential benefits of multi and single occupied buildings; and
- traditional evaluation outcomes:
  - appropriateness of the project
  - effectiveness, efficiency and efficacy
  - quality
  - impact
  - additionality
  - displacement
  - process improvements; and
  - future strategy.

1.3 Report Structure

The rest of the report is structured as follows:

- **Chapter 2: Method**
  - presents a detailed report on the method adopted to achieve the objectives of the study;
- **Chapter 3: SETP**:
  - will describe the project in detail;
- **Chapter 4: Findings**:
  - will report on the findings from the consultation programme and the results from the company surveys;
- **Chapter 5: Economic Impact Assessment**:
  - presents an economic impact assessment of the project
- **Chapter 6: Conclusions & Recommendations**:
  - presents a set of conclusion based around the objectives of the study as detailed in the brief
  - presents a range of recommendations aimed at the future development of the SETP project.

2. Methodology

2.1 Introduction

In **Chapter 2** we present a detailed description of the research methods adopted to achieve the study objectives. In summary the key components of the method were as follows:

- desk based review and analysis:
  - action: conducted a review of the monitoring data, activity reports, approval and management papers
  - purpose - to gain an insight into the rationale for the project, its operation and progress to date in meeting any targets set out in the approval papers;
- consultations:
  - action – consultations with Scottish Enterprise (SE) and Scottish Enterprise Lanarkshire (SEL) executives who have played a role in the design, development, targeting and management of SETP
  - purpose - to gain an understanding of the rationale for and workings of SETP; and
- fieldwork:
  - action – a face to face survey of Park residents[3]
  - purpose – to obtain views across a range of issues relating to their location on the Park.

2.2 Desk Based Review

The desk based review sought to understand the development of the SETP from the transfer of ownership from the Department of Trade and Industry (DTI), when the site was known as the National Engineering Laboratory, to Scottish Enterprise in 1994.

The review focused on a mix of Lanarkshire Development Agency[4] (LDA) and SEL Board Papers with some reference to European Regional Development Fund (ERDF) applications and claims forms for European Union funded projects taking place on the Park. Typically these papers identified:

[3] In addition to a survey of current Park residents we also attempted to conduct a survey of previous tenants but this did not prove successful.
[4] LDA changed its name to SEL in 2000.

- the nature of development activity on the Park – which was principally infrastructure work aimed at land reclamation, demolition of buildings no longer fit for purpose, the construction of new building and refurbishment of existing buildings;

- the scale of the development activity in terms of square foot of business space; and

- the cost of the works.

2.3 Consultation Programme

The consultation programme consisted of face-to-face interviews – typically lasting one hour – with executives from:

- SEL:
  - Executives from both Competitive Place and Business Development;
- SE:
  - Executives from Competitive Place; and
- Colliers CRE:
  - Property and facilities managers.

The consultant team realised that most of the interviewees would be unable to offer views across all the areas of discussion, as their involvement with SETP would have been in the past, transitory or very recent, thus precluding offering a view on the development of SETP since 1994. The discussion therefore focused on:

- their roles in the project, from design through to implementation;

- the rationale for the project and its fit with wider economic development and strategic objectives of SEL/SE network (SEN);

- the context within which the project was developed, delivered, and its integration with other business development activity delivered by SEL;

- targeting and selection criteria applied to participant businesses;

- market failures being addressed;

- perceptions of strengths and weaknesses;

– perceptions of the role, and adequacy, of specific delivery mechanisms and services provided to tenant businesses;

– future development of the Park.

2.4 Fieldwork

In describing the fieldwork methodology we focus on:

– sampling strategy;

– rationale for delivery method;

– survey administration and response rates;

– non-respondents and representativeness of the sample;

– questionnaire design;

– piloting;

– quality of responses; and

– data processing.

2.4.1 Sampling Strategy

The study *brief* highlighted that there were 100 companies based on the SETP, with a further 100 companies who had previously been located on the Park but have subsequently left – either to locate elsewhere or they had ceased trading. The *brief* required that the survey of companies should seek to achieve a minimum of +/- 5% accuracy.

To achieve a +/- 5% accuracy amongst the existing tenants would require fully completed interviews with 80 of the 100 companies. If the 100 previous tenants were included then achieving a +/- 5% confidence interval would require 132 fully completed interviews involving both types companies. The fieldwork element of the study was developed on the basis of achieving 132 completed interviews.

However, in the interim period between the study being commissioned and the development of the survey sample, SEL identified that there were in fact only 88 companies located on the Park – in light of this:

- a census approach was adopted for those companies located on the Park – **88** companies; and

- a sample approach would be adopted for the previous tenants – the aim being to complete **44** interviews.

2.5 Delivery Method

The delivery method differed across the two types of companies – tenants and ex-tenants:

- tenants – face-to face survey; and

- ex-tenants – telephone interview.

In developing a methodology with respect to company surveys it is always necessary to strike a balance between the data that is required to be collected to fulfil the study objectives and the availability of resources.

Given that nature of the questioning – see Appendix 1 for a copy of the questionnaire – which would require the interviewer to explain the nature of some of the areas of questioning and for many questions provide show cards for pre-coded answers, the face-to-face method was felt to be the most appropriate method for the current tenant companies. Given that the companies are located within a confined and well defined geographical location – the Park - it was possible to interview 6 per day, which is not normally possible when company samples are dispersed geographically. SEL provided sufficient resources for this method to be adopted.

For ex-tenants the telephone survey approach was adopted. In part this reflected their geographical dispersion – with around 40% located in England and the others located throughout Scotland - but also the fact that many were difficult to contact. Significant resource was spent tracking these companies down and therefore a telephone survey – which is resource efficient when compared to face-to-face interviews – was adopted.

2.5.1 Survey Administration and Response Rates

In contrast to our normal practice SEL undertook the administration of the current tenants' survey, in the sense that it contacted tenants seeking their willingness to engage in the study process. SEL achieved a response rate of 60% i.e. 52 of the tenants agreed to and in fact did take part in the survey – we would normally expect a number of "no shows", companies who said that they would take part but then failed to show for the interview.

This method achieved a response rate above what we would normally expect – 30% would be the norm. This method of survey administration proved highly effective, although we do not know the exact scale of the resource that SEL expended on achieving such a high response rate.

The achieved a response rate of 60%, provided a standard error of +/- 8.67% based on a 50% estimate at the 95% confidence level. Thus, if 50% of respondents say that they were previously located outwith Lanarkshire prior to locating at SETP, we can be 95% sure that, if every company on the Park had been asked, then the results would have been between 41.33% and 58.67% (i.e. +/- 8.67%).

The administration of the survey on ex-tenants was undertaken by EKOS and was less successful. SEL provided a list of ex-tenants – some 69 companies – but there were a number of difficulties in utilising the list to conduct interviews:

- contact details in terms of named contact and telephone number were only available for 25 companies;
- some of the details supplied were in fact incorrect as the company was not listed at the telephone number/address supplied;
- some companies claimed never to have been a tenant; and
- some companies claimed to still be a Park tenant.

As a consequence of the quality of the database and the refusal of a number of companies to take part, only five interviews were completed, and for these companies a full set of data was not collected, and therefore the results have not been analysed.

It is not possible to report a response rate nor a sampling error as we do not have accurate information on the number of companies that are ex-tenants.

2.5.2 Non-respondents and Representativeness of the Sample

The number of non-respondents to the Park survey was 36, out of a total of 88 companies, a non-response rate of 40%. Our understanding, from SEL who as highlighted above undertook to contact the Park tenants, was that they did not take part in the survey for a mix of reasons:

- unable to contact – no one answered the phone, nor responded to left messages;
- did not return phone call – a message was left with the company's receptionist, but the contact did not return the call; and

– refusal – the company refused to take part in the survey for a number of reasons, which typically were:

- too busy
- not available within survey time frame
- saw no relevance to the survey for the company.

Our experience is that this is typical of businesses responses to requests for an interview for those who do not wish to participate.

We have some basic information on the types of business that did not respond, although the data is not complete for all 36 companies. The data shows that:

– employment:

- 18 have less than 10 employees (50%)
- 7 have more than 10 employees (19%)
- 11 where employee numbers not known (31%); and

– sector:

- 2 manufacturing (6%)
- 2 construction (6%)
- 1 distribution (3%)
- 1 communications (3%)
- 15 business service activities (42%)
- 1 public administration (3%)
- 14 unknown.

Table 2.1 compares the non-responding companies with those who were successfully interviewed.

Table 2.1: Characteristics of Respondents and Non-Respondents[1]

Sector	Respondents	Non-Respondents
Manufacturing	23%	9%
Construction	8%	9%
Distribution etc		5%
Communications	4%	5%
Business services	37%	68%
Public admin		5%
Employment	Respondents	Non-Respondents
Less than 10 employees	65%	72%
More than 10 employees	35%	28%

1 - % excludes those businesses for which no information is available – 11 in respect of employment, and 14 in respect of sector.

Analysis of **Table 2.1** highlights that the business that responded to the survey are more likely to be involved in manufacturing than non-respondents, and less likely to be providing business services. Respondents are slightly less likely to employ less than 10 employees, and therefore more likely to employ more than 10 employees.

This highlights that the sample of non-respondents and the sample of responding companies exhibit different characteristics. This suggests that the sample of respondents is not representative of the Park tenants, especially in terms of employment profiles.

2.5.3 Questionnaire Design

The design of the questionnaire was undertaken with input from a number of sources including Scottish Enterprise, Knowledge Partners, the Scottish Science Park Group, and EKOS.

A series of revisions and refinements delayed both finalising the questionnaire and its piloting, which was scheduled for December 2006.

EKOS met with SEL in January 2007 to discuss the revised questionnaire. Following this meeting, where a number of suggestions were made, both in terms of deleting some questions, adding some questions, and rewording other questions, a draft final questionnaire was developed that would be piloted with a small sample of Park tenants.

The key changes to the draft questionnaire in January 2007 were as follows:

- Priority indicators: the number of options were reduced from 12 sectors to 6, to focus on SE's key priority sectors;
- Sections 4 and 5 were reordered, with questions about the services provided on the Park coming before questions relating to premises and reasons for locating on the Park;
- Property Management: an additional question was added to identify the company's managing agent;
- Professional services rating: services that would not be provided by the managing agent on SETP were identified and were therefore not asked of the respondent;
- Premises change: additional details were sought on all the premise that had been occupied on the Park, and the reasons for the move;
- Innovation Expenditure: the ability to answer not applicable, don't know and no answer was provided for each option;

- Sources of information for innovation: this question was deleted;

- Wider innovation indicator: this question was deleted;

- Innovation additionality: questions aimed at measuring absolute and quantity additionality were moved from the Business Performance section of the questionnaire to the Innovation section;

- Financial Information: a new question seeking current business performance information and comparable data at point of entry to the Park, replacing two questions seeking current data;

- Business performance confounding factors: the question asking business to compare their turnover growth with that of their competitors was deleted and replaced with a question asking about market conditions for the company's main products and services;

- Employment and turnover additionality: these questions were revised to refer to changes in business performance linked to the location on the Park as well as any assistance from SEL and/or the managing agents; and

- Time and quality additionality; these questions were revised to refer to the extent to which changes in business performance had been brought forward or improved in quality as a result of the company's location on the Park as well as any assistance from SEL and/or the managing agents.

The development of the questionnaire by the client and others was a departure from our normal approach to this element of the work programme. An elapsed time of some 23 days (31 October to 30 November was envisaged by the client group for the design of the questionnaire prior to it being delivered to EKOS for comments – it in fact took much longer. The finalised questionnaire instrument was therefore not available until January 2007.

Whilst it is important to ensure that the client has input to the design and development of the survey instrument the process adopted in this case was protracted and could be improved upon in future.

2.5.4 Piloting

The questionnaire was piloted with a small number of Park tenants, with SEL again making the interview arrangements. The piloting of the survey instrument aimed to assess:

– question content;

– question wording;

– question type; and

– delivery length.

Given the extensive revision made to the questionnaire during discussions between EKOS and SEL we did not envisage any major changes to the questionnaire following the pilot interviews with five Park tenant companies. This proved to be the case.

The questionnaire was delivered in around 45 minutes, the businesses were able to understand the nature of the questioning (where it applied to them, as for example, not all were "innovators"), found no difficulty in answering the questions and understood the wording.

The key change to the layout of the questionnaire as a result of the pilot was in relation to those questions where businesses were asked to rank/rate a particular service or other aspects of being located on the Park. The pre-pilot questionnaire had a list of options, identical to those on the "show cards" – the revised questionnaire simply had a box into which the interviewer put the number corresponding to the interviewees answer. This had the advantage of shortening the length of the questionnaire.

2.5.5 Quality of Responses

The quality of the responses was high, with few questions being unanswered by the interviewee. The exceptions were:

– business performance indicators:

  - the pre-Park entry data was not known by some of the interviewees as they were not employed, or were not privy to that information when the business first located on the Park

– the interviewee was not privy to that information and therefore unable to provide the data

  - the interviewee was unwilling to provide the data;

– on-site services:

  - not all businesses received, or knowingly received, these services, and therefore they were unable to provide the information; and

– innovation:

- not all businesses were engaged in innovative activities
- the interviewee was not privy to information relating to spend on innovation activity and therefore was unable to provide the data.

The implications of missing data have been addressed in the analysis and reporting where appropriate.

2.5.6 Data Processing

A number of data processing and entering issues were encountered during the research, which reflected use of different systems, procedures and software packages (e.g. SNAP, SPSS and Excel) amongst the research partners. This led to some delay and technical barriers to analysis of the resulting data set.

We would recommend greater effort to achieve co-ordination between the research partners in future evaluations, with regard to design, delivery and analysis.

3. Scottish Enterprise Technology Park

3.1 Introduction

In Chapter 3 we present a short history of SEL's involvement on SETP in East Kilbride since the transfer of ownership from Department of Trade & Industry (DTI) to SE in 1994. The summary is drawn primarily from SEL/LDA[5] Board Papers with some reference to European Regional Development Funds (ERDF) applications and claims forms for European Funded (EU) funded projects taking place on the Park.

To set LDA/SEL's intervention in context we first present an overview of science parks and the strategic fit of SEL's intervention.

3.2 Introduction to Science Parks

The Science Park movement emerged in the 1980s as a response to the decline of the traditional industry base and the rise in importance of new knowledge-based industries. Early science parks were mainly created by universities to support technology-based spin-outs. The Herriot-Watt Science Park, near Edinburgh was one of the first in the UK and fitted this university-linked model. However, a number of other Scottish science parks tended to deviate from this in being created through local economic development agencies, particularly SDA (Later SE). Elsewhere in the UK science parks were also created with strong links to commercial organisations or to public sector bodies with strong research links such as AEA.

According to the UK Science Parks Association a Science Park is

- "A business support and technology transfer initiative that:
    - encourages and supports the start-up and incubation of innovation led, high growth, knowledge based businesses
    - provides an environment where larger and international businesses can develop specific and close interactions with a particular centre of knowledge creation for their mutual benefit
    - has formal and operational links with centres of knowledge creation such as universities, higher education institutes and research organisations.

[5] Prior to 2000 Scottish Enterprise Lanarkshire was known as Lanarkshire Development Agency (LDA)

3.3 Strategic Fit

SEL's intervention in the Park has provided a good fit with a number of strategic frameworks that have driven SE and LDA/SEL interventions over time. These have included:

- *Changing Gear: a Shared Strategy for the Lanarkshire Economy* - 1998:

  - *Building & Attracting Businesses* - a major priority was to help Lanarkshire's companies become more competitive and more successful. To this end, LDA aimed to deliver customised support to businesses over a wide range of areas
  - *Connecting Lanarkshire* - improving Lanarkshire's physical, digital and personal business networks is a key part of LDA's efforts to help companies compete in the global economy;

- *The Way Forward: Framework for Economic Development in Scotland* – 2000:

  - *enterprise support*:
    - securing economic growth through international competitiveness
    - assisting new business formation and growth, and supporting key sectors to achieve better competitiveness
    - supporting innovation and the commercialisation of research by business and industry;

- *Smart Successful Scotland Ambitions for the Enterprise Networks* - 2001:

  - *growing businesses* - increased commercialisation of research and innovation companies, more effective links between universities and businesses, including the "industry pull" of ideas
  - *global connections* - skills, competitive infrastructure including property, telecommunications, transport links and public sector support, are vital to attract and retain mobile direct investment projects;

- *Knowledge Economy* report, produced by the Scottish Executive 2001:

  - encouraging all firms to intensify their knowledge-based activities and to innovate; and improving transformation systems and the transfer of intellectual property to release the flow from the knowledge base to Scottish businesses;

– *A Science Strategy for Scotland* – 2001:

- *Objective 2* - increase the effective exploitation of scientific research to grow strong Scottish Businesses and provide cutting edge science to meet the needs of the people of Scotland

– *Changing Gear towards 2010* – 2004:

- *growing business*:
  - o supporting entrepreneurship - interventions to increase the number of new local businesses formed
  - o encouraging innovative, competitive and sustainable businesses - build links between SMEs, higher education and research institutes
- *an attractive place to live and work*:
  - o reclamation of derelict land and development priority sites
  - o supporting the development of brownfield land and other sites to provide quality locations for manufacturing, service and distribution businesses
  - o ensuring a range of quality business environments and adequate stock of premises, which allows indigenous businesses the opportunity to grow and which attracts mobile investments from outwith the local area;

– *The Framework for Economic Development in Scotland* – 2004:

- the physical infrastructure underpins the competitiveness of enterprises. High-quality infrastructure is a pre-requisite for thriving and successful enterprise in Scotland
- innovative behaviour of entrepreneurs and managers is a necessary condition for a dynamic economy
- research & development and innovation: the foundations for improvements in productivity and for sustainable global competitiveness;
- entrepreneurial dynamism: the creation of new enterprise and a positive, risk taking attitude to enterprise are central to the establishment of a dynamic economy; and

– *A Science Strategy for Scotland, 2001, progress report*- 2006:

- maintain and develop pipeline of support for innovation and commercialisation of research from the science base
- place a continued emphasis on the value of commercialising research, and promote a culture that fosters knowledge transfer from the science base.

3.4 Investment in SETP

Figure 3.1, below, depict the various public sector inputs to SETP and the companies located there from 1994 – 2005[6]. The figures show:

– £6,264,000 of net expenditure by SEL on SETP facilities and services;

– £2,603,000 of expenditure by SEL on business / training support for companies located on SETP; and

– £3,290,000 of ERDF grants to support SETP projects.

SEL also committed a further £256,000 of business support funding in 2006.

A total of **£12,414,000** of public sector money has therefore been invested in SETP and the companies located there between 1994-2006.

The Figures also show the financial return and employment / property targets set for projects supported in the ERDF and SEL papers:

– £4,709,000 in financial returns;

– 1,210 new or safeguarded jobs; and

– £1,860,000 private sector investment.

The figure also indicates the main purpose or theme of the support approved by the Board paper or ERDF grant. It shows a mix of activity across the history of the Park since 1994.

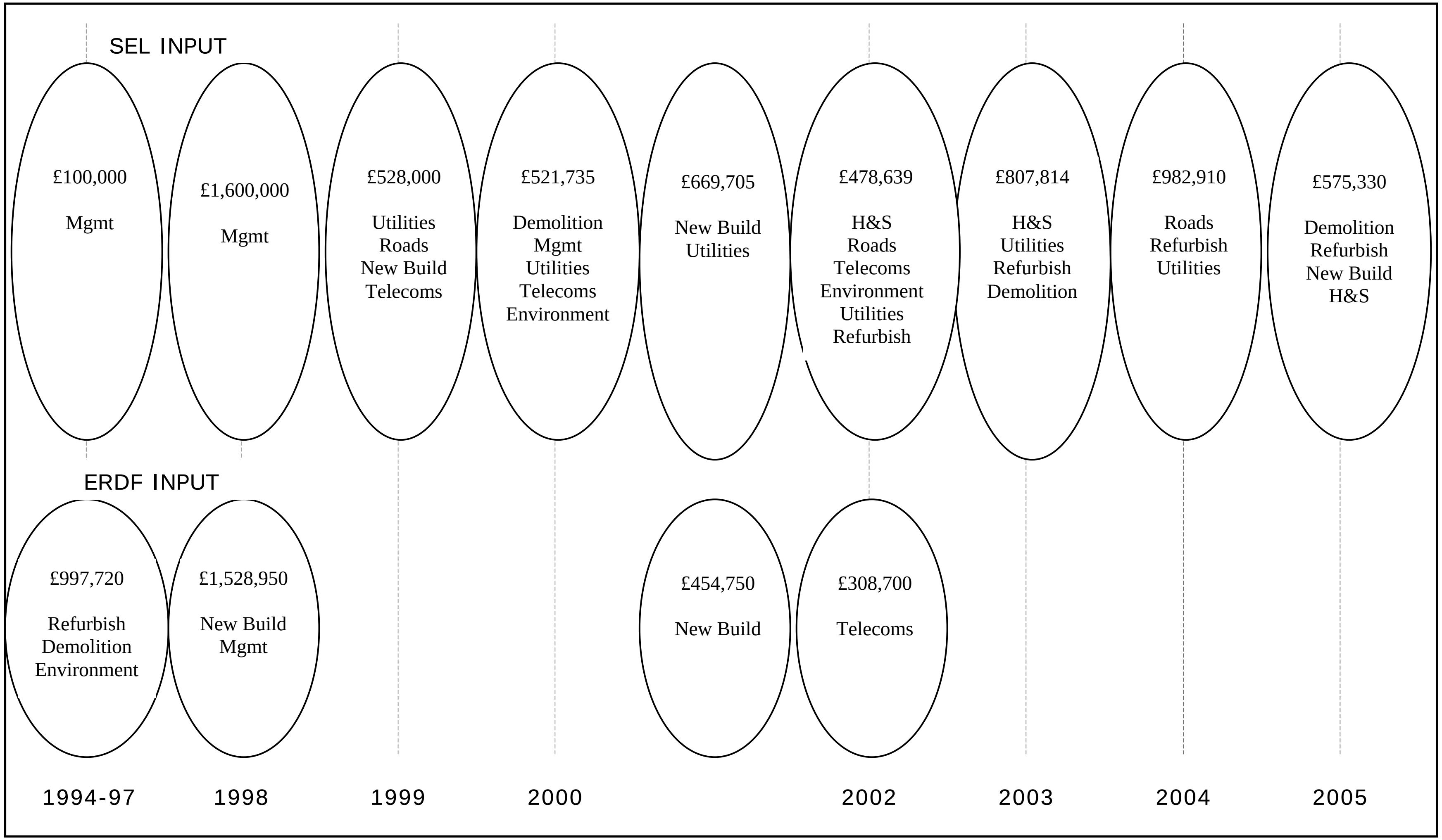
LDA/SEL's involvement began with funding the management and operational budgets of SETP while ERDF funding went towards the demolition and refurbishment of redundant buildings and the construction of new accommodation. SEL became more involved in funding infrastructure improvements and new construction from 1999 and this year also saw the first of several initiatives to address IT or telecoms issues on the Park.

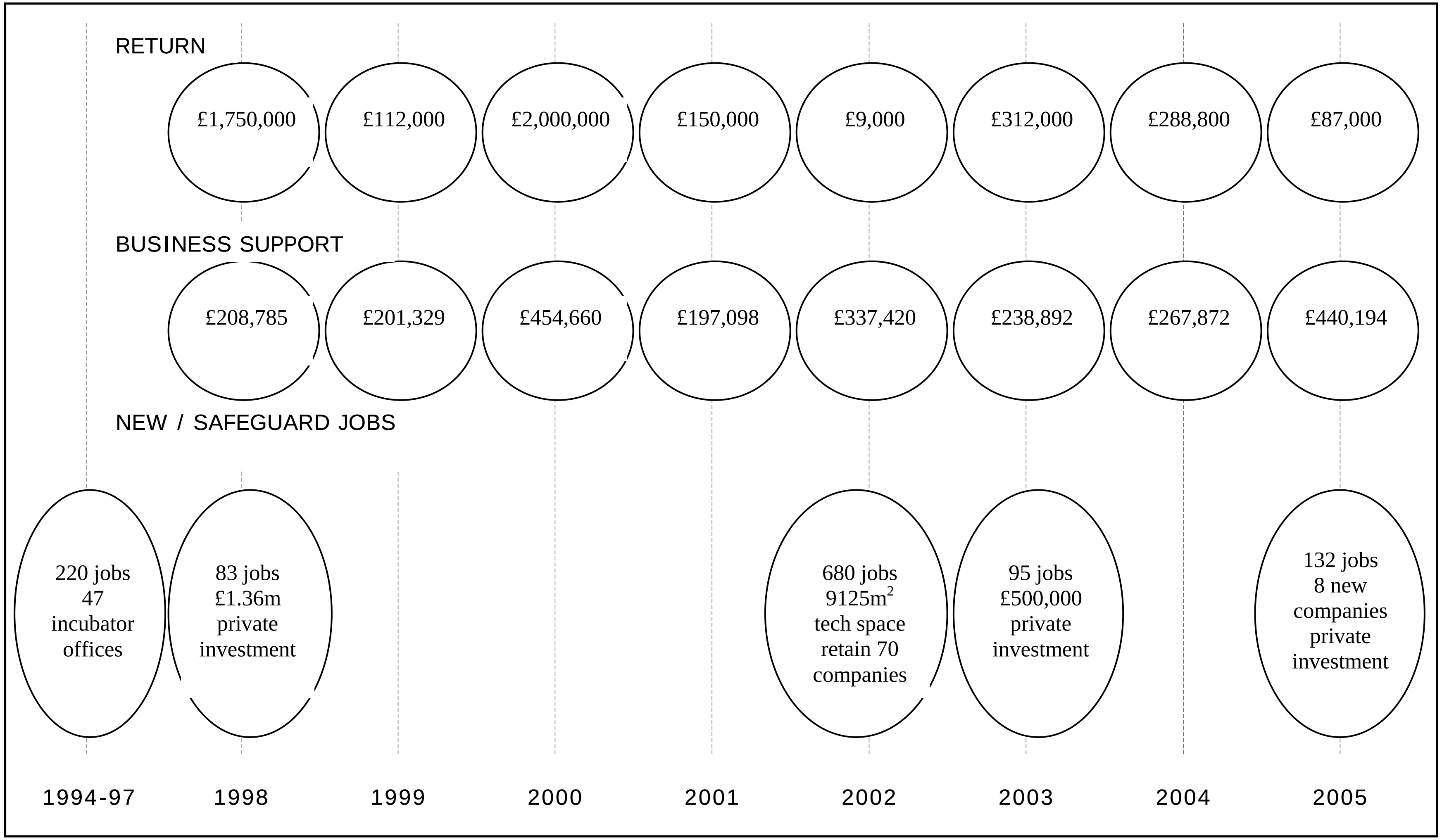
[6] All spend figures quoted are nominal.

The following year, 2000, saw the start of plans to upgrade the environment and utilities provisions, addressing power constraints to some plots and allow the adoption of the water supply by the utility provider. Similar works to upgrade the internal roads so as to allow adoption by SLC followed and some of the Health & Safety works were also concerned with vehicular and pedestrian movement within SETP. Refurbishment of older buildings took place between 2002-05. In 2005 fresh construction activity got underway with the demolition of the obsolete Whitworth and Reynolds buildings and approval for a speculative new R&D facility on the former Rankin Building site.

A fuller chronological narrative history of investment on SETP is attached as Appendix 3 in this report.

Figure 3.1: Inputs And Targets





RETURN
£1,750,000
£112,000
£2,000,000
£150,000
£9,000
£312,000
£288,800
£87,000
BUSINESS SUPPORT
£208,785
£201,329
£454,660
£197,098
£337,420
£238,892
£267,872
£440,194
NEW / SAFEGUARD JOBS
220 jobs 47 incubator offices
83 jobs £1.36m private investment
680 jobs 9125m2 tech space retain 70 companies
95 jobs £500,000 private investment
132 jobs 8 new companies private investment
1994-97
1998
1999
2000
2001
2002
2003
2004
2005

4. Findings

4.1 Introduction

In **Chapter 4** we present the detailed finding from the fieldwork element of the work programme. This included:

- a consultation programme with SEN, SEL and Collier CRE executives; and
- a survey of current tenants on the SETP[7].

4.2 Consultations

4.2.1 Introduction

A consultation programme was undertaken with executives from SE, SEL and SETP's managing agents, who have played a key role in the design, development, targeting and management of SETP. The discussion agenda focused on:

- their roles in the project, from design through to implementation;
- the rationale for the project and its fit with wider economic development and strategic objectives of SEL/SEN;
- the context within which the project was developed and delivered, and its integration with other business development activity delivered by SEL;
- targeting and selection criteria applied to participant businesses;
- market failures being addressed;
- perceptions of strengths and weaknesses;
- perceptions of the role, and adequacy, of specific delivery mechanisms and services provided to tenant businesses;
- future development of the Park.

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[7] As discussed in Chapter 2 we also undertook a survey of ex-tenants from SETP but this did not provide useful results as only 5 interviews were completed.

A composite report presents the views and opinions expressed. The reporting will be organised around the following key themes of the evaluation:

- project rationale; and
- management processes and performance.

The text reports the views, opinions and perceptions of the consultees – as with all consultations what individuals think is the case may not be so, and their comments should therefore be read in that light.

4.2.2 Rationale for SETP

Background

Ownership of the Park – known as the National Engineering Laboratory (NEL) - was transferred from the DTI to SE in 1994. The consultees saw this as a key step towards realising a number of strategic objectives of both SE and the LDA, which would enable the SE network to take the lead in promoting a range of technology park initiatives:

- economic development – strengthening the technology base available to the Scottish economy and providing a base for innovative initiatives;
- business development – the development of sectoral initiatives, company linkages, and the spin out of new businesses with growth prospects; and
- property development – the creation of start up/incubator accommodation and premises for technology based inward investment.

Market Failure

The consultees highlighted that the market failure that they perceived had been addressed by SEL intervention on the Park was *risk aversion*:

- the property on the Park was unsuitable for technology companies to occupy without significant investment, as technology based companies require a higher specification of work space – the private sector would be unwilling to make this investment as the rate of return would be less than they would be prepared to accept;

- there were a number of features on the Park – nuclear reactor decommissioning, utilities - that needed to be addressed before the private sector would invest; and

- there were a number of redundant and obsolete buildings on the Park that needed to be taken care off before the private sector would be willing to instigate developments.

In addition, the consultees highlighted, notwithstanding their earlier comments about the dilution of the entry criteria that maintaining the technology focus of the Park would be more difficult if the ownership was in the private sector – its focus would be on rental income rather than the business activity of its tenants.

The consultees did however highlight that the market failure rationale for further and continued SEL intervention was currently less strong than it had been when SE acquired the Park in 1994. Their views were linked to current activity on the Park where new developments were being constructed that did not involve an SEL intervention. The argument put forward here was that the market had adjusted – prior SEL's interventions had addressed the constraints that prevented the private sector from investing in the site.

This is not to say that further SEL intervention will not be required – the consultation programme suggested that there are still some site and building issue that need to be addressed before the private sector will become involved in developing further areas of the Park.

4.2.3 Management Processes and Performance

Project Development & Integration

The project was developed over many years as detailed Chapter 2, with a number of constraints to development being addressed - land contamination, building demolition and refurbishment etc – followed by property development by SEL, SEL in partnership with the private sector, and more recently by the private sector alone.

The consultees highlighted that SETP has provided a focus for both SEL's property intervention and its growing business intervention. It enabled enterprise programmes to be delivered through the Lanarkshire Technology Innovation Centre and the East Kilbride Business Centre, both of whom were located on the Park. There are a number of businesses (21) located on the Park that, within the SE network segmentation model, are *Account Managed* companies, and therefore benefit, where appropriate, from the full range of SEL's portfolio of business support mechanisms.

Targeting & Selection Criteria

There was a general feeling amongst consultees that over time the targeting and selection criteria applied to prospective Park tenants had widened. The expectation was that SETP would follow the normal criteria for tenants on UKSPA member parks i.e. the company should be substantially involved in innovation activity in some area of technology and that any on-site manufacturing should be a secondary activity, mainly for prototypes and small production series. The consultees felt that these guidelines had been diluted by the private sector landlords who had sought to keep space occupied regardless of the tenant's business.

Since 2001 SEL has sought to keep a tighter control over entry criteria and there is a standard tenant entry questionnaire used to determine whether a prospective tenant meets the criteria. In general terms, tenants should be companies and organisations whose operations are related to the manufacture, supply and research of technology based products and services in the following areas:

- Advanced Engineering & Electronics;
- Environmental Technology;
- Medical & Pharmaceutical;
- Information technology/Software Development;
- Biotechnology; and
- Business Consultancy (e.g. Business Development Advice, Management Consultancy- specifically related to the above uses).

Strengths & Weaknesses

The consultee highlighted, from their perspective, a number of strengths and weaknesses of the SETP project. We report only those views that were expressed by a number of the consultees, rather than reporting each and every positive or negative perception, as each had a different level of background/knowledge and an individual viewpoint with limited knowledge could distort these findings.

Strengths

The key strengths identified by the consultees were as follows:

- location – the Park is located close to motorway and main line rail links;

- growth – in the past five years the number of companies locating on the Park has increased, and there has been growth in employment within current tenants;

- flexible lease arrangements and low rents for start up and incubation companies – these are key in encouraging technology based start ups;

- on-site management of the Park – this is currently provided by Colliers International and the perception is that Colliers provide sufficient resource to meet the needs of tenants. In the past SEL has also had a presence onsite, and the consultees felt that this had aided the provision of business development support to tenant companies, as the SEL executive had been able to signpost tenants to appropriate support, either through SEL, Business Gateway or other agencies; and

- the consultees were aware of a range of tenant events, newsletters, and meetings etc which were aimed at providing opportunities for tenant companies to network. The consultees in the main were not able to offer a view as to whether these events had actually led to networking amongst tenants, only that opportunities were provided for such happenings.

Weaknesses

The key weaknesses identified by the consultees were as follows:

- location – consultees highlighted location as both a strength and a weakness. Although the Park has good transport links they argued that East Kilbride is not the hub of Lanarkshire - it can be difficult to find the Park due to the many roundabouts and lack of signage;

- branding – SETP is still often referred to as NEL even though SE took over ownership of the site in 1994;

- buildings – although there has been a programme of demolition, refurbishment and new build some of the reaming buildings are old and look old, and are not seen as being fit for purpose, particularly for high tech companies that require a high level specification for their office/workspace accommodation;

- lack of onsite business support agencies – Business Gateway and the Lanarkshire Technology Innovation Centre are no longer located on the Park. It was felt by the consultees that as many of the companies do not fit with the current segmentation model, as being high impact companies, they will not be able to benefit from business development support from SEL[8]. In contrast, the Hillington Innovation Centre does have onsite business development support, although on-site support has become less common on mature science parks, at least in Scotland, but is still the norm for incubators;

- no public face – there is cutting edge research taking place on the Park, in part due to collaboration between Glasgow and Edinburgh universities, who have invested £10m in physical infrastructure for a pure R&D function, but little of this success is highlighted externally.

Service Delivery

The discussion distinguished between:

- property support; and

- business development support.

Property Support

Property support was considered by the consultees to have been delivered well:

- the perception was that there was good tenant interaction – however this was linked more to social interaction at events staged by the Park managers than business interaction and collaboration leading to business performance gains;

- on-site managers were perceived as knowing what tenants' property need were, and the Park managers were viewed as being proactive in being able to advise tenants about property related issues that would be of benefit to companies, before they themselves had identified a requirement; and

- the on-site managers have flexible solutions to address a wide range of property needs.

[8] The consultees may have been highlighting an information deficiency market failure, as the tenant companies may not have known where to seek business development support. An on-site SEL executive would have been able to sign post to an appropriate agency.

Business Development Support

The SE network segmentation model meant that many companies on the Park fell outside the high impact definition and therefore were not able to benefit from SEL's support delivered through its account management approach to business development[9]. It was felt that account managed companies have benefited from SEL's business development support, although they were in general unable to provide specific details and quantify economic development outcomes, outputs and impacts – perception rather than detailed knowledge.

Business support agencies that offer support to non-high impact growth businesses previously had a presence on the Park but this is no longer the case. Consultees were aware that business had accessed support from, for example, Business Gateway, but as with account managed companies, they were unable to provide detailed views on its impact.

Future Management of the Park

Discussions of the future of SETP focused on:

- need for continued investment; and
- the role of SEL/SE.

The discussion highlighted that there were still significant land available to be developed. At the time of the consultation there were new development proposals in pipeline for around 33,000 sq ft, involving £4.5m private sector investment. There were also four private sector developers in the Park. The first of these developments was a joint venture with SEL but the last development project had no SEL investment. There was recognition that there was still a need to grow incubator space on the Park, although it was recognised that the private sector is less keen of this type of investment, and therefore SEL would likely continue to bear this risk.

There was a mix of views as to the future role of SE/SEL in SETP, although all recognised the need to encourage the private sector to maintain its role. Views differed between:

- SE entering into joint ventures with the private sector; and
- SE disinvesting itself of the Park to the private sector.

[9] Our understanding is that 21 businesses are/have been SE supported and a total of 48 have accessed Business Gateway support. Currently 17 companies (out of total of 88) are account managed which at 24% is significantly higher than the general proportion of account managed companies across the target Lanarkshire business base in general.

The continuing involvement of the private sector was seen as crucial as SEL budgets were likely to be constrained in meeting the development needs of the Park. To some this suggested selling SETP, but others argued that to do so could lead to a dilution of the technology focus of the Park.

Whatever the future ownership arrangement, it was recognised that there was still a need for SEL intervention with businesses, through providing business development support aimed assisting them to grow.

4.3 Company Survey

4.3.1 Introduction

This Section presents the results and findings from a survey of resident companies and organisations on the SETP. The survey was conducted in January 2007. Fifty-two completed interviews were achieved a response rate of 60%[10], providing +/-8.67% margin of error. Response were entered via online questionnaire and results exported to Excel for analysis.

Scottish Enterprise Lanarkshire developed the questionnaire in consultation with a range of individuals and organisations[11]

Results are presented as Graphs and Tables with comments and bullet points below where appropriate.

Where appropriate and possible, findings are presented disaggregated by sector, size, age, whether an innovator (as defined by the Community Innovation Survey), and, and nature of occupancy.[12]

4.3.2 Nature of the Organisations

Industry Sector

Figure 4.1 shows that service sector companies predominate and business service companies especially so.

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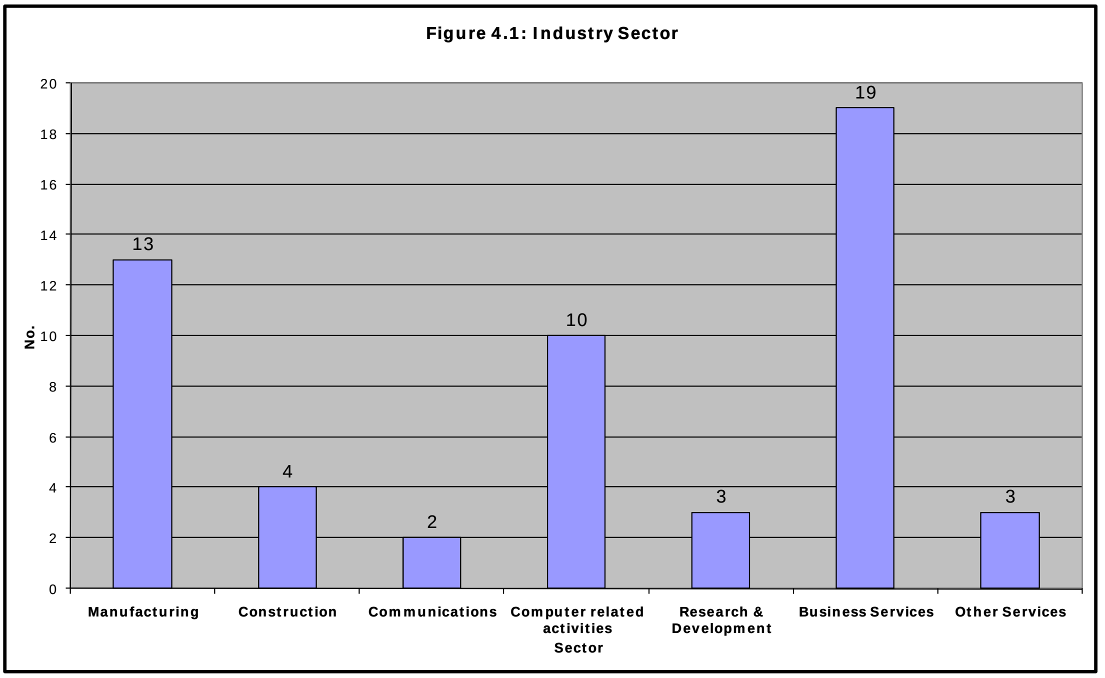
[10] This is significantly above what we might expect based on past experience of conducting business surveys.
[11] Scottish Enterprise National (SEN); the Scottish Science Park group; Knowledge Partners (consultants); EKOS (consultants)
[12] Manufacturing and business activity; 10 or fewer employees and more than 10 employees; young (up to 10 years old) and established companies (more than 10 years old); single and multi-occupancy.

Taken together the broadly defined service sector accounts for 70% of sample companies and business service activities 62%. Within the scope of business activities on SETP:

- 10 establishments are engaged in computer related activities, primarily software related;
- 3 are predominately R&D facilities; and
- 11 are engaged in technical consultancy or testing.



Note: does not sum to 52 organisations. Includes 2 companies each active in two sectors.

A profile of those companies on SETP that did not take part in the survey was also developed from the data supplied in the Tenants Directory. While this data was not always complete it was found that of these 30 establishments:

- 50% (15) engaged in business activities / services;
- 7% (2) were manufacturers;
- 7% (2) were in construction; and
- 3% (1) were in each of the distribution, communications and public sectors.

The activity profile for SETP tenants differs in some respects from the average for UK science parks (see UKSPA Annual Statistics 2006). Manufacturing and construction are significantly more common at SETP than on a "typical" science park. In fact, according to criteria used by UKSPA, manufacturing should only be of small quantities and always associated with R&D activity. Computer/telecoms companies are somewhat underrepresented at SETP compared to other locations and there is a virtual absence of bio-related activity. Whilst the overall representation of business services at SETP is close to the average, there is less technology-related support and a greater proportion of companies offering services with no obvious connection supporting other companies on the park.

Some respondents in other sectors also provide an administrative or sales function for their company rather than participate in its main activity. Instances of physical manufacturing or construction activity are therefore probably lower than the Table may suggest.

Age of Company

Table 4.1 reports the year in which sample companies were established.

Table 4.1: Year Established

	Number	%
97-06	29	56%
Of which Start-up (04-06)	*6*	*12%*
80-96	16	31%
pre-80	5	10%
Don't Know	2	4%

n=52 – percentages do not always sum to 100% due to rounding.

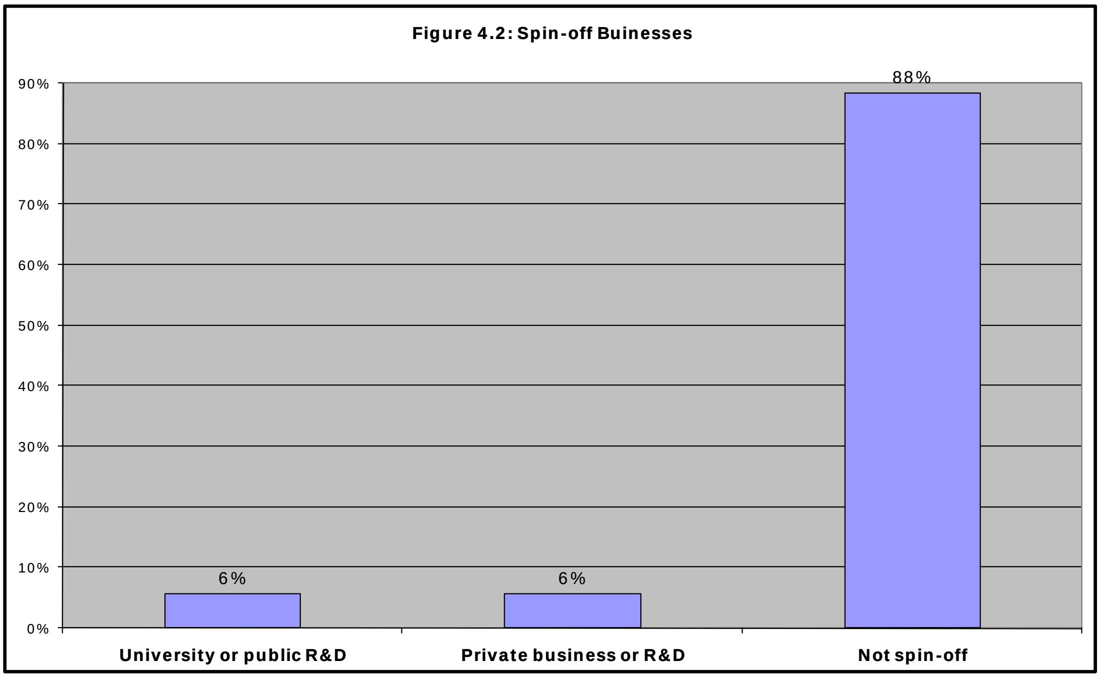
Most companies are established businesses with only 5 (10%) still within the start up phase of their first three years. However, most are still relatively young companies. Even discounting start-up businesses, 44% are less than 10 years old. A similar proportion can be described as mature organisations (established for more than 10 years) with 4 tracing their origins back to before 1939.

Science and technology parks are, by definition, targeted at New Technology Based Firms (NTBFs). Therefore, a dominance of young companies is to be expected. The age profile of SETP companies is reasonably typical although some parks have an even higher representation of very young companies. If anything, the current proportion of start-ups at SETP is fairly low. However, start-up activity, particularly among innovating companies, tends to fluctuate quite widely depending on economic and other conditions so this could be a temporary phenomenon.

Spin-off Companies

Figure 4.2 reports on spin-off activity and suggests SETP does not seem particularly attractive to spin-off businesses

The average science park has around 20% of tenants originating from HEIs (UKSPA statistics covering 1987 -2005[13]). At 6%, SETP is significantly underrepresented in such companies. This is not surprising as most science park tenants are of very local origin and there is no major HEI in the immediate vicinity. The figure for business spin-outs is much more typical as these are much rarer overall than HEI spin-outs.



n=52

Table 4.2 reports on the split between subsidiary and main office locations of companies on SETP.

Subsidiary or Branch Plant

Table 4.2. Is This A Subsidiary, Branch Plant Or Branch Office		
	Number	%
No	33	63%
Yes	19	37%
Scotland	*1*	*5%*
Other UK	*12*	*63%*
Other EU	*2*	*11%*
Other Europe	*1*	*5%*
USA	*3*	*16%*

n=52

[13] www.ukspa.org.uk.

A substantial majority of establishments report SETP as their sole or primary location.

One third of companies are subsidiary locations. Of these 19 respondents:

- Two-thirds (13) of these parent organisations are UK companies
- 16% are European and 16% are American

Employment

Table 4.3 reports employment at the time of survey (Jan 2007) and on entry to SETP

Table 4.3: Absolute Employment Numbers				
	On Entry	Now	# Change	% Change
Total FT	621	874	253	41%
Temp FT	*5*	*29*	*24*	*480%*
Perm FT	*616*	*854*	*238*	*39%*
Total PT	18	59	41	228%
Temp PT	*0*	*10*	*10*	-
Perm PT	*18*	*49*	*31*	*172%*
TOTAL EMPLOYEES	**639**	**933**	**294**	**46%**
Manufacturing	205	290	85	41%
Business services	409	533	124	30%
Innovative companies	386	632	246	63%
Non innovating companies	253	301	48	19%

n=52

There has been strong growth in employment while companies have been on site:

- part-time employment has shown the largest %-age change but from a low base;
- the average change is 5.65 employees per company (4.86 FT employees); and
- 7 companies have moved from being small to medium sized enterprises whist on SETP

The typical size of companies has changed since entry to SETP. The number employing more than 10 staff has grown from 11 on entry to 18 at time of interview, with a corresponding drop in the number of establishments employing no more than 10 workers.

Seven companies recorded a reduction in on site employment, a loss of 91 jobs between them. Ten reported no change in employee numbers and 35 reported creating a total of 385 new jobs. One company accounted for 110 of these new posts but ten other enterprises reported double digit growth.

Manufacturing companies employed 205 staff on entry to SETP and 290 in January 2007. Between them 7 of these 13 companies created 133 new posts. Two companies lost 48 jobs and 4 reported no change in employment levels.

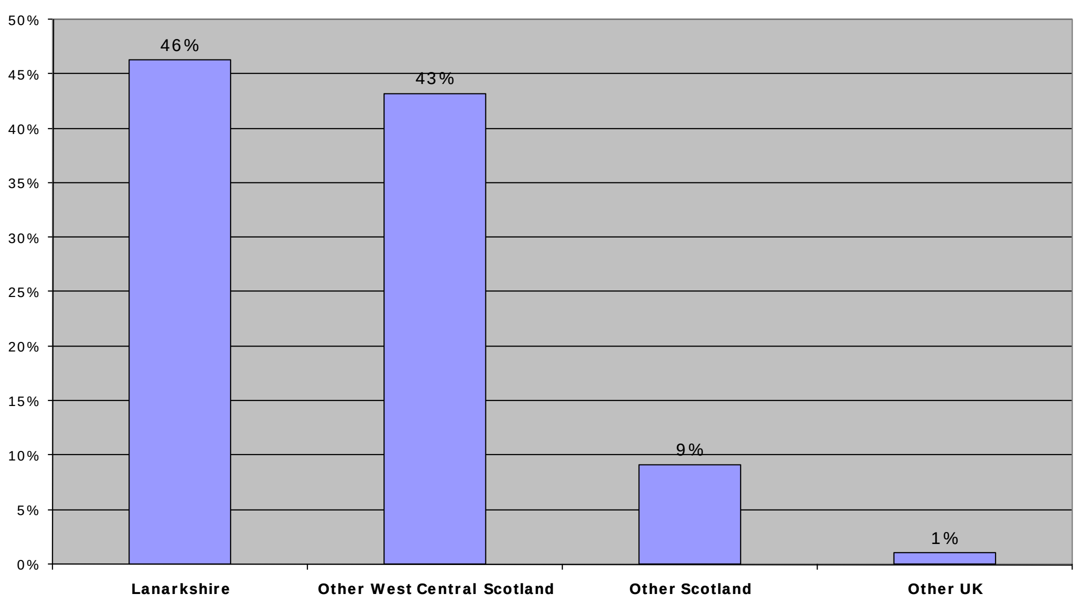
Business service organisations employed 409 staff on entry and 533 at time of survey. Six of the 32 such establishments reported no change in employment levels while 4 lost a total of 42 staff. The remaining 12 recruited 166 new employees.

The 29 innovation companies employed 386 and 632 in January 2007. Only 3 reported no change in staff numbers and two shed 29 jobs. Thus, 24 innovative companies created 275 new positions. New employment on SETP is therefore concentrated in these innovative businesses.

Residence of Employees

Figure 4.3 reports on the current place of residence of sample company employees.

Figure 4.3: Employee Place of Residence



The Figure shows that:

– 54% of workers on SETP live outside Lanarkshire;

– only 10% live outside West Central Scotland;

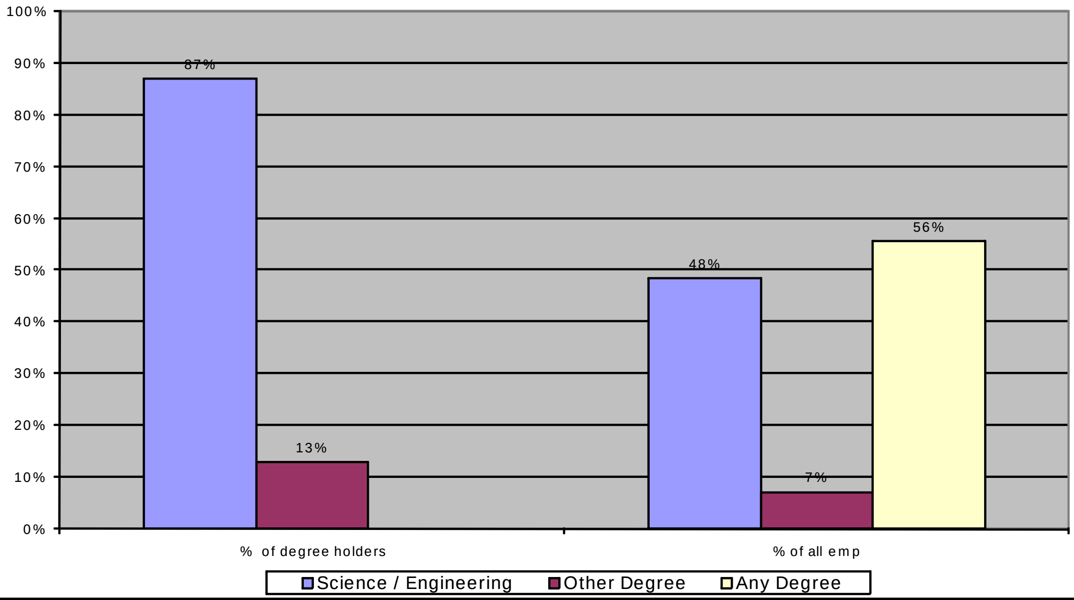
– employment outwith Scotland is negligible;

This distribution of employment is relevant in terms of economic impacts and leakage, but in terms of travel times it may be slightly misleading. For example, employees living in nearby East Renfrewshire or south Glasgow may well have a shorter travel to work time than some other workers living in more distant parts of Lanarkshire. From the perspective of West Central Scotland (given that 89% of workers live in West Central Scotland) employment leakage is not significant for either consideration.

Graduate Employment

Respondents were then asked about the number of graduates employed at their establishment. **Figure 4.4** reports.

Figure 4.4: Degree Level Employment



Note: 519 graduates were reported

The Table suggests a fairly high incidence of tertiary education in SETP companies:

– 55% of employees have a university degree

– almost half all employees have a technical degree

- the Annual Population Survey for the year to Dec05 reports 34% in Scotland and 32% in Lanarkshire of the working age economically active population educated to NVQ Level4

More than 30% of these graduates were reported in manufacturing companies with this proportion the same for both technical and other degrees. 60% of the graduates were found in business services companies. Almost two-thirds (64%) of technical graduates worked in this sector along with half of all other graduates.

Innovative companies reported 446 graduate employees – 86% of the total. Within this overall figure they employ 85% of technical graduates but, perhaps surprisingly, 90% of graduates in non-technical disciplines.

Overall, the proportion of graduates employed at SETP is somewhat lower than might be expected for a science/technology park. This reflects the relatively high proportion of non-innovating companies with fairly low levels of graduate employment.

Recruitment

Table 4.4: How Difficult Is Recruiting Skilled Employees To Your Establishment?

	All Sample		Innovative		Manufacturing	
	Number	%	Number	%	Number	%
1 - very difficult	7	13%	4	14%	1	8%
2	5	10%	4	14%	2	15%
3	14	27%	8	28%	4	31%
4	6	12%	3	11%	1	8%
5 –neither nor	3	6%	3	11%	1	8%
6	3	6%	1	4%	0	0%
7	5	10%	4	14%	1	8%
8	0	0%	0	0%	0	0%
9 - very easy	2	4%	1	4%	1	8%
not applicable	5	10%	0	0%	1	8%
don't know	2	4%	1	4%	1	8%

n=52

Table 4.4 reports on the difficulty in recruiting skilled employees to SETP. It suggests that:

- most companies experience some degree of difficulty in recruiting

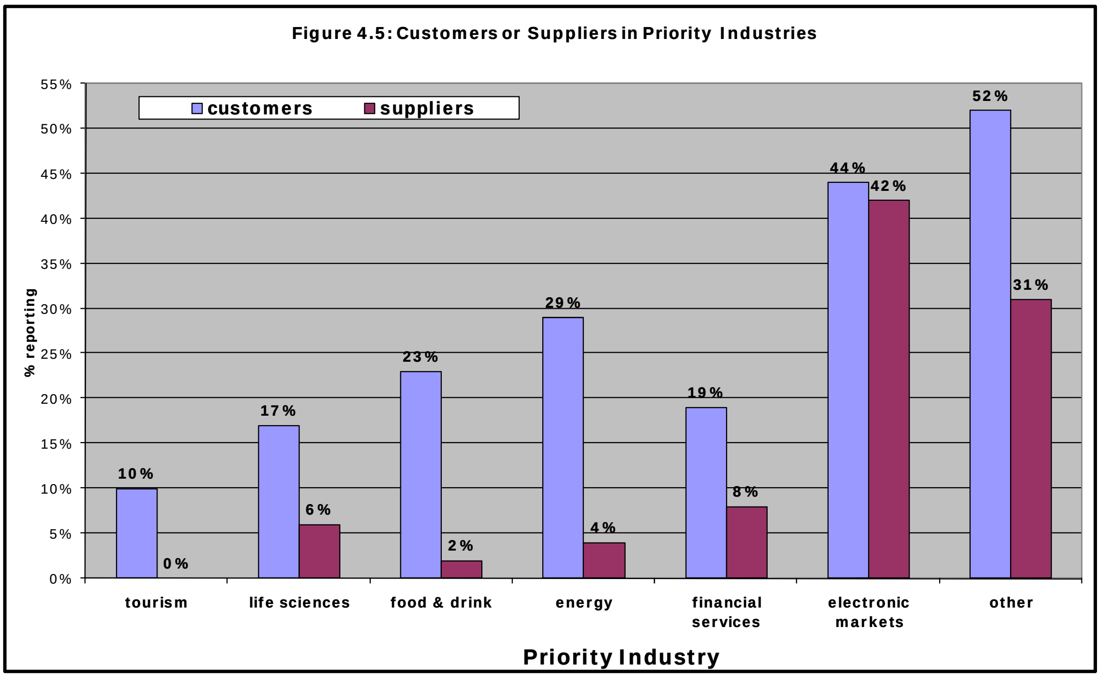
- for almost a quarter this is quite or very difficulty

- 10% of respondents had not attempted to recruit or had reduced staff numbers while on SETP

The figure suggests recruitment is considered more difficult by innovating and manufacturing companies but the difference in perception does not appear significant (50% of the sample gave this a difficulty rating of 1 – 3. Among innovators this was 56% and among manufactures 52%).

The latest survey by Futureskills Scotland, Skills in Scotland 2006, found that, in terms of recruitment, employers consider around half of all vacancies hard-to-fill. Where a vacancy is hard-to-fill, this can be because there are few applicants, or because of the employer's perception of applicants' personality and motivation or because the applicants lack the necessary skills, qualifications or experience. Only the final reason is a skills shortage.

Relationship to Priority Industries



Note: Multiple responses allowed.

Figure 4.5 reports on the main customers and suppliers of sample companies. It shows that:

- just over half customers are not in national priority industries
- over 40% of respondents report customers and/or suppliers within a broadly defined electronics sector

– customers in other sectors include

  - public sector
  - chemicals
  - engineering

– suppliers in other sectors include

  - chemicals
  - engineering.

Whilst chemicals, engineering and the public sector are not defined as national priority industries, all contribute substantially to the Scottish economy. In particular, Lanarkshire has a strong tradition in engineering and it is not surprising to find a significant level of engagement in the sector by SETP companies. Moreover, it should also be noted that chemicals is deemed a regional industry with engineering seen as underpinning some of the priority industries.

Distribution of Sales

Table 4.5 describes the distribution of sales reported by each company.

Table 4.5: % Sales By Area (Number Reporting)

	% Sales reported in Area				
	0%	1-25%	26-50%	51-75%	76-100%
Lanarkshire	28	12	5	5	2
Other West Central Scotland	21	20	9	2	0
Other Scotland	25	11	10	4	2
Other UK	26	13	7	2	4
Other EU	36	8	6	0	2
Other	41	6	2	1	2

n=52

The key points from this Table are that:

– 28 (54% of) companies report no sales in Lanarkshire;

– 7 (14%) report more than half their sales within Lanarkshire;

– a fifth report more than half their sales outside Scotland; and

– 1 in 10 report more than half their sales outside the UK.

In fact, this 10% level of non-UK sales is fairly low for companies located on a science/technology park. In theory, park companies are likely to be engaged in developing innovative products for growing sectors. Such sectors are mainly global in nature so a high level of export sales would be anticipated. This low export %-age may be a function of the atypical make-up of tenants on SETP.

Distribution of Suppliers

Table 4.6 describes the distribution of suppliers reported by each company.

Table 4.6: Distribution Of Suppliers By Area (Number Reporting)

	% of Suppliers Reported in Area				
	0%	1-25%	26-50%	51-75%	76-100%
Lanarkshire	38	8	4	0	2
Other West Central Scotland	42	6	2	1	1
Other Scotland	41	6	3	0	2
Other UK	23	4	8	4	12
Other EU	39	6	2	1	3
Other	47	2	0	1	1

n=52

The Table suggests a low level of supplier linkages within Lanarkshire as:

- almost three-quarters of respondents report no suppliers within Lanarkshire;
- only 2 (4%) report more than half their suppliers within Lanarkshire;
- 22 (42%) report more than half their suppliers outside Scotland; and
- 6 (12%) report more than half their suppliers outside the UK.

This suggests a low local multiplier effect.

Distribution of Competitors

Table 4.7 describes the distribution of competitors reported by each company.

Table 4.7: Distribution Of Competitors By Area (Number Reporting)

	% of Competitors Reported By Area				
	0%	1-25%	26-50%	51-75%	76-100%
Lanarkshire	36	9	2	2	3
Other West Central Scotland	34	7	6	4	1
Other Scotland	35	10	6	0	1
Other UK	28	4	5	3	12
Other EU	43	3	5	0	1
Other	41	2	5	1	2

n=52

This suggests a low level of displacement in Lanarkshire and Scotland as:

– two-thirds of respondents report no competitors within Scotland; and

– 37% report more than half their competition outwith Scotland; and

– 8% report more than half their competition outside the UK.

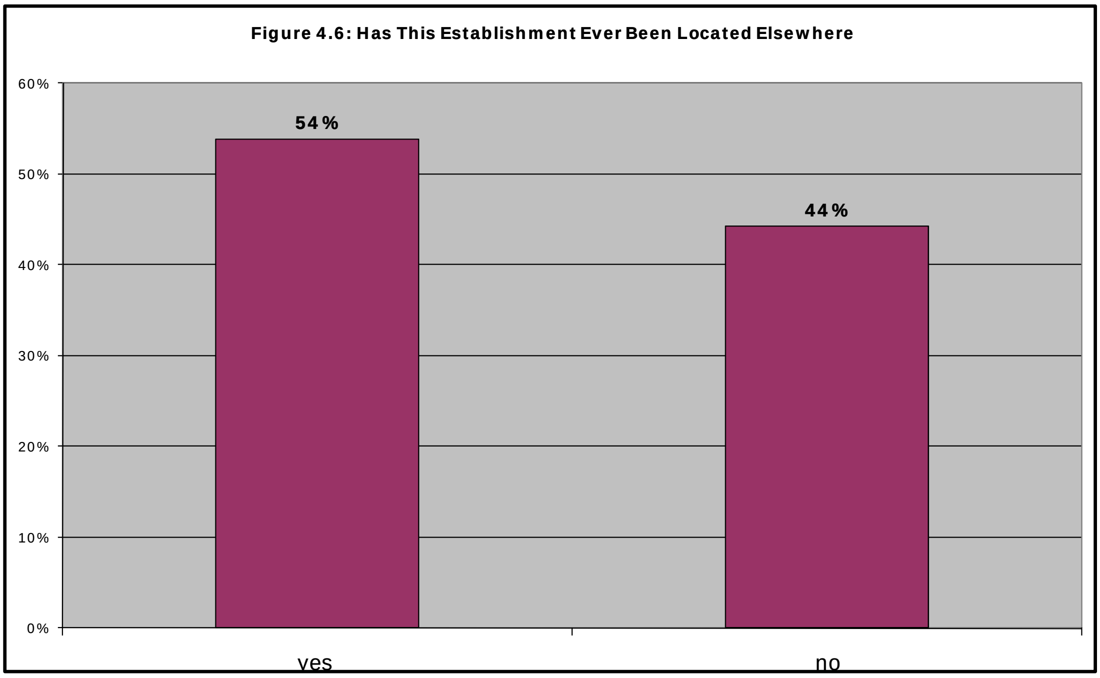
As with customers, the level of non-UK competition is lower than might be expected for a typical science/technology park housing companies who are active in global industries. SETP accommodates relatively few innovating companies developing products for global markets so the relative lack of overseas competition is to be expected

4.3.3 Rationale for Locating on SETP

In this Section we examine the reasons why sample companies came to be on SETP.

SETP Premises and Location

Figure 4.6 reports on whether or not the establishments interviewed had ever been located outside SETP.

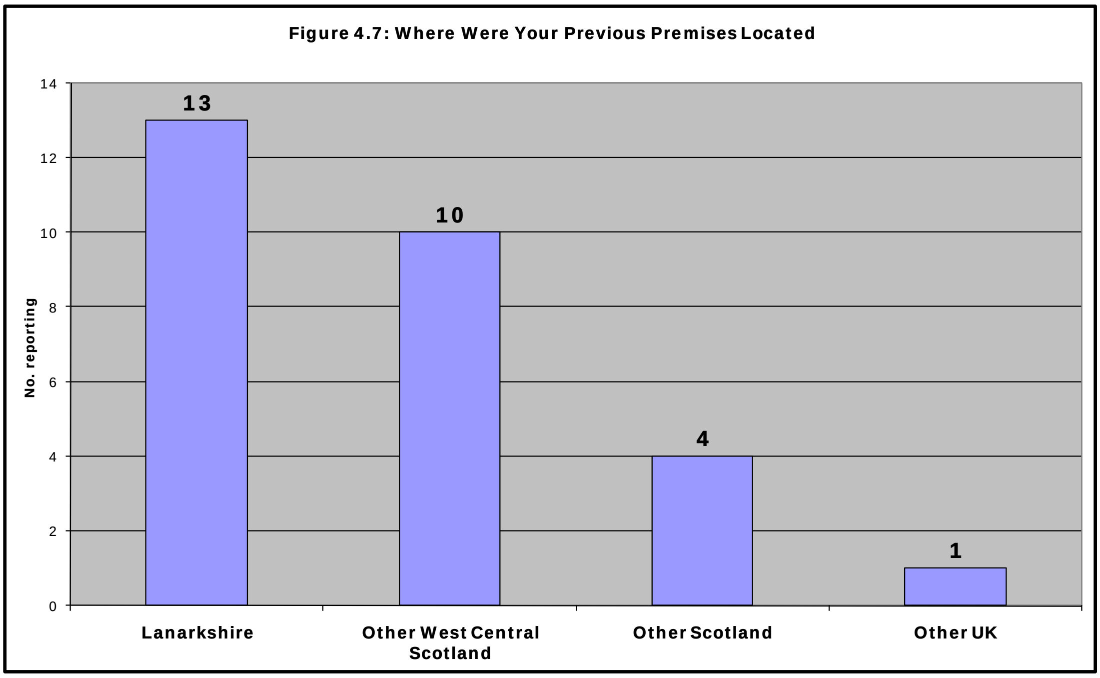


n=52

Just over half the companies had relocated from elsewhere. Furthermore:

- one company pre-dates the existence of SETP
- the remaining companies can be considered new establishments
- 23 companies first located on SETP before 2001
- 10 before 1996
- 7 had also occupied other premises on the Park before moving into their current offices
- 47 (90%) of the sample lease their premises. The remainder are owner occupiers

Innovating companies were less likely to have relocated to SETP from elsewhere. Of the 11 that did so only one moved to the Park before 2000 and seven had taken premises within the last three years.



n=28

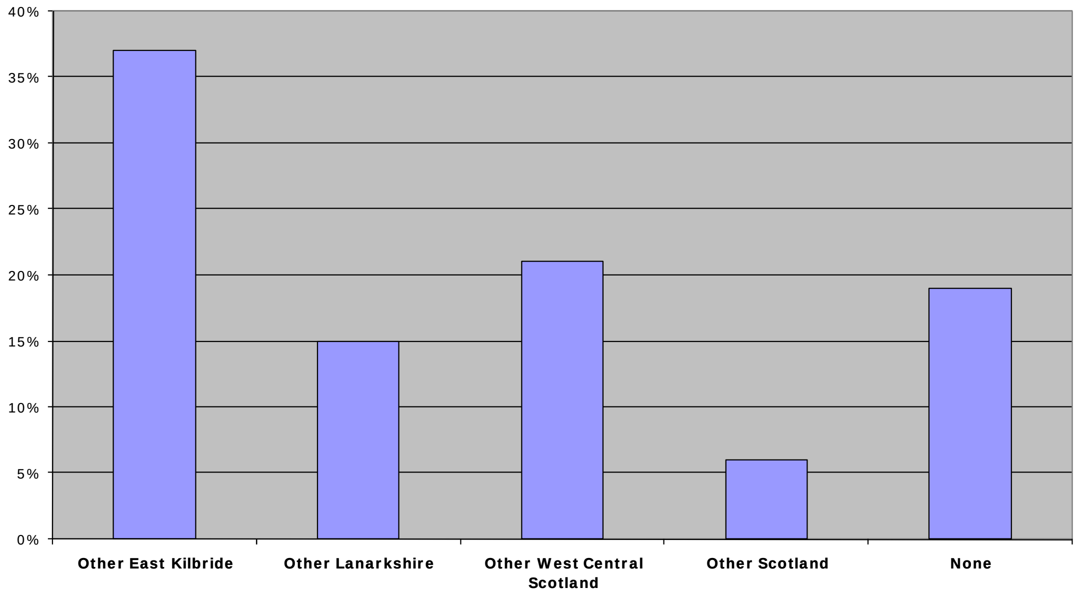
Of those that had relocated to SETP:

- no establishment had relocated to SETP from outside the UK
- most had relocated from elsewhere in Lanarkshire or the west Scotland. 12 companies had previous premises elsewhere in East Kilbride itself.
- almost all the displacement effect occurs at Lanarkshire or Scottish level.

Five of the 11 innovating companies that relocated to SETP did so from other parts of Lanarkshire. Only one relocated wholly from outside Scotland (one other company consolidated operations from Glasgow and England in their new premises).

All sample companies were then asked what other locations they had considered before locating on SETP. Their responses are shown in Figure **4.8**.

Figure 4.8: What Other Locations Did You Consider



n=52

Not all respondents were able to answer this question, but among those that could:

- the most popular alternate location considered was elsewhere in East Kilbride;
- nearby Hamilton was also mentioned as a possible Lanarkshire location;
- West Central Scotland locations were primarily Greater Glasgow, including Hillington and City Centre but also Newton Mearns;
- two companies considered Livingston; and
- a surprising 10 companies did not look elsewhere. Most were either already on site in some capacity or found SETP met all their needs on first inspection.

These findings are in-line with findings in the origins of tenants on science parks across the UK. On average, around 50% of tenants (including university spin-outs) originate within 5 miles of the park and 70-80% come from within a 30-mile radius (UKSPA statistics). So, although parks tend to attract innovative companies in growing global industries there is still a strong local bias in locational decisions.

The innovation companies present a slightly different profile. Of the 22 able to comment:

- 6 considered other Lanarkshire locations;
- 6 looked at options in other parts of West Central Scotland (Glasgow);
- 5 considered other East Kilbride;
- 4 considered elsewhere in Scotland (mainly Livingston); and
- 5 did not look elsewhere. Most were either already on site in some capacity or found SETP met all their needs on first inspection.

Table 4.8, over, examines the importance of various factors that potentially influenced the decision to first locate on SETP.

These rankings are not particularly surprising:

- the single most important (rated 1) locational factors are: right size premises; room for expansion; and suitable rent;
- right sized premises, attractive appearance and suitable rents were the factors most often considered important or very important (rated 1-3) ;
- proximity to HEI research or similar businesses were the single least important factors; and
- proximity to customer or suppliers was not a major factor, nor was the cost or availability of local staff.

Innovating companies reported the same single most important factors in their decision on where to locate, and in very similar proportions. Labour costs, proximity to customers/suppliers and HEI were the single least important factors.

Although a small absolute number of respondents felt proximity to HEI, similar businesses or business advice / support were important, most of those companies that did so did engaged in innovation activity.

There was some difference between innovation and non-innovation companies in the factors considered “important” or “very important” in this decision making. Innovation companies reported the *right size and appearance* of premises as equally important in this regards (83%) followed by suitable rents (72%). Innovation companies were also more likely to consider the availability of grant support and a reputable business address as more important than the sample overall.

Findings for SETP are generally similar to those for other UK science parks. Property-based factors are perceived as being most important in making the decision to locate to a park whilst provision of specialist services is not rated highly. Contrary to the expectations of many science park founders, easy linkage with local HEIs and interaction with fellow tenants are not perceived as being particularly important. So, although SETP tenants have uncommonly few links with HEIs, compared to tenants on other park, this may not be a particularly negative factor – at least as perceived by tenants themselves.

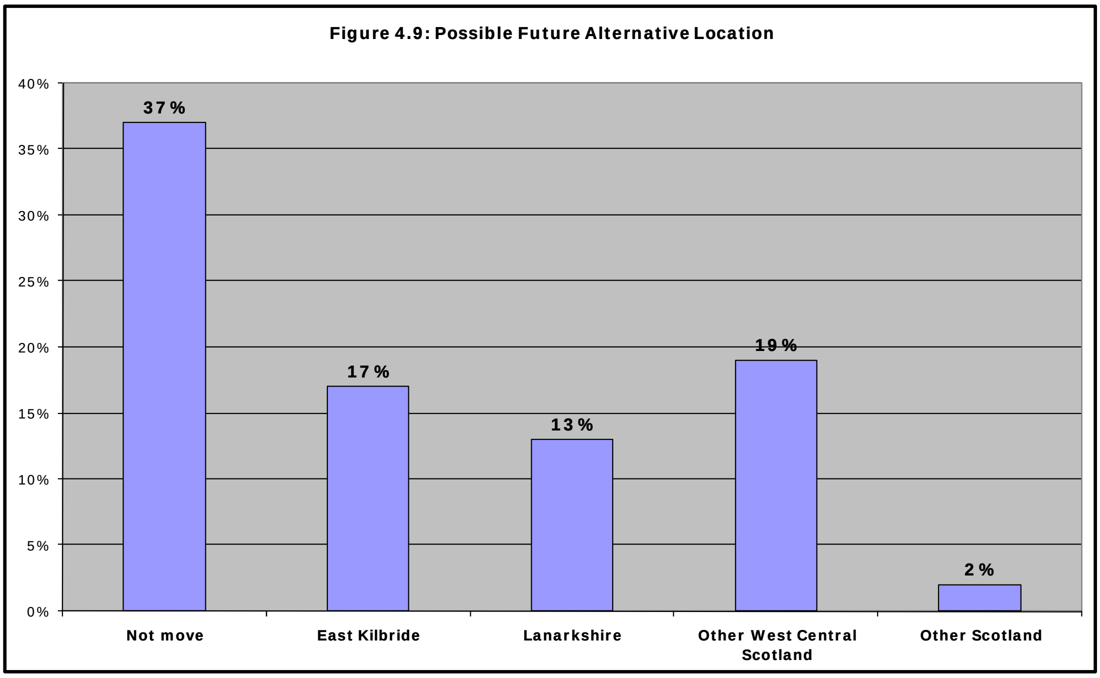
Table 4. 8: How Important Were The Following Factors In Your Decision To Locate On SETP

	1 - very important	2	3	4	5 – neither nor	6	7	8	9 - very unimportant	Not applicable	don't know	No answer
Right size premises	17	9	18	0	4	0	0	1	0	1	2	
Room for expansion	12	6	13	3	5	0	7	1	1	1	2	1
Suitable price/rents	16	8	15	1	6	0	0	0	1	2	3	
Cost of local labour	2	0	2	2	11	1	11	2	12	7	2	
Grants / other financial support	2	2	6	2	5	0	8	3	11	10	3	
Availability of suitable staff nearby	5	2	8	2	11	1	4	1	10		6	2
Good transport links	5	8	23	3	3	0	3	0	4	1	2	
Close to customers / suppliers	8	1	10	1	8	1	6	2	9	4	2	
Close to university / research institute	2	0	2	0	10	1	9	3	19	4	2	
Close to similar businesses	1	1	5	2	14	0	7	1	14	5	2	
Convenient for owner / manager	6	8	13	1	14	0	3	1	3	1	2	
Attractive appearance	3	12	23	2	4	1	1	1	0	1	2	
Reputable business address	6	10	13	5	12	1	0	1	0	2	2	
Good business facilities/services	7	9	14	7	10	1	0	0	1	1	2	
Availability of business advice / support	3	2	8	4	11	1	4	3	3	9	2	1
Other	2	5	5	1	0	0	0	0	0	39		

n=52

Table 4.8(b): How Important Were The Following Factors In Your Decision To Locate On SETP – Innovators											
	1- very important	2	3	4	5 – neither nor	6	7	8	9 - very unimportant	Not applicable	don't know	No answer
Right size premises	9	4	11	0	2	0	0	1	0	1	1	
Room for expansion	6	4	9	1	1	0	3	1	1	1	1	1
Suitable price/rents	10	3	8	0	4	0	0	0	1	2	1	
Cost of local labour	1	0	1	2	6	0	10	0	7	1	1	
Grants / other financial support	2	2	6	1	2	0	6	1	3	4	2	
Availability of suitable staff nearby	2	2	5	1	8	1	2	0	6	1	1	
Good transport links	3	3	12	2	1	0	3	0	3	1	1	
Close to customers / suppliers	4	0	6	1	4	1	5	0	5	2	1	
Close to university / research institute	2	0	2	0	5	1	7	0	10	1	1	
Close to similar businesses	1	1	4	1	8	0	7	0	5	1	1	
Convenient for owner / manager	4	4	6	1	7	0	3	1	1	1	1	
Attractive appearance	1	7	16	0	1	1	1	0	0	1	1	
Reputable business address	2	9	9	0	6	1	0	0	0	1	1	
Good business facilities/services	3	6	7	4	6	1	0	0	0	1	1	
Availability of business advice / support	2	1	6	2	7	1	2	1	1	3	1	2
Other	2	1	1	1	0	0	0	0	0	23		1

n=29



n=52

Figure 4.9 reports on the future locations respondents would consider relocating to in the future.

- most respondents do not want to move from SETP; and
- none said they would consider leaving Scotland and most of those offering an alternative location would prefer to stay within Lanarkshire and close to East Kilbride.

Innovation companies were even more reluctant to move – half of them reporting that they had no desire or expectation to do so. Those that did give the matter some thought were more likely to look for other premises in East Kilbride or other parts of Lanarkshire (24% and 21% respectively) than the sample as a whole.

Table 4.9 shows how our sample of resident companies sees SETP as a place from which to conduct their business. They clearly take a positive view on this as more than 80% describe the Park as a good or very good location from which to do business. There is no real difference in the opinions of innovation companies from the sample consensus.

Table 4.9: Rating As A Place To Do Business				
	Number		%	
	Sample	Innovators	Sample	Innovators
1- very poor	1	1	2%	3%
2	0	0	0%	0%
3	1	1	2%	3%
4	0	0	0%	0%
5 – neither nor	2	1	4%	3%
6	4	2	8%	7%
7	28	17	54%	59%
8	8	3	15%	10%
9 - very good	7	4	13%	14%
na	1	0	2%	0%

n=52(sample); n=29(innovators)

Research for UKSPA concluded that companies on science parks grew faster than comparable companies at other locations. This appeared to be due mainly to parks being presentable, well located places to do business rather than to any science park-specific services or linkages. The views expressed by survey participants on SETP as a location are consistent with this conclusion.

4.3.4 Management Processes and Performance

In this section we look how survey respondents view the Park's and buildings' managing agents.

Science Park Services

Tables 4.10 & 4.11, over, report responses to questions about the management of SETP and the services provided the managing and buildings' agents. There are majorities expressing satisfaction with the following services:

- landscape maintenance;
- site security;
- conference meeting room & catering;
- flexible accommodation types; and
- flexible leases.

The areas reporting most dissatisfaction are: cleaning & building maintenance; and telephone and IT infrastructure.

Table 4.10: Rating Of Professional And Support Services (#)										
	1 - very poor	2	3	4	5 – neither nor	6	7	8	9 - very good	Not Applicable
Secretarial & office	3	0	1	1	3	0	6	1	4	33
cleaning and building maintenance	3	1	4	5	11	2	8	4	4	10
landscape maintenance	1	2	1	1	6	6	21	8	6	0
site security monitoring	2	1	5	1	6	4	17	9	7	0
telephone and IT	3	4	3	0	6	4	10	0	4	18
Conference, meeting room & catering	0	1	2	2	3	7	23	3	4	7
flexible accommodation types and sizes	1	0	0	1	7	6	16	7	3	10
flexible leases	2	2	1	1	7	5	14	6	3	9
networking opportunities	0	0	5	0	15	3	11	5	0	11
other professional services	2						1	1		43
Table 4.10a: Rating Of Professional And Support Services (%)										
Secretarial & office	6%	0%	2%	2%	6%	0%	12%	2%	8%	63%
cleaning and building maintenance	6%	2%	8%	10%	21%	4%	15%	8%	8%	19%
landscape maintenance	2%	4%	2%	2%	12%	12%	40%	15%	12%	0%
site security monitoring	4%	2%	10%	2%	12%	8%	33%	17%	13%	0%
telephone and IT	6%	8%	6%	0%	12%	8%	19%	0%	8%	35%
Conference, meeting room & catering	0%	2%	4%	4%	6%	13%	44%	6%	8%	13%
flexible accommodation types and sizes	2%	0%	0%	2%	13%	12%	31%	13%	6%	19%
flexible leases	4%	4%	2%	2%	13%	10%	27%	12%	6%	17%
networking opportunities	0%	0%	10%	0%	29%	6%	21%	10%	0%	21%
other professional services	4%	0%	0%	0%	0%	0%	2%	2%	0%	83%

n=52

Table 4.11: To What Extent Do You Agree With The Following Statements (#)

The park management …	1 - agree strongly	2	3	4	5 – neither nor	6	7	8	9 - disagree strongly	Not Applicable	don't know
has a good understanding of my business	3	0	3	4	11	4	13	4	2	4	4
is easy to get in touch with	7	7	17	3	7	4	5	1	1	0	0
is efficient at resolving problems	3	6	11	2	7	9	5	3	3	2	1
is proactive in meeting my support requirements	3	0	7	2	16	3	7	5	3	5	1
provided links to other companies on the Park	2	3	7	4	14	0	10	2	1	7	2
Provided flexible solutions to my property requirements	4	4	17	4	8	2	0	1	2	10	0

Table 4.11a: To What Extent Do You Agree With The Following Statements (%)

The park management …	1 - agree strongly	2	3	4	5 – neither nor	6	7	8	9 - disagree strongly	Not Applicable	don't know
has a good understanding of my business	6%	0%	6%	8%	21%	8%	25%	8%	4%	8%	8%
is easy to get in touch with	13%	13%	33%	6%	13%	8%	10%	2%	2%	0%	0%
is efficient at resolving problems	6%	12%	21%	4%	13%	17%	10%	6%	6%	4%	2%
is proactive in meeting my support requirements	6%	0%	13%	4%	31%	6%	13%	10%	6%	10%	2%
provided links to other companies on the Park	4%	6%	13%	8%	27%	0%	19%	4%	2%	13%	4%
Provided flexible solutions to my property requirements	8%	8%	33%	8%	15%	4%	0%	2%	4%	19%	0%

n=52

There are significant numbers reporting "not applicable", particularly for secretarial services and the telephone / IT infrastructure. These companies do not know of or choose not to use these services.

Opinion is more evenly spread in this question about the managing agents[14] than in the previous question about the services they provide:

- a majority feel they are easy to get in touch with and provide flexible solutions to property problems;
- almost half feel Colliers do not understand their business well; and
- more than a third do **not** think the agents are efficient at resolving problems or are proactive in meeting support requirements – despite being easy to get in touch with.

There is a degree of ambivalence over meeting support requirements and providing links to other companies on the park. This will in part reflect satisfaction with the status quo on the part of some companies but also reflects a level of ignorance about what else is available on-site.

Most of the companies that contributed to the study were tenants in multi-occupancy buildings. However eight were sole or owner-occupiers. Most of these companies answered "not applicable" when asked to rate the professional and support services. The exception to this concerned landscaping and security. Three of the six "poor" or "very poor" ratings of these aspects of service provision were from sole occupiers.

In rating the managing agents, sole occupiers are less likely to feel the agents have a good understanding of their business but do agree they are easy to get in touch with. They are more likely to feel the agents are not proactive in meeting support requirements or efficient in resolving problems.

In rating the provision of support services the 29 innovative companies differed little from the sample average. Majorities expressed satisfaction with the same services and dissatisfaction was greatest with cleaning and IT infrastructure. Secretarial and IT / Telephony also had a large number on "not applicable" responses, probably for the same reasons.

[14] For most of the tenants the managing agent will be Colliers, but for a small number the managing agent will be James Barr.

In rating the managing agents responses are also very similar. Most do not think the agents have a good understanding of their business[15], but agree that they are easy to get in touch with and provide flexible property solutions. Innovative companies are more likely to regard the agents as inefficient in resolving problems and not proactive in addressing support requirements.

On many science/technology parks the delivery of property-related services and of other, mainly specialist business support-related, services is handled by different organisations[16]. Business services are often organised though a "sponsor" organisation such as a university, development agency or parent company. These organisations may be seen as fundamentally tenant-friendly whereas property agents represent a more hard-nosed commercial approach. Most science/technology parks have a designated Manager or Director to whom tenants feel they can turn for support. At SETP there is no business-support organisation on-site and no park manager to act as "honest broker" in dealing with tenant problems. Although the managing agents provide some services (e.g. tenant events) which would not usually be arranged by the property managers they are still seen as being more interested in collecting the rent than in helping the development of businesses on the park.

4.3.5 Project Inputs

In this Section we look at responses to questions on the business support received by sample companies from the SE Network.

Scottish Enterprise Interventions

Respondents were asked if their establishment had received any financial or other support from Scottish Enterprise, Business Gateway or Scottish Development International:

- 29 reported that they had received support; of which
  - 22 were innovation companies
  - 7 were manufacturing companies
  - 15 were business services companies

Respondents were then asked how satisfied they were with the contact they had with SE representatives:

---

[15] In fairness, understanding a tenants business is not a role that is expected of Colliers.

[16] This is the case at SETP – SEL contract out the property management and the Business Development support is provided by SEL or Business Gateway

- 23 were quite or very satisfied;
- 1 was satisfied;
- 2 were quite or very unsatisfied (both service and innovation businesses;
- 2 did not know; and
- 1 did not answer.

Almost 80% of those reporting dealings with the SE Network were happy with the nature and extent of this relationship.

The nature and extent of support delivered was many and varied. Support was recorded from 1998/99 to the present day and delivered via a variety of business development, training and marketing programmes. The scale of support also varied greatly from £250 to over £300,000 through training programmes (although some of the larger sums were most likely distributed over more than one location). Business Gateway support also varied from hundreds to hundreds of thousands of pounds in value.

4.3.6 Activities and Outputs

In this Section we report on the Innovation Activity on SETP and how their location on SETP and its associated support has affected the performance of sample companies.

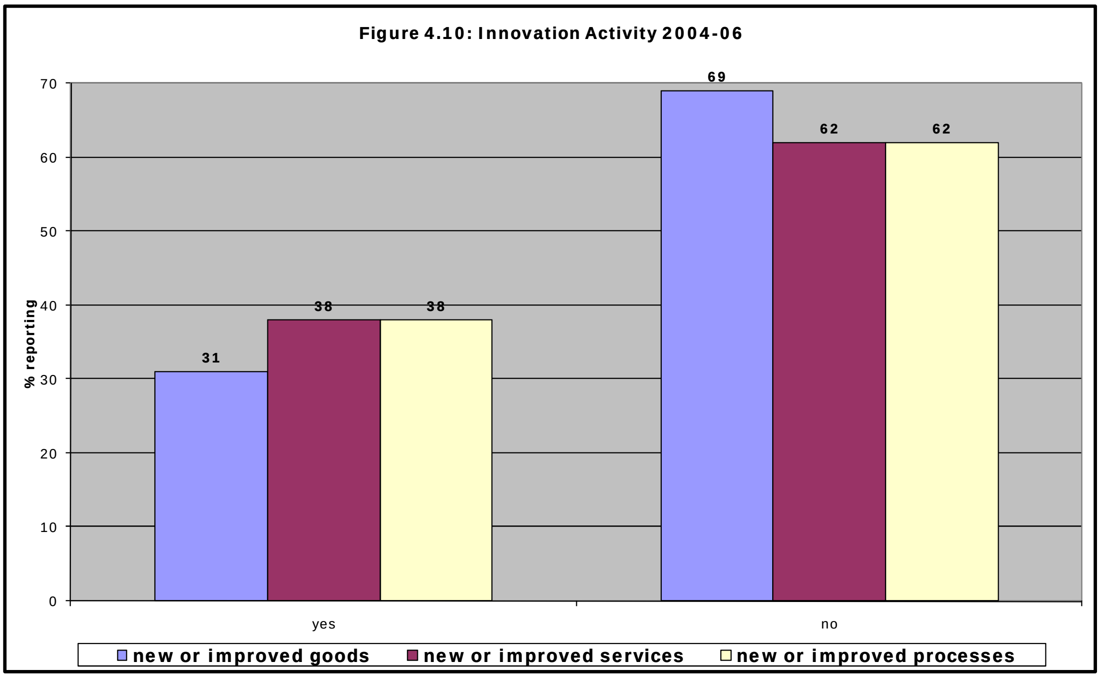
Innovation and Collaboration

The next Section of the questionnaire explored innovation activity and collaboration by companies on SETP. To ensure consistency of interpretation, interviewees were first asked to read a definition of innovation and to form their responses in that context. For the purposes of this study

> *Innovation is defined as major changes aimed at enhancing your competitive position, your performance, your know-how or your capabilities for future enhancements.*
>
> *These can be new or significantly improved goods, services or processes for making or providing them.*

It includes spending on innovation activities, for example on machinery and equipment, R&D, training, goods and service design or marketing[17].

Figure 4.10 reports those companies that did and did not innovate on SETP between 2004-06.



n=52

Of the sample as a whole:

- approximately one third of respondents reported one or more innovation activity indicators
- 29 individual companies engaged in some form of innovation activity over the period[18]
- this includes two companies who did not introduce such activity but were engaged in activity as part of a process towards this or as part of wider corporate activity.

The Third Community Innovation Survey: An Analysis for Scotland found that for the period 1998 -2000:

- 19% of companies introduced new or improved goods / services; and

[17] This definition is taken from the Community Innovation Survey (CIS).
[18] These companies are the "innovators" sub-group referred to elsewhere in this Chapter.

- 18% of companies introduced new or improved processes.

Initial findings from the 2005 UK Innovation Survey suggest that in the period 2002-04, of companies employing 10 or more staff:

- 25% introduced new products or services; and

- 16% introduced new process

Although the criteria and time frames of these two studies are not wholly compatible with this evaluation, nonetheless SETP companies do compare favourably with these national findings.

The breakdown of innovation by SIC code for SETP companies was:

- 8 manufacturing;

- 1 construction;

- 1 transport & communications;

- 18 business activities of which
  - 8 computer related
  - 3 R&D
  - 7 other business activities; and

- 1 other services.

Manufacturing companies therefore account for 28% of recent innovation activity on SETP.

Nineteen companies reporting innovation activity were small companies (up to 10 employees). Of the ten other companies, two employed more than 150 staff and five fewer than 20.

Of the small companies reporting innovation activity there were:

- 5 manufacturing; and

- 7 computer / IT related companies.

Small business therefore accounts for two-thirds of innovation activity on SETP.

Twenty-three (80%) of companies reporting innovation activity were less than 10 years old. All six of the start-up companies, within their first three years of existence, reported innovation activity.

The proportion of SETP companies engaged in innovation activities is unusually low for an UKSPA member park. According to UKSPA tenancy criteria, virtually all companies should be involved in innovation in some way. Even companies providing business services to tenants would be expected to be striving to develop innovations. In fact only 7 of 19 Other Business Services companies reported innovation activity. It is, however, encouraging that a high proportion of young companies at SETP are engaged in innovation.

Table 4.12, over, explores the type or nature of innovation activities on which the 29 innovative companies were engaged.

Table 4.12: Type Of Innovation Activity In Period 2004-06[19]			
	Number	% Innovators	% Sample
Intramural	20	69%	38%
Extramural	7	24%	13%
Acquisition of machinery etc	23	79%	44%
Acquisition of external knowledge	10	34%	19%
Training	23	79%	44%
Design	15	52%	29%
Market introductions	15	52%	29%

n=29

- the most common types of innovation activity is the acquisition of machinery, equipment or software and training of staff

- “in-house” activity is much more common than external

[19] Types of activity are defined as:

Intramural (in-house) R&D	Creative work undertaken within your enterprise on an occasional or regular basis to increase the stock of knowledge and its use to devise new and improved goods, services and processes
Acquisition of R&D (extramural R&D)	Same activities as above, but purchased by your enterprise and performed by other companies (including other enterprises within your group) or by public or private research organisations
Acquisition of machinery, equipment and software	Acquisition of advanced machinery, equipment and computer hardware or software to produce new of significantly improved goods, services, production processes, or delivery methods
Acquisition of external knowledge	Purchase or licensing of patents and non-patented inventions, know-how, and other types of knowledge from other enterprises or organisations
Training	Internal or external training for your personnel specifically for the development and/or introduction of innovations
All forms of design	Expenditure on design functions for the development or implementation of new or improved goods, services and processes. Expenditure on design in the R&D phase of product development should be excluded
Market introduction of innovations	Activities for the market preparation and introduction of new or significantly improved goods and services, including market research and launch advertising

– half of innovation activity reported involved some design or marketing element

Table 4.13 reports the type of activity by type of company.

Table 4.13: Type Of Innovation Activity By Type Of Company

	All	Manuf.	IT	Start-up	Small
Intramural	20	6	4	4	13
Extramural	7	3	2	2	4
Acquisition of machinery etc	23	7	8	5	15
Acquisition of external knowledge	10	4	1	3	5
Training	23	6	7	5	14
Design	15	7	2	4	10
Market introductions	15	5	4	5	9
Total innovation companies	29	8	8	6	19

n=29

Table 4.13 shows that manufacturing companies were most likely to innovate through:

– acquisition of advanced machinery etc.; and

– design functions.

IT /computer related companies were most likely to innovate through:

– acquisitions of advanced machinery etc.; and

– training.

Start-ups were most likely to innovate through:

– acquisitions of advanced machinery etc.;

– training; and

– market introductions.

Small companies were most likely to innovate through:

– acquisitions of advanced machinery etc.; and

– training.

The pattern of innovation activity in these sub-groups is similar to that displayed by the sample as a whole. Acquisitions of various kinds of new equipment or products is common to all and while some other types of activity are prominent in different groupings, their presence is not unexpected or counter-intuitive.

Table 4.14: Spend By Type Of Innovation Activity In 2006			
	£	Number	Average £
Intramural	3,500,000	18	194,444
Extramural	60,000	5	12,000
Acquisition of machinery etc	1,057,000	15	70,466
Acquisition of external knowledge	90,500	8	15,083
Training	260,500	15	17,366
Design	76,000	9	8,444
Market introductions	344,000	12	28,666

n=29

Table 4.14 reports the spend against each type of innovation activity. Most, but not all, companies were able to quantify their innovation expenditure.

For our survey sample, the Table shows that:

- £5,388,000 was spent on innovation activity in 2006
- intramural expenditure makes up 65% of this total
- acquisition of machinery, equipment and software accounts for 20%
- training, although the most reported type of activity, accounts for 5% of reported expenditure
- it is likely that intramural expenditure incorporates some training, design and marketing elements within it

In the 2005 UK Innovation Survey equipment acquisition expenditure is the largest single type of expenditure (37%) followed by intramural expenditure (26%). The distribution of spend by SETP companies is therefore quite different form this pattern.

Interviewees were then asked about co-operation in their innovation activities. For consistency of interpretation the following definition from the Community Innovation Survey was used.

> *Innovation co-operation is* ***active participation*** *with other enterprises or non-commercial institutions on innovation activities. Both partners do not need to commercially benefit.*

Exclude pure contracting out of work with no active co-operation.

Responses are shown in **Table 4.15**.

Table 4.15: Co-Operation Indicator 2004-06			
	Number	% Innovators	% Sample
Yes	17	57%	33%
No	12	43%	23%

n=29

Most companies did co-operate with partners in their innovation activity. This included:

- 6 of the 8 manufacturing companies;
- 5 of the 8 IT / computer related companies;
- 2 of the 6 start-up companies; and
- 9 of the 19 small companies.

Of those that did report co-operation in these activities, **Table 4.16** reports on the type and location of partner involved.

Table 4.16: Types of Co-operation Partner					
	SETP	Other Scotland	Other UK	Other Europe	All other
Other enterprises in group	2	1	0	1	4
Suppliers	1	3	7	3	5
Clients	1	4	8	7	6
Competitors	1	3	2	1	3
Consultants	1	5	5	4	5
HEI	0	5	3	3	2
Government	1	3	5	1	0

n=17; multiple responses allowed.

The main points drawn from this Table are:

- the most likely co-operation partner is a client or customer (26 instances) followed by consultants (20) and suppliers (19);
- the most likely location for such a partner is the UK outside Scotland (30 instances) followed by somewhere outside Europe (25) and elsewhere in Scotland (24);
- 4 innovation companies reported 7 instances of co-operation with others on SETP, 3 of these were from the same company;

– the government co-operation on site appears to relate to SE assistance with market research and product development.

30 companies commented on the constraints on innovation they had to overcome or that influenced a decision not to innovate. 22 establishments do not innovate and so did not answer this question.

Table 4.17: Barriers To Innovation

	not experienced	low	medium	high
Economic risk	14	2	5	7
Costs too high	9	10	5	6
Cost of finance	10	9	6	5
Availability of finance	8	6	7	8
Lack qualified personnel	15	3	6	5
Lack of info on technology	20	7	1	1
Lack info on markets	12	10	5	2
Dominated by established enterprises	14	4	8	3
Uncertain demand	12	3	8	6
Scottish/UK regulations	17	8	2	2
EU regulations	21	6	0	2

n=30

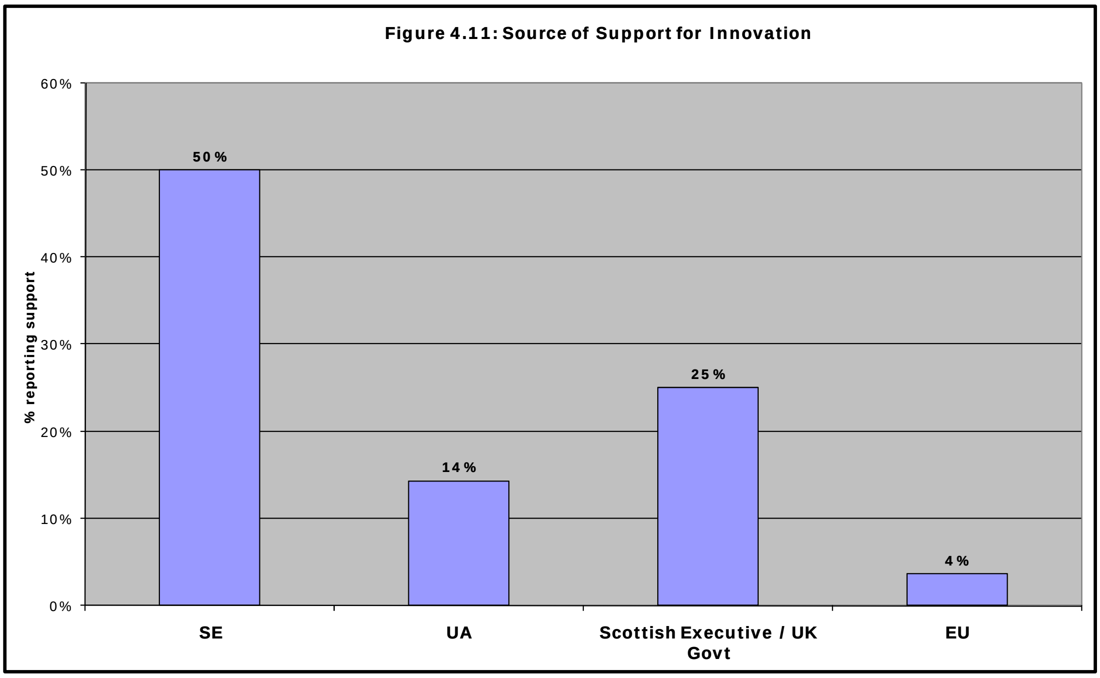
Unsurprisingly financial factors were the most serious constraints – availability of finance, economic risk and high costs. Uncertain demand and lack of qualified personal were also important.

The least significant factors were the need to meet UK/EU regulations and information on technology.

For about half the respondents a lack of personnel and the perceived economic risk were not problems they experienced.

Start-up companies were most concerned about the cost of finance but some also considered the direct innovation costs a serious barrier. Other medium to high risks were the dominant position of established enterprises and uncertain demand for new goods and services.

Figure 4.11 reports on the support received for their innovation activities by the companies concerned. It shows companies were most likely to have received support from SE and least likely to have received support from the EU.



n=29

Influence of Location on Innovation

The next Section asked about the overall effect on reported innovation activities of being located on SETP. It sought to capture the benefits of the location, any assistance from the park management, and any support from public bodies.

Table 4.18 reports whether their main innovation activity would have taken place if the company had not been able to secure premises on SETP.

Table 4.18: Would You Have Started Your Main Innovation Activities At All		
	Number	%
Yes	25	86%
No	3	10%
Don't know	1	4%

n=29

Only 3 establishments reported their innovation activity as wholly dependent on their location on SETP and therefore wholly additional.

Table 4.19 asks about the impact on innovation expenditure if the company had not been able to secure premises on site.

Table 4.19: What Would Have Happened To Your Average Innovation Expenditure		
	Number	%
1- very negatively affected	1	4%
2	0	0
3	3	12%
4	1	4%
5 – the same	20	80%

n=25

Of those who would have gone ahead with their innovation activity if they had not located on SETP, the great majority, 80%, said their expenditure would have been unaffected.

– Only 1 respondent believed such expenditure would have been severely curtailed

Estimates of reduced expenditure ranged from -20% to -80%

Business performance

Section 8 of the questionnaire looked at the change in business performance of companies since they located on SETP.

Table 4.20 aggregates the change in key financial indicators between moving on site and the latest data available at time of survey.

Table 4.20: Financial Information (£)[20]						
	On Entry	#	Average	Now	#	Average
Turnover	78,960,000	36	2,193,333	141,605,491	38	3,726,460
Profits	1,730,700	24	72,112	4,856,989	28	173,463
Staff Costs	3,995,000	28	142,678	7,495,000	25	299,800

The data show that:

– aggregate turnover, profit and staff costs have risen over the period from entry onto SETP

– turnover data is heavily influenced by one company that grew from £30m to £90m

[20] Not all companies answered this question. Some refused as a matter of policy. Other could not answer because they did not know or because it is not possible to attribute a figure to their establishment as distinct from overall corporate performance. This is almost always a problem area in business surveys such as this.

– discounting this company gives an average t/o on entry of £541,714 rising to £1,470,378

Tables 4.21& 4.22 report respondents' perceptions of change in their turnover and market conditions in the last 3-years (2004-06).

Table 4.21: How Has Turnover At This Establishment Changed Over The Last 3 Years											
1 - Decreased a lot	2	3	4	5	6	7	8	9 - increased a lot	Not applicable	don't know	no response
0	0	3	2	6	2	11	6	12	4	5	1
Table 4.22: How have market conditions for you product/service performed over the last 3 years											
1 – Growing strongly	2	3	4	5	6	7	8	9 – declining strongly	Not applicable	don't know	no response
4	8	17	6	4	2	1	0	0	3	3	4

Turnover has grown strongly as supported by the financial data reported above. Markets are also seen as growing strongly and this is consistent with the perception of turnover and the financial data presented above.

Influence of Location on Employment & Turnover

Tables 4.23 & 4.24 report responses to questions on employment and turnover additionality of being located on the Technology Park.

Table 4.23: Would You Have Started Up Or Continued In Business		
Yes	50	96%
No	1	2%
Don't know	1	2%

Table 4.23 gives a very clear message: only one company would not be in existence without SETP.

Table 4.24: What Would Have Happened To Average Annual Turnover & Employment

Impact	Turnover		Employment	
	Number	%	Number	%
1 - very negatively affected	1	2%	1	2%
2	0	0%	0	0%
3	10	19%	10	19%
4	2	4%	1	2%
5 – the same	34	65%	36	69%
6	0	0%	0	0%
7	0	0%	0	0%
8	0	0%	1	2%
9 - very positively affected	0	0%	0	0%
Not applicable	3	6%	1	2%
no response	2	4%	2	4%

Table 4.24 suggests that employment and turnover would be very largely unaffected if companies were located elsewhere:

- 13 believe turnover would be negatively affected; and
- none that it would be positively affected.

As already noted, research by UKSPA suggested that on-park companies have, on average, higher growth rates than similar companies located elsewhere. However, it is clear that not all on-park companies perform better than their off-park peers. Data on SETP tenants measure perceptions rather than performance. Therefore, the fact that around 20% of SETP tenants believe their organisation's performance has been improved by its SETP location is not inconsistent with the UKSPA findings.

Influence of Location on Timing and Quality of Business Performance Change

Location on SETP has not had a significant impact on the timing and quality of business performance, as illustrated in **Table 4.25**.

Table 4.25: Has Location On SETP Brought Forward Or Delayed					
		Business start up	Turnover growth	Employment growth	Main innovation projects
Delay by	2yr+	1	0	0	2
	1-2 yr	0	2	1	2
	7-12month	2	3	2	2
	1-6month	1	2	1	4
	no difference	13	31	31	23
Brought forward by	1-6 month	5	4	4	2
	7-12 month	1	1	2	2
	1-2 yr	0	0	0	0
	2yr+	1	0	0	0
	Not applicable	24	6	7	15
	Don't know	1	1	2	1
O	No response	2	1	1	1

Locating on SETP has also had limited impact on the quality of staff, service or innovation activity, but what impact there has been is generally beneficial. Three quarters of respondents felt locating on SETP had no impact on their main product or staff quality. None felt their service had been adversely affected while 13 (one quarter) felt it had been improved to some extent by their presence on the Park. Three companies thought staff quality had suffered to some slight degree, eight reported some form of benefit in this regard but most, 39, reported "no change".

Table 4.26: Has Location On SETP Affected The Quality Of …						
	main products or services		staff quality		main innovation activity	
1 - a lot better	1	2%	1	2%	0	0%
2	4	8%	2	4%	1	2%
3	7	14%	4	8%	6	12%
4	1	2%	1	2%	0	0%
5 – no change	37	73%	39	76%	25	49%
6		0%	1	2%	1	2%
7		0%	2	4%	1	2%
8		0%	0	0%	0	0%
9 - a lot worse		0%	0	0%	1	2%
Not applicable		0%		0%	15	29%
No response	1	2%	1	2%	1	2%

5. Economic Impact Assessment

5.1 Introduction

This Chapter reports the economic impacts associated with businesses locating at SETP and the business development support provided by SEL and other economic development organisations. It is derived from information and data obtained from the company survey.

The survey questionnaire asked a small number of questions aimed at establishing whether, as a result of the company's location on the Park or the assistance it had received from economic development agencies, it had achieved turnover or employment growth:

– what would have happened to your average annual turnover/total employment if you had not been able to secure suitable premises at this location, including any assistance from the Park management and any support from public bodies; and

– as a percentage how much different do you think your average turnover/total employment would have been?

In addition questions a range of information was collected to provide insights into deadweight, displacement, substitution, leakage, multiplier effects, the answers to which were used to calculate the economic impact – or additionality - of SETP. The method adopted is consistent with SE guidance.

5.2 Method

The method adopted in estimating the economic impact – or additionality - of SETP is consistent with SE guidance[21]. The guidance recognises that most SE interventions will have both positive and negative effects. In appraising or evaluating the effects of an intervention it is important that all of these are taken into account in order to assess the additional benefit or additionality of the intervention – in other words, the net changes that are brought about over and above what would take place anyway. The additional benefit of an intervention is the difference between the reference case position (what would happen anyway) and the position if / when the intervention (intervention option) is implemented.

[21] *Economic Impact Assessment Guidance Note: A summary guide to assessing the additional benefit, or additionality, of an economic development project or programme*. SE 2007

An initial assessment of the reference case[22] and interventions option/s leads to the identification of the **gross direct effects**. These are the outputs from the reference case or intervention option. Following identification of the gross direct benefits account is then taken of factors such as:

- displacement:
  - displacement is the proportion of intervention benefits accounted for by reduced benefits elsewhere in the target area. Displacement arises where the intervention takes market share (called product market displacement) or labour, land or capital (referred to as factor market displacement) from other existing local firms or organisations;
- substitution:
  - substitution arises where a firm substitutes one activity for a similar one to take advantage of public sector assistance. It can be thought of as 'within firm' displacement;
- leakage:
  - leakage is the proportion of outputs that benefits those outside the programme or target area; and
- multipliers:
  - economic benefits of an intervention are multiplied because of knock-on effects within the economy.

When these factors have been applied to the gross direct effects we are left with **net additional** economic impact. Appendix 1 and Appendix 2 provide the detail calculations for turnover and employment impacts – for brevity the 39 businesses that reported 100% deadweight have been excluded from the analysis.

5.3 Economic Impact Measures

5.3.1 Introduction

This section details the impacts in terms of:

- gross turnover;
- gross employment;

[22] The reference case is the situation, in terms of benefits, that would occur if the intervention were not implemented.

– deadweight;
– leakage;
– displacement;
– substitution
– multiplier effects;
– net additional turnover;
– net additional jobs; and
– GVA.

5.3.2 Gross Sales & Employment

Turnover

Details of the gross turnover at the time of the survey are reported in **Table 5.1**.

Table 5.1: Turnover

Responses	Total	Average
38	£141,605,491	£3,726,460

There were 14 companies who did not provide information on turnover. In the main they were unable to provide the data as they were either part of a larger group and the data was not available for the SETP site or they simply were not privy to the information. A small number refused to supply the information – when it was pointed out to them that we could access this information from other sources such as Companies House, they invariably replied that the format in which the information was supplied to Companies House was such that we would not be able to identify turnover for the business on SETP.

As a result of non-responses from these 14 companies the standard error to +/- 12.05%. When grossing up, this suggest that the total turnover amongst the Park tenants will lie somewhere between **£210,476,114** and **£268,150,446**.

Employment

Details of the employment levels at the time of the survey are reported in **Table 5.2**.

Table 5.2: Employment		
Responses	Total Employment	Average
52	933	18

As all companies responded to this question the standard error remains at to +/-8.67%. When grossing up, this suggest that the total employment on the Park will lay between **1,533** and **1,824**.

5.3.3 Gross to Net

In order to progress from gross impacts it is necessary to take account of the factors discussed above that can detract from or enhance economic impact.

Deadweight

Answers to the questions highlighted in **Section 5.1** were used to determine the presence of deadweight.

The assessed levels of deadweight for the 52 companies are detailed in **Table 5.3**.

Table 5.3: Levels Of Deadweight		
Level	Employment	Turnover
None	1	1
1%-25%	1	0
26%-50%	0	1
51%-75%	5	2
76%-99%	6	9
Total	39	39

The SETP intervention led to additional employment impacts for only 13 of the 52 companies surveyed, and to turnover impacts for only 13 companies also – they are not in all cases the same companies. .

For brevity the estimation of impact – including reported leakage and displacement factors - focuses only on those companies where the intervention had some impact.

Leakage

Leakage is the proportion of outputs that benefits those outside the programme or target area. The survey questionnaire sought information on the geographical distribution of the company's employees.

The assessed levels of leakage, based on the geographic residence of employees, for those companies reporting an employment impact[23] are detailed in **Table 5.4**.

Table 5.4: Levels Of Leakage		
Level	Local	Scotland
0%	3	10
1%-25%	3	1
26%-50%	2	0
51%-75%	2	1
76%-99%	3	1
100%	0	0

Very few of the employees resided outwith Scotland, and therefore there was minimal leakage of benefits at the national level.

Displacement

Our investigation of displacement considered those factors that would dilute the gross impact of any increases in business activity as a result of location on SETP and/or the support received from economic development agencies. It included collecting information on:

- location of major competitors; and
- current market conditions.

The assessed levels of displacement are detailed in **Table 5.4.**

Table 5.4: Levels Of Displacement				
Level	Employment		Turnover	
	Local	National	Local	National
0%	9	5	10	7
1%-25%	2	2	0	0
26%-50%		2	1	1
51%-75%	1		0	0
76%-99%	1	1	2	2
100%	0	3	0	3

Table 5.4 highlights that many of the companies reported no local based competitors, although for a small number of businesses a large proportion of their competitors operated in Lanarkshire and other parts of Scotland.

[23] Leakage is not relevant to turnover impacts.

Substitution

Substitution arises where a firm substitutes one activity for a similar one to take advantage of public sector assistance. There was no evidence of a substitution effect and therefore for all companies substitution has been assessed at zero.

Multipliers

The increase in economic activity as a result of the company being located at the SETP and/or the support provided by public sector economic development agencies will have two types of wider impact on the economy:

- **supplier effect**: an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this 'knock-on' effect will benefit suppliers in the local and Scottish economies; and

- **income effect**: an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed. A proportion of these increased incomes will be re-spent in the local and Scottish economies.

We have applied Type II multipliers that are relevant to the main business activity of each of the companies[24] - employment multipliers for the jobs impact and output multipliers for the turnover impacts. These are Scottish level multipliers – local level multipliers are not available from official sources. The survey suggests a low level of supplier linkages within Lanarkshire as almost three-quarters of respondents report no suppliers within Lanarkshire and only 4% report more than half their suppliers within Lanarkshire. The local multipliers will therefore be informed by the survey results.

5.3.4 Net Additional Turnover & Employment

Turnover estimates relate to the latest turnover data provided by the companies surveyed – typically referring to 2006 as the survey was conducted in January/February 2007.

Applying deadweight, leakage, displacement, substitution and multiplier effects to the gross turnover identified in **Table 5.1**, the estimates of net direct additional turnover obtained are as follows[25]:

[24] http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/Input-Output/Tables2003Multipliers
[25] the detailed workings are contained in Appendix 1.

- Local: **£5,269,141**; and

- National level: **£5,088,828**

Employment estimates relate to employment at the time of the survey January/February 2007.

Applying deadweight, leakage, displacement, substitution and multiplier effects to the gross jobs identified in **Table 5.2**, the estimates of net direct additional jobs obtained are as follows[26]:

- Local: **18 FTEs**; and

- National level: **30 FTEs.**

The survey consulted with 52 of the 88 companies of the companies that were located on the Park, a response rate of 60%, delivering a standard error of +/-8.67%. This suggested that when grossed up the impacts for the Park as a whole lay somewhere within the following ranges:

- turnover impacts:
  - Local: **£8.13m - £9.68m**
  - National level: **£7.86 - £9.35m**;
- employment impacts:
  - Local: FTEs - **29 FTEs** - **33 FTEs**
  - National level: **46 FTEs** - **55 FTEs**.

5.3.5 GVA

GVA is a simple but effective means of monitoring business performance and is included as one of the acceptable outputs for measuring the impact of business development projects.

SE guidance outlines two measures of GVA:

- GVA = Turnover (or sales) - cost of bought in materials, components and services; and

- GVA = Operating Profit + Employee Costs + Depreciation + Amortisation.

[26] the detailed workings are contained in Appendix 2.

The surveyed companies were not always able not provide us with the relevant information (profits, employee costs) to enable the measure GVA in either of these ways.

To measure GVA we have used data (latest 2004) as outlined in the *Scottish Annual Business Statistics*. Although data is provided for some key sectors, and sub sectors, it is not available for all sectors in which those companies operate that have attributed employment benefits from their location at the Park and/or the support delivered by economic development agencies. It has therefore been necessary to estimate GVA using aggregate data provided at the local authority level – South Lanarkshire.

Average GVA per net additional employee at the local level has been estimated at £37,805 and £42,213 at the Scottish level. The additional GVA is therefore:

- Local level - **£0.68m**; and

- National level - **£1.27m**.

The survey consulted with 52 of the 88 companies of the companies that were located on the Park, a response rate of 60%, delivering a standard error of +/-8.67%. When grossed up this suggested that the additional GVA impacts for the Park as a whole lay somewhere within the following ranges:

- Local level - **£1.05m - £1.25m**; and

- National level - **£1.96m - £2.33m.**

5.3.6 Cost Per Job

The costs of the SETP intervention are as follows:

- **£6.3m** of net (of recoverable VAT) expenditure by SEL on SETP facilities and services;

- **£2.9m** of expenditure by SEL on business/training support for companies located on SETP; and

- **£3.3m** of ERDF grants to support SETP projects.

A total of **£12.4m** of public sector money has therefore been invested in SETP and the companies located there between 1994-2006.

In calculating the cost per job it is necessary to also take account of the revenue stream that has accrued to SEL from rent paid by tenants. Data supplied by SEL highlight that in the period between 1994/95 and 2002/03 SEL received (net of VAT) some £12.8m of revenue from SETP. Further data shows that between 2003/04 and 2006/06 SETP generated a further £4.5m. In total therefore SEL has received, net of VAT, some **£17.3m**.

This suggest that SEL have received some **£4.9m** more in revenue than it has spent on developing the Park and the businesses located there.

There was therefore no net additional cost per job incurred by SEL.

5.4 Summary

The economic impacts resulting from businesses locating at SETP and/or receiving support from economic development agencies is summarised in **Table 5.5**. The data refers to the position as at January/February 2007 when the data was collected.

Table 5.5: Summary Economic Impacts (Grossed Up)	
Gross turnover	£210.5m - £268.2m
Gross employment	1533 FTEs - £1824 FTEs
net turnover – local	£8.13m - £9.68m
net turnover – national	£7.86m - £9.68m
net employment – local	29 FTEs – 33 FTEs
net employment – national	46 FTEs – 55 FTEs
GVA contribution – local	£1.05m - £1.25m
GVA contribution –national	£1.96m - £2.33m

6. Conclusions

6.1 Introduction

This chapter draws on the various elements of the work programme to present a brief set of conclusions. The conclusions are organised around the detailed objectives of the study as articulated in the brief.

In addition we provide a number of recommendations – these are a mix of short term recommendations aimed at addressing a number of issues raised during the fieldwork element of the study, with others being longer term relating to the future development of SETP. To support the recommendations have prepared a brief action plan that focuses on: activity; responsibility; and timescale.

6.2 Conclusions

6.2.1 General Issues

Structural Change

Results from the business survey do not point to the SETP project having major impacts on structural changes within companies. A number of questions were asked during the interview, focusing on different areas of company operations – innovation, turnover growth, and employment gain – that sought to measure the extent to which the SETP project had had an impact on individual companies. In virtually all cases the respondent highlighted that any changes that had occurred were not related to their decision to locate at the SETP and would have happened wherever they were located – changes to business performance were invariably linked to the business and skill development support provided by SEL and other economic development agencies.

However, it is important to recognise that SETP did provide each company surveyed with a location from which to do business and from which each have achieved growth in turnover and employment, even if they do not attribute this to the specific location.

There is an assumption in the brief that the SETP project will influence long-term change in the firms, and a recognition that these objectives will take time and require systemic change. The issue for SEL is that it currently only engages with the high impact companies that fit the segmentation model.

Only around 25% of SETP based businesses are account managed, and therefore SEL has no direct contact with the majority of businesses located on the Park, and as a result do not enter into regular dialogue with the majority of Park tenants. To understand how/if structural changes is taking place within companies SEL need to instigate a mechanism for engaging in dialogue with all tenants.

Multidimensional Nature of project

The SETP project has been a mix of physical infrastructure improvements and business and skill development interventions within tenant companies. The non-physical project interventions and measures will interact and reinforce each other to deliver business performance improvements.

Discussions with the companies highlighted that it was the business and skill development interventions that delivered enhanced turnover and employment growth. However, the complexity and synergy of these interventions could not be untangled during the business interview. There were a number of factors that worked against this:

- when questioned about the scale and nature of SEL/Business Gateway interventions the interviewee was generally unable to provide a comprehensive overview of what the company had received – in general they confirmed the pre-populated information on the questionnaire without knowing the full details;

- the complexity of the questionnaire and its length precluded a detailed discussion of the impact that individual interventions had had on business performance; and

- the structure of the questions relating to impact did not distinguish the individual components of the SETP intervention – locations, onsite service and SEL interventions – and therefore could not attribute change in business performance to a particular component of the intervention.

Sustainable Outcomes

The SETP aimed to creating sustainable outcomes for the technology firms located on the Park. The survey results showed that there has been strong growth in employment while companies have been on site:

- part-time employment has shown the largest %-age change but from a low base;

- the average change is 5.65 employees per company (4.86 FT employees); and

– 7 companies have moved from being small to medium sized enterprises whist on SETP

Seven companies recorded a reduction in on site employment, a loss of 91 jobs between them. Ten reported no change in employee numbers and 35 reported creating a total of 385 new jobs. One company accounted for 110 of these new posts but ten other enterprises reported employment growth in double figures.

However, the survey results suggested that the SETP project has had limited impact on employment growth.

In addition, the key physical project outcomes to date are related to the transformation of the NEL site into a quality technology park, with appropriate accommodation to attract technology based companies. The various interventions aimed at addressing constraints to private sector developer intervention have been largely been overcome – the most recent development activity has been 100% private sector led. It is likely that this will continue in the future, so that the outcomes achieved to date will be sustained over the longer term, although the consultation programme suggested that there are still some site and buildings issue that need to be addressed by SEL before the private sector will become involved in developing further areas of the Park.

6.2.2 Project Rationale

Strategic Objectives

The transfer of ownership of the SE Technology Park was a key step towards realising a number of strategic objectives of both SE and the then LDA, which would enable the SE network to take the lead in promoting a range of technology park initiative:

- property development – the creation of start up/incubator accommodation and premises for technology based inward investment;

- business development – the development of sectoral initiatives, company linkages, and the spin out of new businesses with growth prospects; and

- economic development – strengthening the technology base available to the Scottish economy and providing a base for innovative initiatives.

Changing Strategic Framework

Over the period since 1994 SEL has operated under a changing strategic frameworks – our review of these operating frameworks in Chapter 3 highlighted that the Park has contributed to a number of these frameworks, both local (Lanarkshire) and national (Scottish Executive). They are:

- Lanarkshire:
  - *Changing Gear: a Shared Strategy for the Lanarkshire Economy* – 1998
  - *Changing Gear towards 2010* – 2004
- National:
  - *The Way Forward: Framework for Economic Development in Scotland* – 2000
  - *Smart Successful Scotland Ambitions for the Enterprise Networks* – 2001
  - *Knowledge Economy report, produced by the Scottish Executive* 2001
  - *A Science Strategy for Scotland* – 2001
  - *The Framework for Economic Development in Scotland* – 2004
  - *A Science Strategy for Scotland, 2001, progress report*- 2006.

Market Failure

The market failure rationale for SEL's intervention in the physical development of the Park was *risk aversion*:

- the property on the Park was unsuitable for technology companies to occupy without significant investment, as technology based companies require a higher specification of work space – the private sector would be unwilling to make this investment as the rate of return would be less than they would be prepared to accept;
- there were a number of features on the Park – nuclear reactor decommissioning, utilities - that needed to be addressed before the private sector would invest; and
- there were a number of redundant and obsolete buildings on the Park that needed to be taken care off before the private sector would be willing to instigate developments.

In addition, maintaining the technology focus of the Park would be more difficult if the ownership were in the private sector – private sector developer focus would be on rental income rather than the business activity of its tenants.

The market failure rationale for further and continued SEL intervention is currently less strong than it had been when SEL acquired the Park in 1994, as the market had adjusted due to SEL's interventions. SEL have addressed the constraints that prevented the private sector from investing in the site. Current activity on the Park, involving new build developments, is being constructed without an SEL intervention. This is not to say that further SEL intervention will not be required – the consultation programme suggested that there are still some site and buildings issue that need to be addressed before the private sector will become involved in developing further areas of the Park.

Links to Other Projects

The project was developed over many years as detailed Chapter 2, with a number of constraints to development being addressed - land contamination, building demolition and refurbishment etc – followed by property development by SEL, SEL in partnership with the private sector, and more recently by the private sector alone.

SETP has provided a focus for both SEL's property intervention and its growing business intervention. It enabled enterprise programmes to be delivered through the Lanarkshire Technology Innovation Centre and the East Kilbride Business Centre, both of whom were located on the Park. There are a number of businesses (21) located on the Park that, within the SE network segmentation model, are *Account Managed* companies, and therefore benefit, where appropriate, from the full range of SEL's portfolio of business support mechanisms.

6.2.3 Management Processes and Performance

Financial Management

The physical development of SETP following SE's acquisition in 1994 has cost over £6.3m, which has levered additional expenditure of:

- £3,290,000 of ERDF grants; and
- £1,860,000 private sector investment.

The bulk of the private sector investment - £1.36m - was levered in 1998,for new build activity, with the remaining £0.5m being levered in during 2003[27]. This highlights that for every £1 SEL invested in the project it levered in £0.82.

Management of the Asset

The privatisation of NEL was scheduled for March 1997 and in the period between SE acquiring the Park and privatisation an interim management board with members from both NEL and LDA managed the asset. NEL leased its core buildings at cost from the LDA until privatisation, when arrangements moved onto a proper commercial footing. Following privatisation LDA/SEL has managed, developed and promoted the asset on behalf of the Scottish Enterprise network.

James Barr & Son were initially appointed as facilities managers for the Park, responsible to the management board, on a three year contract. The approach of appointing external agents to manage the asset has been a common feature of SEL's approach to managing the asset.

In the past SEL has had a physical presence on the Park, although their role was one of property and business development rather than management of the asset. The consultation programme suggested that this physical presence had aided the provision of business development support to tenant companies, as the SEL executive had been able to signpost tenants to appropriate support, either through SEL, Business Gateway or other agencies.

Service Quality

The consultation programme distinguished between service provision linked to property support and business development support.

Property support was considered by the consultees to have been delivered well:

- the perception was that there was good tenant social interaction linked to the events organised by the Park managers, but there was less evidence of business interaction and collaboration leading to business performance gains;

- on-site managers were perceived as knowing what tenants' property need were, and the Park managers were viewed as being proactive in being able to advise tenants about property related issues that would be of benefit to companies, before they themselves had identified a requirement; and

[27] We do not have data on private sector leverage post 2003.

- the on-site managers were viewed as having flexible solutions to address a wide range of property needs.

The SE network segmentation model meant that many companies on the Park fell outside the high impact definition and therefore were not able to benefit from SEL's support delivered through its account management approach to business development. Account Managed companies have benefited from SEL's business development support – as detailed in the survey results. Business support agencies that offer support to non-high impact growth businesses previously had a presence on the Park but this is no longer the case, but this would not preclude them from accessing such support. The business survey highlighted a high degree of satisfaction - almost 80% of those reporting dealings with the SE Network were happy with the nature and extent of this relationship.

Tenant Satisfaction

When questioned about the management of SETP and the services provided by the managing and buildings' agents, there were majorities expressing satisfaction with the following services:

- landscape maintenance;
- site security;
- conference meeting room & catering;
- flexible accommodation types; and
- flexible leases.

A majority (around two thirds) highlighted that Colliers CRE are easy to get in touch with and provide flexible solutions to property problems, but more than a third do not think the agents are efficient at resolving problems or are proactive in meeting support requirements – despite being easy to get in touch with.

What came through from the discussions with the businesses was a wide range of positive and negative views about Colliers – indeed in some cases businesses operating next door to each other in the same building and on the same floor would give opposite views on the performance of Colliers CRE.

Performance Criteria

There was limited performance criteria set out in the SEL approval papers. As highlighted in Chapter 3 and Appendix 3 the main focus of the approval paper was on physical aspects of developing SETP such as: site clearance aimed at preparing land for development; site access and infrastructure improvements; landscaping; building upgrades and refurbishment; new build accommodation; and electrical and telephony upgrades. There was associated expenditure against these activities. For some years there was some quantifiable economic development anticipated outputs:

- 1994-97:
  - develop 47 incubator offices
  - accommodate 220 jobs
- 1998:
  - 83 jobs created, £1.36m of private sector investment
- 2002:
  - development of 9,125 sqm of technology business space
  - accommodate 680 jobs
  - retain 70 companies
- 2003:
  - private sector investment of £0.5m
  - accommodate 95 jobs
- 2005:
  - accommodate 132 jobs
  - 8 company locations.

The documentation supplied as part of the evaluation does not reveal whether the achievements of the outputs have been monitored or recorded.

6.2.4 Project Inputs

The investment involved in implementing and developing the SETP by SEL was as follows:

- £6,264,000 of net expenditure by SEL on SETP facilities and services;

- £2,859,000 of expenditure by SEL on business / training support for companies located on SETP; and

- £3,290,000 of ERDF grants to support SETP projects.

6.2.5 Activities and Outputs

Actions

The actions funded by the expenditure on facilities and services focused on:

- Building refurbishments;
- Site clearances;
- Site access and infrastructure improvements;
- Landscaping;
- Building upgrades and refurbishment;
- Electrical and telephony upgrades.

The ERDF funding was used to supplement SEL expenditure on:

- refurbishing the east bay of the Whitworth building;
- demolition of the Fairbairn and boiler house buildings and subsequent access and site improvements;
- demolishing the canteen and Maudsley Buildings and the refurbishment of former garage and stores;
- environmental improvements;
- refurbishment of the Stephenson Building into 47 small offices suitable for technology companies;
- the creation of incubator space in the Technology Building;
- the Lanarkshire Technology Innovation Centre; and
- development of ICT Strategy and infrastructure.

The business development supports stretched across a wide range of intervention with individual businesses, and focused on:

- workforce development;
- R&D product development and design;
- management development;
- IIP Implementation and Assessment;
- internationalisation;
- e-business; and
- strategic marketing.

Results & Performance

The documentation supplied by SEL that formed the review element of the work programme did not provide any insight into whether the funded activities were realised. It is clear from a visual examination of SETP that the site has been cleared, buildings have been refurbished, site access and infrastructure improvements have taken place, the site has been landscaped, buildings have been upgrades and new building have been built. However no documentation was made available to us that would allow us to report:

- the results of the project by year of activity and over the lifetime of the project; and
- performance against targets.

6.2.6 Economic Development Benefits

Employment & Turnover Benefits

The employment and turnover benefits resulting from businesses locating at SETP and/or receiving support from economic development agencies is summarised in **Table 6.1**. The data refers to the position as at January/February 2007 when the data was collected.

Table 6.1: Economic Impacts	
Gross turnover	£210.5m - £268.2m
Gross employment	1533 FTEs - £1824 FTEs
net turnover – local	£8.13m - £9.68m
net turnover – national	£7.86m - £9.68m
net employment – local	29 FTEs – 33 FTEs
net employment – national	46 FTEs – 55 FTEs
GVA contribution – local	£1.05m - £1.25m
GVA contribution –national	£1.96m - £2.33m

The expenditure by made by SEL in the period 1994-2006, supplemented with ERDF monies, to achieve these employment and turnover benefits was £12.4m. Over that same period SEL received an income from Park tenants of £17.3m. There was therefore no net additional cost per job incurred by SEL.

The SETP project therefore had limited impact on employment and turnover.

Wider Economic Benefits

Encourage Enterprise

The physical development of SETP, and service provision, since 1994 has included a number of facilities that provide opportunities for business start up, growth and survival:

- provision of incubator space – for business start ups;
- development of the Technology Centre - to accommodate companies whose growth necessitated new premises; and
- low cost, short term flexible leases – important for new start business who do not wish to be tied into long term inflexible leases.

In addition, initially, there were on-site business support agencies that were able to provide new start and growth companies with advice, guidance, financial and other types of business and skill development support that would aid growth and survival of new start businesses.

For those companies that met SE's segmentation model criteria as being high impact companies there was a wide range of business and skill development support that would assist in the development of new products and processes and support these being brought to the market. This support is of course available to all companies in Lanarkshire who meet the criteria – however 17 companies on SETP have received this support through the account management process, which at 24% of SETP based companies, is significantly higher than across Lanarkshire as a whole.

Encouraging Research, Technological Development and Innovation

From the business survey we learned that approximately one third of respondents reported one or more innovation activity indicators, and 56% of companies were engaged in some form of innovation activity over the period, which this includes two companies who did not introduce such activity but were engaged in activity as part of a process towards this or as part of wider corporate activity.

The 3rd *Community Innovation Survey: An Analysis for Scotland* found that for the period 1998 –2000 highlights that around one-in-five companies introduced new or improved goods / services and 18% of companies introduced new or improved processes. Although the criteria and time frames of these two studies are not wholly compatible with this evaluation, nonetheless SETP companies do compare favourably with these national findings.

However, the proportion of SETP companies engaged in innovation activities is unusually low for an UKSPA member park. According to UKSPA tenancy criteria, virtually all companies should be involved in innovation in some way. Even companies providing business services to tenants would be expected to be striving to develop innovations.

Developing a Knowledge Based Economy

When businesses were asked about co-operation in their innovation activities, the survey revealed that:

- the most likely co-operation partner is a client or customer (26 instances) followed by consultants (20) and suppliers (19);
- the most likely location for such a partner is the UK outside Scotland (30 instances) followed by somewhere outside Europe (25) and elsewhere in Scotland (24); and
- 4 innovation companies reported 7 instances of co-operation with others on SETP, 3 of these were from the same company.

There were only 13 instances of collaboration with HEIs – and the bulk of these (8) were with HEIs outwith Scotland.

The survey suggest that, in general (80%+ of businesses) innovation activity was not linked to their location on SETP – both its nature (the type of innovation) and scale (as measured by expenditure) would have been unaffected had they not located on SETP.

As highlighted in Chapter 6, the employment impact of the SETP project has been small – generating additional employment of between 25-21 FTEs at the Lanarkshire level and between 46-38 at the national level.

The survey highlighted that 55% of employees have a university degree, and almost half all employees have a science/engineering degree. The Annual Population Survey for the year to December 2005 reports that 34% of the working age economically active population in Scotland and 32% in Lanarkshire are educated to NVQ Level4 – degree equivalent – indicating that the workforce on SETP have higher levels of qualifications. However overall, the proportion of graduates employed at SETP is somewhat lower than might be expected for a science/technology park. This is a reflection of the relatively high proportion of non-innovating companies with fairly low levels of graduate employment.

Promoting Sustainable Development

Although most of the innovating companies were engaged in some kind of innovation collaboration, excluding collaboration with SEL, the survey revealed only 6 instances of onsite collaboration and 21 instances of collaboration with partners based in Scotland. This suggests limited strengthening of the location innovation system in Lanarkshire/Scotland.

Although the business survey highlighted that the SETP project has had limited impact on the generation of additional employment within Park tenants, the business and skills development support has been used by companies to improve the skills base amongst their workforce. SEL has provided support for both workforce development and more specialised management development. The workforce amongst companies located on SETP is significantly higher than within both the Lanarkshire and Scottish workforce, although a little lower than might be expected from science/technology based companies.

6.2.7 Multi/Single Occupancy

It has not proved possible to determine the extent to which there are differential benefits accruing to the businesses on the basis of whether they are a multi or single occupier of the building. The survey interviewed only 8 companies that were single occupant – 15% - and not all of these businesses were able to report any turnover or jobs impacts.

We therefore do not have sufficient information upon which to base an assessment as to whether multi or single occupancy confers differential benefits.

6.3 Recommendations

In this section of the report we offer a series of recommendations that are linked to:

- the future development of SETP in terms of developing an economic development role for SETP, and an ownership/delivery model; and

- suggested weaknesses/areas requiring strengthening that emanated from the consultation programme, and tenants' views expressed during the business survey.

Future Development

Our understanding, gained from the consultation programme and other work for the SE network, is that SE is currently reviewing its portfolio of business parks – including science and technology parks. The discussion with SE and SEL executives focused on SE/SEL future ownership options, with views ranging from selling to the private sector to a joint venture between SEL and the private sector.

Our recommendations for the longer term focus on the future development of SETP.

Recommendation 1: SEL need establish a development plan for SETP. The development plan will articulate a range of economic development targets for SETP, which in turn will influence the scale and nature of SEL intervention.

The targets could focus on:

- land development i.e. the development of Xsqm of new development by a set date;

- employment growth i.e. a gross and net employment impact achieved by a set date, with a focus on high value jobs; and

- GVA growth i.e. a net GVA impact on the Lanarkshire economy.

A key focus of the development plan would be to stimulate increased interaction, both informal and formal, between tenant companies on the Parks, and with research institutes, facilitating transfer or sharing of intellectual assets – in short developing the Park's value as a community of researchers and companies applying research to new technology and product development.

Recommendation 2: SEL should develop a delivery model that is best placed to deliver the development plan targets.

Intuitively there are four potential delivery models for SETP:

- **Scottish Enterprise Model** – This option is a continuation of the current arrangements for ownership, management and development of SETP;

- **Public Sector Model** – This option is focussed on establishment of a formalised public sector partnership approach to delivery of an agreed development plan for SETP to achieve shared economic development objectives;

- **Public/Private Model** – This option is focussed on the establishment of a formalised partnership approach between the public and private sector to achieve delivery of an agreed development plan for SETP to achieve shared economic development and commercial objectives; and

- **Private Sector Model** - This option consists of divestment of Scottish Enterprise interest in SETP; either for capital receipt market value to a private investor/developer or as part of a Scottish Enterprise portfolio solution which levers investment to deliver on a range of priorities for Scotland.

It will therefore be necessary to develop a prioritisation framework to assist in determining the extent to which each is capable of delivering the economic development targets set as part of the development plan for SETP. The framework should take into account a wide range of factors, and include a weighted scoring system to assist in the appraisal of each potential delivery model.

Monitoring Data

As part of the evaluation we have not been able to access monitoring data that measured the extent to which the activities that make up the SETP project – both physical infrastructure development and business development support – have been undertaken and the outputs/outcomes and impacts have been achieved.

Recommendation 3: SEL should develop an effective and efficient monitoring system that measured the extent to which the activities that make up the SETP project have been undertaken and the outputs/outcomes and impacts have been achieved.

Tenant Follow Up

The evaluation sought to understand the impact of the SETP project intervention across all companies that at some point had been a tenant on the Park. The survey of current tenants achieved a response rate of 60%, which is a significant achievement in our experience. The survey of ex-tenants was not successful, due in a large part to being unable to contact the businesses, as contact details were either not available or inaccurate.

Recommendation 4: In order to fully understand the impact of the SETP project SEL should follow-up tenants as they leave the Park, say at 1 year after leaving and then 3 years after leaving. SEL should also conduct an exit interview with tenants that seek to understand the reason for seeking premises elsewhere and the impact that locating at SETP has had on the performance of the business.

Entry Criteria

The consultation programme highlighted some concern that the entry criteria may have been diluted over time – this in part may have been due to a loose definition of “science and technology” and in part due to private sector landlords adopting a flexible approach to the criteria, where their main concern was letting space and generating rental income. This relaxed approach has fed through to the survey results in terms of only 56% of companies involved in innovation activity and the skill level of the workforce being below that expected of science and technology based companies. Since 2001 SEL has sought to keep a tighter control over entry criteria and there is a standard tenant entry questionnaire used to determine whether a prospective tenant meets the criteria.

Recommendation 5: The criteria for entry to the Park should be reviewed to ensure that it meets the UKSPA tenancy criteria, where virtually all companies should be involved in innovation in some way. Even companies providing business services to tenants would be expected to be striving to develop innovations. The new criteria should then be rigidly applied to prospective new tenants to ensure the science and technology base of the Park.

Recommendation 6: An audit of all Park tenants should be conducted against the above criteria in order that SEL have a clear picture of those companies that meet and do not meet the criteria. The intention here is not to use the information to evict tenants, but to better understand the extent to which existing tenants meet the appropriate criteria.

External Image

Cutting edge research is taking place on the Park, in part due to collaboration between Glasgow and Edinburgh universities, who have invested £10m in physical infrastructure for a pure R&D function, but also in many of the small technology companies that have located there. Little of this success is highlighted externally. The SETP brochure focuses only the building and facilities and does not promote the innovation and R&D activity taking place on the Park, nor the outcomes of this activity.

Recommendation 7: Marketing and promotional activity relating to new innovation in products and processes needs to be instigated/stepped up, the objective of which would be to raise awareness of the strengths of the scientific community on the Park, which could attract additional R&D investment. An example of this would be the development of a small number of case studies on leading research scientists working on the Park, similar to what has been produced for the Edinburgh Science Triangle.

Colliers CRE

The survey of tenants highlighted conflicting views as to the delivery of park services and the performance of Colliers in servicing the needs of tenants – for some Colliers provided an excellent service, for others Colliers had provided a very disappointing service. A number of tenants lacked a full appreciation of the role of Colliers and the services that they delivered to tenants and the facilities that could be accessed by tenants.

Recommendation 8: SEL should review with Colliers the tenant survey results with Colliers to highlight key areas of service delivery where tenants expressed disappointment. Following the review SEL and Colliers should agree how the delivery of services can be improved.

Recommendation 9: Colliers need to inform tenants of the services that they offer and the facilities that are available to Park businesses.

Branding & Signage

The SETP site prior to SE's acquisition was known, both locally and throughout Scotland, as NEL – the National Engineering Laboratory. To many, according to the consultees, the site is still referred to as NEL, in spite of SEL acquiring the site in 1994.

The site is difficult to find. Although close to the motorway network (M74, Glasgow Southern Orbital/M77) and mainline (Motherwell) and local railways stations there is limited signage from either to the site. The site is located at the end of a series of roundabouts from the Expressway (which is linked to the M74) and the first road sign that indicates its location is at the roundabout at the site.

Recommendation 10: Additional road signs need to be erected that give clear directions from the M74 and Glasgow Southern Orbital/M77 to the SETP site. At the entrance to the site more visible signage that indicates arrival at the SETP needed to be developed.

Recommendation 11: A branding campaign needs to be instigated that promotes the site as being the Scottish Enterprise Technology Park, which distances the Park from NEL.

6.4 Action Plan

To support the delivery of the recommendations the following action plan focuses on:

- activity;
- responsibility; and
- timescale.

Activity	Responsibility	Timescale
Future Development of SETP		
▪ development plan with economic development objectives and targets	▪ **SEL / SE**	▪ **Short-medium**
▪ model for delivery of SETP economic development objectives	▪ **SEL**	▪ **Short medium**
Monitoring		
▪ develop an effective and efficient monitoring system	▪ **SEL**	▪ **immediate-short term**
Tenant Follow-up		
▪ exit interview	▪ **Colliers**	▪ **immediate**
▪ tracking of ex-tenants	▪ **SEL**	▪ **short term – ongoing**
Entry Criteria		
▪ revise criteria and agree with private sector	▪ **SEL and private sector owners**	▪ **immediate**
▪ audit existing tenants to understand fit with new criteria	▪ **SEL / Colliers**	▪ **short term**
▪ ensure new criteria is rigorously applied	▪ **Colliers**	▪ **short term- ongoing**
external image	▪ **SEL**	▪ **immediate**
▪ raise awareness of the strengths of the scientific community on the Park		
Colliers:		
▪ review survey results and instigate corrective action	▪ **SEL and Colliers**	▪ **Immediate**
▪ inform tenants of the services offered by Colliers and the facilities that are available to Park businesses	▪ **Colliers**	▪ **immediate**

Activity	Responsibility	Timescale
Signage ▪ directions from the M74 and Glasgow Southern Orbital/M77 to the SETP site ▪ more visible signage that indicates arrival at the SETP	▪ **SEL** ▪ **SEL**	▪ **immediate** ▪ **immediate**
branding campaign ▪ distance SETP from NEL	▪ **SEL**	▪ **immediate**

Appendix 1: Additionality Calculator – Turnover[28]

[28] Developed by SE – see *Economic Impact Assessment Guidance Note: A summary guide to assessing the additional benefit, or additionality, of an economic development project or programme*. SE 2007

-	-	Beneficiary Number:	1		2		3	
Additionality Calculation		***Enter Name of Beneficiary***	13		14		16	
Intervention Option		Area of Benefit:	Local	Scotland	Local	Scotland	Local	Scotland
Gross Impact	GI	*Enter gross impacts e.g. 25 (jobs); £1m (turnover)*	3,500,000	3,500,000	250,000	250,000	200,000	200,000
Leakage	L	*Enter levels of leakage e.g. 25%*	0%	0%	0%	0%	0%	0%
Displacement	Dp	*Enter levels of displacement e.g. 10%*	0%	0%	0%	40%	80%	100%
Substitution	S	*Enter levels of substitution e.g. 15%*	0%	0%	0%	0%	0%	0%
Multiplier	M	*Enter multipliers e.g 1.32, 1.64*	1.1	1.2	1.03	1.5	1.24	1.3
Reference Case								
Deadweight		*Enter level of deadweight e.g. 35%*	80%	80%	30%	30%	90%	90%
Leakage	L*	*Enter Different Reference Case Values if Required*	0%	0%	0%	0%	0%	0%
Displacement	Dp*		0%	0%	0%	40%	80%	100%
Substitution	S*		0%	0%	0%	0%	0%	0%
Multiplier	M*		1.1	1.2	1.03	1.5	1.24	1.3
Additionality	AI	(e.g. jobs or £ turnover)	770,000	840,000	180,250	157,500	4,960	0

	4		5		6		7		8	
		21		22		34		45		52
	Local	Scotland	Local	Scotland	Local	Scotland	Local	Scotland	Local	Scotland
	300,000	300,000	12,500,000	12,500,000	1,500,000	1,500,000	1,650,000	1,650,000	700,000	700,000
	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%
	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	1.09	1.1	1	1.1	1	1.1	1.01	1.2	1	1.3
	85%	85%	80%	80%	80%	80%	95%	95%	0%	0%
	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%
	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	1.09	1.1	1	1.1	1	1.1	1.01	1.2	1	1.3
	49,050	49,500	2,500,000	2,750,000	300,000	0	83,325	99,000	700,000	910,000

8		9		10		11		12	
	52		54		60		68		70
Local	Scotland	Local	Scotland	Local	Scotland	Local	Scotland	Local	Scotland
700,000	700,000	478,000	478,000	1,500,000	1,500,000	240,000	240,000	1,400,000	1,400,000
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
0%	0%	0%	0%	30%	90%	80%	100%	0%	10%
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
1	1.3	1.02	1.3	1.2	1.4	1	1.3	1.03	1.5
0%	0%	90%	90%	60%	60%	60%	60%	95%	95%
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
0%	0%	0%	0%	30%	90%	80%	100%	0%	10%
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
1	1.3	1.02	1.3	1.2	1.4	1	1.3	1.03	1.5
700,000	910,000	48,756	62,140	504,000	84,000	19,200	0	72,100	94,500

13

	75

Local	Scotland
250,000	250,000
0%	0%
0%	25%
0%	0%
1	1.5

85%	85%
0%	0%
0%	25%
0%	0%
1	1.5
37,500	42,188

Total Additionality

Local Level	Scotland Level
5,269,141	**5,088,828**

Appendix 2: Additionality Calculator – Jobs[29]

[29] Developed by SE – see *Economic Impact Assessment Guidance Note: A summary guide to assessing the additional benefit, or additionality, of an economic development project or programme*. SE 2007

Additionality Calculation

			Local	Scotland	Local	Scotland	Local	Scotland
		Enter Name of Beneficiary	9		13		14	
Intervention Option		Area of Benefit:	Local	Scotland	Local	Scotland	Local	Scotland
Gross Impact	GI	*Enter gross impacts e.g. 25 (jobs); £1m (turnover)*	3	3	21	21	4	4
Leakage	L	*Enter levels of leakage e.g. 25%*	0%	0%	25%	0%	50%	0%
Displacement	Dp	*Enter levels of displacement e.g. 10%*	60%	100%	0%	0%	0%	40%
Substitution	S	*Enter levels of substitution e.g. 15%*	0%	0%	0%	0%	0%	0%
Multiplier	M	*Enter multipliers e.g 1.32, 1.64*	1	1.8	1.2	1.4	1.05	1.9
Reference Case								
Deadweight		*Enter level of deadweight e.g. 35%*	67%	67%	90%	90%	40%	40%
Leakage	L*	*Enter Different Reference Case Values if Required*	0%	0%	25%	0%	50%	0%
Displacement	Dp*		60%	100%	0%	0%	0%	40%
Substitution	S*		0%	0%	0%	0%	0%	0%
Multiplier	M*		1	1.8	1.2	1.4	1.05	1.9
Additionality	AI	(e.g. jobs or £ turnover)	0	0	2	3	1	2

	21		26		34		52		54
Local	Scotland	Local	Scotland	Local	Scotland	Local	Scotland	Local	Scotland
4	4	11	11	6	6	8	8	13	13
66%	0%	90%	0%	0%	0%	20%	0%	90%	0%
0%	0%	0%	5%	0%	100%	0%	0%	0%	0%
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2.17	2.3	1.03	1.3	1	1.5	1	1.8	1.02	1.3
90%	90%	70%	70%	67%	67%	0%	0%	90%	90%
66%	0%	90%	0%	0%	0%	20%	0%	90%	0%
0%	0%	0%	5%	0%	100%	0%	0%	0%	0%
0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2.17	2.3	1.03	1.3	1	1.5	1	1.8	1.02	1.3
0	1	0	4	2	0	6	14	0	2

55		59		66		68	
Local	Scotland	Local	Scotland	Local	Scotland	Local	Scotland
6	6	2	2	22	22	6	6
40%	0%	0%	0%	14%	0%	80%	0%
20%	20%	0%	0%	15%	95%	80%	100%
0%	0%	0%	0%	0%	0%	0%	0%
1.5	1.8	1	1.6	1	2.1	1	1.8
80%	80%	50%	50%	75%	75%	60%	60%
40%	0%	0%	0%	14%	0%	80%	0%
20%	20%	0%	0%	15%	95%	80%	100%
0%	0%	0%	0%	0%	0%	0%	0%
1.5	1.8	1	1.6	1	2.1	1	1.8
1	2	1	2	4	1	0	0

	70
Local	Scotland
15	15
63%	19%
0%	50%
0%	0%
1.03	1.5

90%	90%
63%	19%
0%	50%
0%	0%
1.03	1.5
1	1

Total Additionality

Local Level	Scotland Level
18	**30**

Appendix 3: History of SETP

1994-98

In August/September 1993 an outline proposal was developed for the transfer of the National Engineering Laboratory (NEL) from DTI to SEN/LDA control. Formal transfer took place in April 1994 on a PES[30] neutral basis involving the transfer of £4m from DTI to SEN.

Renamed the SE Technology Park, the transfer of the NEL site suited both parties. It offered a partner to DTI in rationalising and privatising the NEL core laboratory. For LDA if was an opportunity to develop and promote a 77 acre Technology Park adjacent to a New Town centre, utilising its business, economic and property development powers in partnership with the tertiary education and technology sectors. On transfer NEL occupied 316,340 sq ft (48% of available floorspace), 210,940 sq ft (32%) was lettable and 129,010 sq ft was available for refurbishment. There were also 5 development sites totalling 8.88 acres within the Park.

The first board papers concern the transfer of site ownership and interim management arrangements.

Privatisation of NEL was scheduled for March 1997 and until then an interim management board with members from both NEL and LDA would run the Park. NEL leased its core buildings at cost, in the spirit of the PES neutral transfer until then, when arrangements moved onto a proper commercial footing. James Barr & Son were initially appointed as facilities managers for the Park, responsible to the management board, on a three year contract.

The 1998/99 Operating budget proposed an expenditure of £1.6m, which generated a surplus of £150,000 for LDA. This represented an increase in costs and a reduction in income over the previous year, which was largely due to the loss of around £100,000 rent from the Bramah Building and Whitworth West Bay. An Appendix to this *Board Paper* reports income and expenditure at SETP for the period 1994-98:

- Total income: £7,959,000
- Total expenditure: £6,569,000
- Total surplus: £1,350,000.

The *Board Paper* also lists examples of development projects costing some £3,138,000 over the same period. These included:

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[30] Public Expenditure Survey – the mechanism whereby Government expenditure is allocated across departments.

- Building refurbishments;
- Site clearances;
- Site access and infrastructure improvements;
- Landscaping;
- Building upgrades and refurbishment;
- Electrical and telephony upgrades.

A number of these projects were part funded by ERDF. Applications and/or claims for the period cover:

- £40,920 towards refurbishing the east bay of the Whitworth building into 790 sqm of lab space in 1995;
- £382,000 towards the demolition of the Fairbairn and boiler house buildings and subsequent access and site improvements in 1996;
- £216,000 towards demolishing the canteen and Maudsley Buildings and the refurbishment of former garage and stores into 1,536 sqm of light industrial units in 1995-96
- £106,000 towards environmental improvements in 1996-97;
- £252,000 towards the refurbishment of the Stephenson Building into 47 small offices (950 sqm) suitable for technology companies in 1996-97; and
- £947,000 towards the creation of 2,180 sqm of incubator space in the Technology Building in 1998.

1999

In 1999 three papers were presented to the LDA board for approval:

- the disposal of 1.25 acres and £234,000 RAPID grant for the speculative development of an R&D building;
- £161,000 to upgrade part of James Watt Avenue to the standard required for its adoption by South Lanarkshire Council; and

– £25,000 appointing consultants to develop a detailed utilities strategy for SETP.

There were no ERDF supported projects starting in 1999 but over the period 1998-2001 it did support the Lanarkshire Technology Innovation Centre with £581,950. The six staff of the Centre were given the tasks of encouraging technological innovation in Lanarkshire by supporting innovation, university-business links and technology based new businesses.

In December 1999 an LDA paper was submitted seeking approval for the demolition of the Bramah Building. The building comprised 10,000 sq ft of office accommodation and 20,000 sq ft of engineering space and had been vacant since SEPA had given up the offices in 1997. Demolition would enhance the image of the site and provide a 1.25-acre site for technology / R&D development.

2000

In 2000 two approval papers sought funds for structural landscaping and environmental works, primarily tree felling and removal. A new 2MW electricity sub-station was installed to support the expansion of Amtel Smartcard at a cost of £42,815. Further approval for improvements to telecommunications infrastructure on the Park was sought to meet the requirements of high technology and advanced engineering tenants.

SEL also sought approval for funds to commission a study into the existing drainage infrastructure on SETP and works needed to bring it up to the standard required for adoption by West of Scotland Water. A project to redesign and reconstruct the main roundabout on site was to proceed concurrently at a combined cost of £63,000.

Also in this year the operational budget was submitted as part of a three year Management and Development Strategy aimed at overcoming the last major constraints to private sector investment in the Park:

– private utilities. These were in private ownership of the Park and LDA had commissioned a study the previous year into their upgrading for adoption by the respective service providers;

– unadopted roads and footpaths. These also required upgrading before SLC would take responsibility for them;

– nuclear reactor. The small reactor was still being decommissioned and the site would not be fully de-licensed and available for redevelopment until 2003; and

- the anchor tenant, NEL, exercising the break option in their lease in 2003. The parent company (TUV) wanted to consolidate their operations on-site and SEL wished to cooperate closely with them to find a satisfactory property and business solution.

Total expenditure 2000-2003 was estimated at £2,980,000. The budget for 2000-01 was set at £1,800,000, generating a projected surplus of £250,000.

2001

2001 saw plans for the development of the Technology Building put forward. This was a proposal by ERDC to build a purpose built technology building to accommodate companies whose growth necessitated new premises in the 1,250 – 5,000 sq ft range. The new building provided 20,200 sq ft of space in two wings linked by a central core housing common facilities. This would bridge a gap between small premises of <1,000 sq ft and the Neilstra development with a minimum floorspace of 5,000 sq ft.

The total project was costed at £1,956,000 with SEL contributing £150,000 and ERDF £454,750. SEL disposed of 1.35 acres on a 99-year lease with an initial premium of £150,000.

Approval was also sought for a new 2MW sub-station and HV cabling to facilitate and optimise development potential on Plot 1, remove a constraint on the existing power network and facilitate adoption of supply to James Watt Building.

2002

Nine papers were put before the SEL Board in 2002. These covered:

- environmental and landscaping projects including the upgrading of car parking, infill of disused heating ducts and reprofiling works. These addressed some outstanding Health & Safety issues as well as improving the visual image of the Park (£113,000+);

- development of ICT Strategy and infrastructure including expansion of the telephony exchange and fibre optics for NEL/TUV, enhanced data connectivity across the Park and new video facilities in James Watt an Nasmyth Buildings to encourage awareness of its benefits among tenants (£118,000);

- computer modelling of the on-site water supply to reduce leaks and improve the system to the standards required for adoption by West of Scotland Water; and

- refurbishment of reception and first floor areas of Nasmyth Building to a modern standard compatible with the image of SETP (£145,000).

ERDF also contributed £154,000 towards the SETP ICT Strategy. The aim of the strategy was to provide a flexible cabling system bringing enhanced connectivity in all multi-occupancy buildings and upgrade telephony services to 60 occupiers and 850 users.

2003

In 2003 ERDF grant funding of £154,350 supported further development of the Park's ICT Strategy as part of a £308,000 programme to provide high-speed Internet access linking company growth requirements to technological change. This project aimed to retain 70 high tech companies and 650 skilled jobs; create up to 30 new jobs; provide 9125m^2 of enhanced technology business space.

In contrast to this sole instance of EU support, ten papers concerning activity on SETP during 2003 were put before the SEL Board. Between them these accounted for £807,800 of net expenditure and one was expected to produce a direct income return of £312,000. The SEL projects covered:

- upgrade and repair of footpaths to comply with H&S regulations (£165,000);

- compliance with the 1995 Disability Discrimination Act in multi-occupancy buildings (£240,000);

- demolition of Kelvin Gatehouse building and diversion of LV load to James Watt Bldg to sub-station 1. (£132,000);

- demolition of redundant sub-station and infill of open basement area to remove a flood hazard (£43,000);

- disposal of the former BRE Building to East Kilbride Engineering Services (£400);

- refurbishment of former licensed Social Club as informal meeting space available to all SETP occupants (£60,000);

- pre-demolition safety works on the Reynolds Building (£59,000); and

- refurbishment of the reception areas in the Nasmyth and James Watt Buildings (£107,000).

2004

Fewer projects (5) were put forward in 2004 but between them they accounted for a larger net expenditure - £983,000 - and were forecast to generate a small income of £289,000:

- provision of 90 new car parking spaces for lease by Atmel Smartcards in the Maxwell building (£218,000);
- traffic calming measures on roadways; resurfacing of SUERC car park; earthworks on Atmel and Faraday plots (£100,000);
- External refurbishment works to former Regional War Room bunker to comply with Scheduled Monument regulations (£70,000);
- Roof works on James Watt and Nasmyth Buildings (£96,000); and
- installation of new 11KVa HV ring main to remove a potential development constraint on site (£497,000).

Expenditure on the Maxwell Building car park and Regional War Room was expected to be recovered from the lease to Atmel and Historic Scotland respectively.

2005

Another five papers were put before the SEL Board concerning projects starting this year. Net expenditure was set at £512,000 with a projected return of £87,000.

- The removal of asbestos and subsequent demolition of the obsolete Whitworth Building (£174,000);
- Internal sub-division of upper floor wings in The Technology Building (£12,000);
- Lease of former Rankin Building site for a speculative R&D building and contribution towards costs £225,000); and
- Locations and infilling of remaining services ducts posing an H&S risk (£100,000).

A final paper that possibly relates to 2005 is a request for a net £63,000 to cover contingencies concerning the demolition of the Reynolds building. The original paper did not include any allowance for contingency or inflation risks. The request for these additional funds states that the demolition was approved by SEL in August 2004 at a net cost of £422,500. The increase requested equates to 15% of this sum making the revised cost of demolition a net £485,500.

Appendix 4: The Questionnaire

Invitation to Participate
Scottish Enterprise Technology Park Development Study

Dear

As an organisation on Scottish Enterprise Technology Park (SETP), I would like to invite you to participate in an important study being carried out by us on the performance and future operation of SETP.

Scottish Enterprise Lanarkshire (SEL) are gathering feedback and comments about the business benefits of Scottish Enterprise Technology Park (SETP).

We hope that your views will contribute to the future operation of the park for the benefit your organisation.

I would be very grateful if you would take some time in your busy schedule to participate in this study.

A representative from SEL will contact you in the next few days by telephone to arrange a convenient time to complete a short survey questionnaire at your premises.

None of the contact or detailed company information that you provide will be shared with any third party organisations and results will be reported in aggregate form.

Should you have any questions please contact Helen Mc Neill at SEL on ☎ 01698 742040.

Thank you in advance for your support.

Yours sincerely

Liz Connolly

Liz Connolly
Chief Executive
Scottish Enterprise Lanarkshire

SETP Questionnaire

V2.2 FOR EKOS AS SPARE COPY1

Science & Technology Park Questionnaire

Face-Face Interview Survey

Section 1. Administration

Establishment Name		ID #	
Contact Name		Tel #	

Interviewer Name

Pre-interview Checks (Establishment familiarisation)	Yes	1
	No	2

Interview Completion Yes 1 →Date: Time:

No 2 →NOTE REASON:

Refused	1
No longer trading	2
No contact made	3
Address not occupied	4
Other (please specify)	5

Call Back Details

Instructions to interviewers:

- Follow numerical order of questions unless routing indicates otherwise.
- Words *in italics:* please read out the text to the respondent.
- When recording answers please circle appropriate code(s) where they apply.
- Questions marked ✕, require completion after the end of the interview.

Section 2. Introduction & Respondent Details

ASK TO SPEAK TO PRE-ARRANGED INTERVIEW CONTACT

READ OUT: *Good morning/afternoon my name is* YOUR NAME *and I'm visiting on behalf of* (NAME)*. We are currently carrying out a survey of park tenants and have arranged to conduct a survey with you.*

This information allows the benefits of the park to be monitored future assistance to local businesses and other organisations to be planned.

The survey should take around 45 minutes and the identity of your organisation will not be given to any third party for sales or marketing purposes

Are you available now to take part in the survey?

IF NO, ARRANGE CALL BACK TIME AND NOTE ON COVER SHEET.

CONFIDENTIALITY: *No contact information from this survey will be shared with third party organisations. Do you have any objections to your establishment identity being shared with* (NAME)*?*

Yes	1
No	2

READ OUT: *Can I first of all confirm your contact details…?*

Question 2.1

DATABASE INFO	
Can I confirm the name of your organisation…?	

Question 2.2

DATABASE INFO	
Can I confirm the address of your current premises…?	WRITE NEW ADDRESS

Question 2.3

DATABASE INFO	
Can I confirm your own name please…?	

No answer 99

Question 2.4

DATABASE INFO	
Can I confirm your job title…?	

No answer 99

Section 3. Nature of Organisation

READ OUT: *I would now like to begin by asking a few background questions about the nature of your business…If your organisation is part of a larger group, please answer questions* ***only*** *for the establishment located on this park.*

Question 3.1 (Industry Indicator)

What industry is your business in…?

INSERT DESCRIPTION GIVEN

× INSERT 4 DIGITS SIC (2003) CODE FROM DESCRIPTION

Question 3.2 (Date of Establishment)

In what year was your business (or organisation) established…?

FOR PILOT: PROBE IF MERGER AND DATE OF ESTABLISHMENT OF PRE-CURSORS

WRITE YEAR

No applicable	77
Don't know	88
No answer	99

Question 3.3 (Spin-off Indicator)

Is your establishment a spin-off business from…?

A university, or public research & development centre	1
A private business, or private research & development centre	2
Neither	3
Don't know	88
No answer	99

Question 3.4 (Ownership Indicator 1)

Is this establishment a subsidiary, branch plant or branch office of a larger parent organisation…?

Yes	1
No	2 →Question 3.6
Don't know	88 →Question 3.6
No answer	99 →Question 3.6

Question 3.5 (Ownership Indicator 2)

Can you say in which country this organisation's overall headquarters is located…? WRITE COUNTRY

×CODE ENTRY

Scotland	1
Other UK	2
Other EU	3
Other Europe	4
USA	5
Asia	6
Other location (Please specify)	7
Don't Know	88
No answer	99

DEFINITIONS: FULL TIME = 30 HRS A WEEK AND ABOVE; PART TIME = LESS THAN 30 HRS A WEEK)

Question 3.6 (Full-time Permanent Staff)

WRITE NUMBER

1) *How many full-time staff did you employ at park entry and now…?* (READ DEFINITION ABOVE)

2) *… how many of these are fixed-term or temporary, at park entry and now…?*

3) ×SUBTRACT FIXED TERM/TEMPORARY FROM TOTAL TO DERIVE PERMANENT EMPLOYEES

	On Entry	Now
Total Full-time		
Fixed-term /Temporary		
Permanent		
Don't know	88	88
No answer	99	99

Question 3.7 (Part-time Permanent Staff)

WRITE NUMBER

1) *How many part-time staff did you employ at park entry and now…?*

2) *… how many of these are fixed-term or temporary, at park entry and now…?*

3) ×SUBTRACT FIXED TERM/TEMPORARY FROM TOTAL TO DERIVE PERMANENT EMPLOYEES

	On Entry	Now
Total Part-time		
Fixed-term /Temporary		
Permanent		
Don't know	88	88
No answer	99	99

Question 3.8 (Employment Leakage Indicator)

The next question asks about where your employees live. Can you please estimate the distribution of your total employees between the following areas…?

	Number
Lanarkshire	
Other West Central Scotland	
Other Scotland	
Other UK	
Other EU	
Other	
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 3–1

Question 3.9 (Knowledge Intensity Indicator)

Approximately, how many of this establishment's employees in 2006 were educated to degree level or above in …?

IF NECESSARY ASK RESPONDENT TO ESTIMATE

	Number
Science and engineering subjects	
Other subjects	
Not applicable	77
Don't know	88
No answer	99

Question 3.10 (Displacement Indicator 1)

How would you rate your difficulty in recruiting skilled employees at this establishment? Please read out a number from the card…

WRITE NUMBER	
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 3–2

Question 3.11 (National Priority Industries Indicator 1)

Think about your main customers, in terms of turnover value; are they from any of the following industry sectors?
Do you have any main customers that fall outside these broad industry groups? (WRITE SECTOR BELOW)

Tourism	1
Life Sciences	2
Food and Drink	3
Energy	4
Financial Services	5
Electronic Markets	6
Other (please specify)	7
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 3–3

Question 3.12 (Export Orientation Indicator)

What percentages of your sales are made in the following areas…?

	%
Lanarkshire	
Other West Central Scotland	
Other Scotland	
Other UK	
Other EU	
Other	
CHECK FOR 100%	100%
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 3–4

Question 3.13 (National Priority Industries Indicator 2)

Think about your main suppliers, in terms of purchase value; are they from any of the following industry sectors?
Do you have any main customers that fall outside these broad industry groups? (WRITE SECTOR BELOW)

Tourism	1
Life Sciences	2
Food and Drink	3
Energy	4
Financial Services	5
Electronic Markets	6
Other (please specify)	7
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 3–5

Question 3.14 (Multiplier Effect Indicator)

Please estimate the distribution of your suppliers between the following areas …?

	%
Lanarkshire	
West of Central Scotland	
Other Scotland	
Other UK	
Other EU	
Other	
CHECK FOR 100%	100%
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 3–6

Question 3.15 (Displacement Indicator 2)

Approximately, what is the distribution of your competitors between the following areas…?

	%
Lanarkshire	
Other West Central Scotland	
Other Scotland	
Other UK	
Other EU	
Other	
CHECK FOR 100%	100%
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 3–7

Section 4. Science Park Services

READ OUT: *The next few questions ask about how you rate the quality of services provided on the park. The questions relate specifically to the park managing agents* (NAME) *and not the services provided by other private or public bodies such as* (NAME)

Question 4.1 (Property Management)

Can you tell me who the managing agent(s) is for this property?

Not applicable	77
Don't know	88
No answer	99

Question 4.2 (Support Services Rating Indicator 1)

I would like you to rate the following support services provided by the park management…not all services may be applicable to your establishment… Please read out a number from the card for each service…

	WRITE NUMBER	Not Applicable	Don't know	No answer
Secretarial and office services		77	88	99
Cleaning and building maintenance		77	88	99
Landscape maintenance		77	88	99
Site security monitoring		77	88	99
Telephone and IT infrastructure		77	88	99
Conference, meeting room and catering facilities		77	88	99
Other professional services (please specify)		77	88	99

SHOWCARD 4–1

Question 4.3 (Professional Services Rating Indicator 1)

I would like you to rate the following professional services provided by the park management…not all services may be offered at this site… Please read out a number from the card for each service…

IGNORE SERVICES MARKED X

	WRITE NUMBER	Not applicable	Don't know	No answer
X Pre-incubation services		77	88	99
X Business planning and forming a company		77	88	99
X Training to develop business skills		77	88	99
X Advice on development of new products and services		77	88	99
X Help with raising bank finance		77	88	99
X Access to grants, seed and venture capital funding		77	88	99
X Advice on recruitment of staff and personnel management		77	88	99
Provision of flexible accommodation types and sizes		77	88	99
Provision of flexible leases		77	88	99
Provision of opportunities for networking with other park companies		77	88	99
Other professional services (please specify)		77	88	99

SHOWCARD 4–2

Question 4.4 (Park Management Rating Indicator 1)

Thinking about how this park is run by the managing agents, to what extent do you agree with the following statements…? Please read out a number from the card for each statement…

	WRITE NUMBER	Not Applicable	Don't know	No answer
The park management has a good understanding of my business		77	88	99
The park management is easy to get in touch with		77	88	99
The park management is efficient at resolving problems		77	88	99
The park management is proactive in meeting my support requirements		77	88	99
The park management provided links to other companies on the Park		77	88	99
The park management Provided flexible solutions to my property requirements		77	88	99

SHOWCARD 4–3

Question 4.5 (Park Management Open Question)

Are there any other issues you would like to raise about the services on this science and technology park?

PROBE:

- Examples of the positive or negative impact of park services
- Perceived comparative performance of SETP in this area
- Suggestions for improvements
- Views / concerns on future development of park

No answer 99

Section 5. Science & Technology Park Premises and Location

READ OUT: *The next few questions ask about your establishment's current premises and reasons for locating on this science and technology park.*

Question 5.1 (Prior Location Question)

Has this establishment ever been located somewhere else other than this science and technology park…?

Yes	1	
No	2	→Question 5.4
Not applicable	77	→Question 5.4
Don't know	88	→Question 5.4
No answer	99	→Question 5.4

Question 5.2 (Displacement Indicator 3)

Where were your previous premises located… was it…?

Elsewhere in Lanarkshire	1	
Other West Central Scotland	2	
Other Scotland	3	
Other UK	4	→Question 5.4
Other EU	5	→Question 5.4
Other	6	→Question 5.4
Not applicable	77	→Question 5.4
Don't know	88	→Question 5.4
No answer	99	→Question 5.4

SHOWCARD 5–1

Question 5.3 (Displacement Indicator 4)

In what town was the premises located…? →Question 5.4

Question 5.4 (Park Entry)

In what year did you locate at this park…? WRITE YEAR

Don't know	88
No answer	99

Question 5.5 (Premises Entry)

In what year did your organisation first occupy your current premises…? WRITE YEAR

Don't know	88
No answer	99

Question 5.6 (Premises Change 1)

Could you tell me what other premises you have occupied on this park?

Not applicable	77→Question 5.8
Don't know	88→Question 5.8
No answer	99→Question 5.8

Number of former premises WRITE NUMBER

	Address (continue on separate sheet if required)	Year Entered	Year Departed
1			
2			
3			

Question 5.7 (Premises Change 2)

What were your main reasons for changing premises?

PROBE:

- Size, Cost, Location, Quality

Question 5.8 (Tenure)

Can you tell me on what terms you occupy your premises…?

Rental agreement or lease	1

Please specify the property owner…

Own the premises	2
Other (please specify)	3
Don't know	88
No answer	99

Question 5.9 (Location Decision Factors)

How important were the following factors in your organisation's decision to move to this science and technology park …?
Please read out a number from the card for each factor…

		WRITE NUMBER	Not applicable	Don't know	No answer
Size	The right sized premises		77	88	99
	Room for expansion		77	88	99
Price	Suitable price / rents or lease terms		77	88	99
	Costs of local labour		77	88	99
	Grants or other financial support		77	88	99
Location	Availability of suitable staff nearby		77	88	99
	Good transport links and accessibility		77	88	99
	Close to customers or suppliers		77	88	99
	Close to a university or research institute		77	88	99
	Being close to similar types of businesses		77	88	99
	Convenient for owner/ senior management		77	88	99
Quality	Of good or attractive appearance		77	88	99
	A reputable or prestigious business address		77	88	99
	Good business facilities and services at park or nearby		77	88	99
Business Support	Availability of business advice or support in the area (apart from grants)		77	88	99
	Other (specify below)		77	88	99

SHOWCARD 5–2

Question 5.10 (Past Location Alternatives Open Question)

What alternative locations did you consider?

PROBE REASONS

Not applicable	77
Don't know	88
No answer	99

Question 5.11 (Future Location Alternatives Open Question)

If, for any reason, you were changing location in the future, what alternative locations would you consider?

PROBE REASONS

Not applicable	77
Don't know	88
No answer	99

Question 5.12 (Location Rating Indicator 1)

Overall, how would you rate this science and technology park as a location to do business? Please read out a number from the card …

WRITE NUMBER

Not applicable	77
Don't know	88
No answer	99

SHOWCARD 5–3

Question 5.13 (Premises & Location Open Question)

Are there any other issues you would like to raise about your current premises or the science park location?

PROBE:

- Perceived benefits / disadvantages of location of park and accessibility
- Examples of the positive or negative impact of park location
- Perceived comparative performance of SETP in this area
- Suggestions for improvements

No answer 99

Section 6. Innovation & Collaboration

READ OUT: *The next few questions ask about any innovation activities that this establishment may be involved in.*

Innovation is defined as major changes aimed at enhancing your competitive position, your performance, your know-how or your capabilities for future enhancements. These can be new or significantly improved goods, services or processes for making or providing them. It includes spending on innovation activities, for example on machinery and equipment, R&D, training, goods and service design or marketing.

SHOWCARD 6–1

Question 6.1 (Innovation Activity Indicator 1)

During the three-year period 2004-2006, did this establishment introduce…?:

	Yes	No	Don't know	No answer
New or significantly improved goods. (Exclude the simple resale of new goods purchased from other enterprises and changes of a purely cosmetic nature)	1	2	88	99
New or significantly improved services	1	2	88	99
New or significantly improved processes for producing or supplying products (goods or services) which were new to your enterprise?	1	2	88	99

IF NO TO ALL: →Question 6.7

Question 6.2 (Innovation Activity Indicator 2)

During the three-year period 2004-2006, did this establishment introduce…?:

		Yes	No	Don't know	No answer
Intramural (in-house) R&D	Creative work undertaken within your enterprise on an occasional or regular basis to increase the stock of knowledge and its use to devise new and improved goods, services and processes	1	2	88	99
Acquisition of R&D (extramural R&D)	Same activities as above, but purchased by your enterprise and performed by other companies (including other enterprises within your group) or by public or private research organisations	1	2	88	99
Acquisition of machinery, equipment and software	Acquisition of advanced machinery, equipment and computer hardware or software to produce new of significantly improved goods, services, production processes, or delivery methods	1	2	88	99
Acquisition of external knowledge	Purchase or licensing of patents and non-patented inventions, know-how, and other types of knowledge from other enterprises or organisations	1	2	88	99
Training	Internal or external training for your personnel specifically for the development and/or introduction of innovations	1	2	88	99
All forms of design	Expenditure on design functions for the development r implementation of new or improved goods, services and processes. Expenditure on design in the R&D phase of product development should be excluded	1	2	88	99
Market introduction of innovations	Activities for the market preparation and introduction of new or significantly improved goods and services, including market research and launch advertising	1	2	88	99

SHOWCARD 6–2

Question 6.3 (Innovation Expenditure)

Please provide the amount of expenditure in each innovation activity in 2006, either from management accounting information or using estimates:

	£	Not applicable	Don't know	No answer
Intramural (in-house) R&D		77	88	99
Acquisition of R&D (extramural R&D)		77	88	99
Acquisition of machinery, equipment and software		77	88	99
Acquisition of external knowledge		77	88	99
Training		77	88	99
All forms of design		77	88	99
Market introduction of innovations		77	88	99

SHOWCARD 6–3

Question 6.4 (Co-operation Indicator 1)

Did your establishment co-operate on any of your innovation activities with other enterprises or institutes during the three-year period 2004-2006?

READ OUT: *Innovation co-operation is **active participation** with other enterprises or non-commercial institutions on innovation activities. Both partners do not need to commercially benefit. Exclude pure contracting out of work with no active co-operation.*

Yes	1
No	2→Question 6.7

Question 6.5 (Co-operation Indicator 2)

Which of the following types of co-operation partner have you used…?

	At this site	Other Scotland	Other UK	Other Europe	All other countries
Other enterprises within your enterprise group	1	2	3	4	5
Suppliers of equipment, materials, service, or software	1	2	3	4	5
Clients or customers	1	2	3	4	5
Competitors or other enterprises in your industry	1	2	3	4	5
Consultants, commercial labs, or private R&D institutes	1	2	3	4	5
Universities or other higher education institutions	1	2	3	4	5
Government or public research institutes	1	2	3	4	5

SHOWCARD 6–4

Question 6.6 (Co-operation Open Question)

Are there any other issues you would like to raise about co-operation on this science and technology park location?

PROBE:

- Perceived benefits of innovation / co-operation
- Examples of factors on SETP encouraging / discouraging co-operation
- Willingness of partners to co-operate
- Good examples of innovation / co-operation activity
- Perceived comparative performance of SETP in this area
- Quality/ Scope / Depth of links to HEI institutions
- Suggestions for improvements

No answer 99

Question 6.7 (Barriers to Innovation Indicator)

During the three year period 2004-2006, how important were the following factors as constraints to your innovation activities or influencing a decision not to innovate?

		Factor not experienced	Low	Medium	High
Cost factors	Excessive perceived economic risks	1	2	3	4
	Direct innovation costs too high	1	2	3	4
	Cost of finance	1	2	3	4
	Availability of finance	1	2	3	4
Knowledge factors	Lack of qualified personnel	1	2	3	4
	Lack of information on technology	1	2	3	4
	Lack of information on markets	1	2	3	4
Market factors	Market dominated by established enterprises	1	2	3	4
	Uncertain demand for innovative goods or services	1	2	3	4
Other factors	Need to meet Scottish or UK government regulations	1	2	3	4
	Need to meet EU regulations	1	2	3	4

SHOWCARD 6–5

Question 6.8 (Public Support for Innovation Indicator)

During the three year period 2004-2006, did this establishment receive any public financial support for innovation activities from the following levels of government?

	Yes	No
Scottish Enterprise	1	2
Local Government	1	2
Scottish Executive or other UK Government (including their government agencies, but excluding Scottish Enterprise)	1	2
The European Union	1	2

Section 7. Innovation Additionality

READ OUT: *The following questions ask about the overall effect on your innovation activities of being located on this science and technology park.* ***This includes the benefits of the location, any assistance from the park management, and any support you have had from public bodies*** *such as* (NAME).

Question 7.1 (Innovation Absolute Additionality Indicator)

If you had not located on this science and technology park would you have started your main innovation activities at all?

Yes	1
No (PROBE)	2→NEXT SECTION
Don't know	88→NEXT SECTION
No answer	99→NEXT SECTION

Question 7.2 (Innovation Quantity Additionality Indicator 1)

What would have happened to your average annual innovation expenditure if you had not been able to secure suitable premises at this location…?

Please read out a number from the card…

THIS INCLUDES THE BENEFITS OF THE LOCATION, ANY ASSISTANCE FROM THE PARK MANAGEMENT, AND ANY SUPPORT THEY HAVE HAD FROM PUBLIC BODIES.

SHOWCARD 7–1

WRITE NUMBER	
Don't know	88
No answer	99

Question 7.3 (Innovation Quantity Additionality Indicator 2)

As a percentage, how much different do you think your average annual innovation expenditure would have been…?

(PROMPTED) *Do you think average annual innovation expenditure would have been…?*

ASK IF 0 TO 100 % LOWER or HIGHER IN 5% INCREMENTS

	+%
	-%
Don't know	88
No answer	99

Section 8. Business Performance

READ OUT: *The following questions ask about this establishment's overall business performance.*

Question 8.1 (Financial Information)

Can you provide the following financial information…? (LATEST FIGURES)

	On Entry	Now	Not applicable	Don't know	No Answer
INSERT TURNOVER	£		77	88	99
INSERT PROFITS	£		77	88	99
INSERT STAFF COSTS	£		77	88	99

Question 8.2 (Confounding Factors Indicator 1)

I would like you to say how the turnover of this establishment has changed over the last 3 years. Please read out a number from the card …

WRITE NUMBER	
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 8–1

Question 8.3 (Confounding Factors Indicator 2)

I would like you to say how the market conditions for your main products or services have been performing over the last 3 years. Please read out a number from the card …

WRITE NUMBER	
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 8–2

Section 9. Scottish Enterprise Interventions

READ OUT: *The next few questions ask about how you rate the quality of any services you have received from Scottish Enterprise.*

Question 9.1 (Scottish Enterprise Interventions)

Has this establishment received any financial or other support for business development activities from Scottish Enterprise, the Business Gateway or Scottish Development International (SDI)?

Yes	1
No	2→Next Section
Don't Know	88→Next Section
No Answer	99→Next Section

Question 9.2 (Account Management Information)

DATABASE INFO	
Can I confirm the name of your account manger or other Scottish Enterprise, Business Gateway or SDI contact…?	

Question 9.3 (Interventions Information)

DATABASE INFO (Interventions)		
DATABASE INFO (Inputs)	Business Gateway & SE (£)	SE Training (£)

Can I confirm the types of support you have received from Scottish Enterprise…?

(Interventions)	
(Inputs)	

Question 9.4 (Satisfaction indicators)

Overall, how satisfied are your with your contact with Scottish Enterprise representatives? Please read out a number from the card …

WRITE NUMBER	
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 9–1

Question 9.5 (SEn Satisfaction Open Question)

Are there any issues you would like to raise about Scottish Enterprise, Business Gateway of SDI support for this establishment?

PROBE:

- Perceived benefits of SEn support
- Examples of SEn encouraging / discouraging business activity
- Perceived comparative performance of Park in providing links to SEn or other public sources of support
- Suggestions for improvements
- Distinguish between SEn business units, e.g. LEC, AQ Unit (e.g. High Growth Starts Unit), BG, SDI.

No answer 99

Section 10. Employment & Turnover Additionality

READ OUT: *The following questions ask about the overall effect on your business of being located on this science and technology park.* ***This includes the benefits of the location, any assistance from the park management, and any support you have had from public bodies such as (NAME).***

Question 10.1 (Absolute Additionality Indicator)

If you had not located on this science and technology park…
NEWS STARTS… *would you have started up at all?*
EXISTING FIRMS… *would you have continued in business?*

Yes	1
No (PROBE)	2 → END
Don't know	88 → END
No answer	99 → END

Question 10.2 (Turnover Quantity Additionality Indicator 1)

What would have happened to your average annual turnover if you had not been able to secure suitable premises at this location…?Please read out a number from the card …

THIS INCLUDES THE BENEFITS OF THE LOCATION, ANY ASSISTANCE FROM THE PARK MANAGEMENT, AND ANY SUPPORT THEY HAVE HAD FROM PUBLIC BODIES.

WRITE NUMBER	
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 10–1

Question 10.3 (Turnover Quantity Additionality Indicator 2)

As a percentage, how much different do you think your average annual turnover would have been…?
(PROMPTED) *Do you think average annual turnover would have been…?*

ASK IF 0 TO 100 % LOWER or HIGHER IN 5% INCREMENTS

	+%
	-%
Don't know	88
No answer	99

Question 10.4 (Employment Quantity Additionality Indicator 1)

What would have happened to total employment at this establishment if you had not been able to secure suitable premises at this location…? Please read out a number from the card …

THIS INCLUDES THE BENEFITS OF THE LOCATION, ANY ASSISTANCE FROM THE PARK MANAGEMENT, AND ANY SUPPORT THEY HAVE HAD FROM PUBLIC BODIES.

WRITE NUMBER	
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 10–2

Question 10.5 (Employment Quantity Additionality Indicator 2)

As a percentage, how much different do you think your total employment would have been…?

(PROMPTED) *Do you think total employment would have been…?*

ASK IF 0 TO 100 % LOWER or HIGHER IN 5% INCREMENTS	+%
	-%
Don't know	88
No answer	99

Section 11. Time & Quality Additionality

READ OUT: *The following questions also ask about the overall effect on your business of being located on this science and technology park.* ***This includes the benefits of the location, any assistance from the park management, and any support you have had from public bodies such as (NAME).***

Question 11.1 (Time Additionality Indicator)

Thinking about the following activities, has your location on this science and technology park brought forward or delayed these activities? Please read out a number from the card for each activity…

	WRITE NUMBER	Not applicable	Don't know	No Answer
Business Start-up		77	88	99
Turnover growth		77	88	99
Employment growth		77	88	99
Main innovation projects		77	88	99

SHOWCARD 11–1

Question 11.2 (Quality Additionality Indicator)

Thinking about the following activities, has your location on this science and technology park affected the quality of these activity/ Please read out a number from the card for each activity…

	WRITE NUMBER	Not applicable	Don't know	No Answer
Your main products or services		77	88	99
Staff Quality		77	88	99
Your main innovation activities		77	88	99

SHOWCARD 11–2

END

THANK YOU AND CLOSE

COMPLETE SECTIONS MARKED ×

× How long has this survey taken to complete? | Hrs | Mins |

× Complete Online Database

Figure 1Copy of SETP Questionnaire Show Cards

Can you please estimate the distribution of your total employees between the following areas…?

	Number
Lanarkshire	
Other West Central Scotland	
Other Scotland	
Other UK	
Other EU	
Other	

SHOWCARD 3–1

Please read out a number from the card.

Very Difficult		Difficult		Neither		Easy		Very Easy
1	2	3	4	5	6	7	8	9

SHOWCARD 3–2

Tourism	1
Life Sciences	2
Food and Drink	3
Energy	4
Financial Services	5
Electronic markets	6

SHOWCARD 3–3

What percentages of your sales are made in the following areas…?

SHOWCARD 3–4

	%
Lanarkshire	
Other West Central Scotland	
Other Scotland	
Other UK	
Other EU	
Other	

Tourism	1
Life Sciences	2
Food and Drink	3
Energy	4
Financial Services	5
Electronic markets	6

SHOWCARD 3–5

Please estimate the distribution of your suppliers between the following areas …?

	%
Lanarkshire	
West of Central Scotland	
Other Scotland	
Other UK	
Other EU	
Other	

SHOWCARD 3–6

Approximately, what is the distribution of your competitors between the following areas…?

	%
Lanarkshire	
Other West Central Scotland	
Other Scotland	
Other UK	
Other EU	
Other	

SHOWCARD 3–7

	Very Poor		Poor		Average		Good		Very Good
Secretarial and office services	1	2	3	4	5	6	7	8	9
Cleaning and building maintenance	1	2	3	4	5	6	7	8	9
Landscape maintenance	1	2	3	4	5	6	7	8	9
Site security monitoring	1	2	3	4	5	6	7	8	9
Telephone and IT infrastructure	1	2	3	4	5	6	7	8	9
Conference, meeting room and catering facilities	1	2	3	4	5	6	7	8	9
Other professional services	1	2	3	4	5	6	7	8	9

SHOWCARD 4–1

	Very Poor		Poor		Average		Good		Very Good
Provision of flexible accommodation types and sizes	1	2	3	4	5	6	7	8	9
Provision of flexible leases	1	2	3	4	5	6	7	8	9
Provision of opportunities for networking with other park companies	1	2	3	4	5	6	7	8	9
Other professional services	1	2	3	4	5	6	7	8	9

SHOWCARD 4–2

	Agree Strongly		Agree		Neither		Disagree		Disagree Strongly
A good understanding of my business	1	2	3	4	5	6	7	8	9
Easy to get in touch with	1	2	3	4	5	6	7	8	9
Efficient at resolving problems	1	2	3	4	5	6	7	8	9
Proactive in meeting my support requirements	1	2	3	4	5	6	7	8	9
Provided links to other companies on the Park	1	2	3	4	5	6	7	8	9
Provided flexible solutions to my property requirements	1	2	3	4	5	6	7	8	9

SHOWCARD 4–3

SHOWCARD 5–1

Elsewhere in Lanarkshire	1
Other West Central Scotland	2
Other Scotland	3
Other UK	4
Other EU	5
Other	6

	Very Important		Important		Neither		Un-important		Very un-important
The right sized premises	1	2	3	4	5	6	7	8	9
Room for expansion	1	2	3	4	5	6	7	8	9
Suitable price / rents	1	2	3	4	5	6	7	8	9
Costs of local labour	1	2	3	4	5	6	7	8	9
Grants or other financial support	1	2	3	4	5	6	7	8	9
Availability of suitable staff nearby	1	2	3	4	5	6	7	8	9
Good transport links and accessibility	1	2	3	4	5	6	7	8	9
Close to customers or suppliers	1	2	3	4	5	6	7	8	9
Close to a university or research institute	1	2	3	4	5	6	7	8	9
Being close to similar types of businesses	1	2	3	4	5	6	7	8	9
Convenient for owner/ senior management	1	2	3	4	5	6	7	8	9
Of good or attractive appearance	1	2	3	4	5	6	7	8	9
A reputable business address	1	2	3	4	5	6	7	8	9
Good business facilities and services at park or nearby	1	2	3	4	5	6	7	8	9
Availability of business advice or support in the area (apart from grants)	1	2	3	4	5	6	7	8	9
Other	1	2	3	4	5	6	7	8	9

SHOWCARD 5–2

Very Poor		Poor		Average		Good		Very Good
1	2	3	4	5	6	7	8	9

SHOWCARD 5–3

Innovation is defined as major changes aimed at enhancing your competitive position, your performance, your know-how or your capabilities for future enhancements.

These can be new or significantly improved goods, services or processes for making or providing them.

It includes spending on innovation activities, for example on machinery and equipment, R&D, training, goods and service design or marketing.

SHOWCARD 6–1

		Yes	No
Intramural (in-house) R&D	Creative work undertaken within your enterprise on an occasional or regular basis to increase the stock of knowledge and its use to devise new and improved goods, services and processes	1	2
Acquisition of R&D (extramural R&D)	Same activities as above, but purchased by your enterprise and performed by other companies (including other enterprises within your group) or by public or private research organisations	1	2
Acquisition of machinery, equipment and software	Acquisition of advanced machinery, equipment and computer hardware or software to produce new of significantly improved goods, services, production processes, or delivery methods	1	2
Acquisition of external knowledge	Purchase or licensing of patents and non-patented inventions, know-how, and other types of knowledge from other enterprises or organisations	1	2
Training	Internal or external training for your personnel specifically for the development and/or introduction of innovations	1	2
All forms of design	Expenditure on design functions for the development or implementation of new or improved goods, services and processes. Expenditure on design in the R&D phase of product development should be excluded	1	2
Market introduction of innovations	Activities for the market preparation and introduction of new or significantly improved goods and services, including market research and launch advertising	1	2

SHOWCARD 6–2

	£
Intramural (in-house) R&D	
Acquisition of R&D (extramural R&D)	
Acquisition of machinery, equipment and software	
Acquisition of external knowledge	
Training	
All forms of design	
Market introduction of innovations	

SHOWCARD 6–3

	At this site	Other Scotland	Other UK	Other Europe	All other countries
Other enterprises within your enterprise group	1	2	3	4	5
Suppliers of equipment, materials, service, or software	1	2	3	4	5
Clients or customers	1	2	3	4	5
Competitors or other enterprises in your industry	1	2	3	4	5
Consultants, commercial labs, or private R&D institutes	1	2	3	4	5
Universities or other higher education institutions	1	2	3	4	5
Government or public research institutes	1	2	3	4	5

SHOWCARD 6–4

		Factor not experienced	Low	Medium	High
Cost factors	**Excessive perceived economic risks**	1	2	3	4
	Direct innovation costs too high	1	2	3	4
	Cost of finance	1	2	3	4
	Availability of finance	1	2	3	4
Knowledge factors	**Lack of qualified personnel**	1	2	3	4
	Lack of information on technology	1	2	3	4
	Lack of information on markets	1	2	3	4
Market factors	**Market dominated by established enterprises**	1	2	3	4
	Uncertain demand for innovative goods or services	1	2	3	4
Other factors	**Need to meet Scottish or UK government regulations**	1	2	3	4
	Need to meet EU regulations	1	2	3	4

SHOWCARD 6–5

Very negatively affected		Somewhat negatively affected		The same		Somewhat positively affected		Very Positively affected
1	2	3	4	5	6	7	8	9

SHOWCARD 7–1

Decreased a lot		Decreased somewhat		Stayed the same		Increased somewhat		Increased a lot
1	2	3	4	5	6	7	8	9

SHOWCARD 8–1

Growing Strongly		**Growing**		**Static**		**Declining**		**Declining Strongly**
1	2	3	4	5	6	7	8	9

SHOWCARD 8–2

Very Satisfied		**Quite satisfied**		**Neither**		**Quite unsatisfied**		**Very unsatisfied**
1	2	3	4	5	6	7	8	9

SHOWCARD 9–1

Very negatively affected		Somewhat negatively affected		The same		Somewhat positively affected		Very Positively affected
1	2	3	4	5	6	7	8	9

SHOWCARD 10–1

Very negatively affected		Somewhat negatively affected		The same		Somewhat positively affected		Very Positively affected
1	2	3	4	5	6	7	8	9

SHOWCARD 10–2

	Delayed					Brought Forward			
	Over 2 years	Over 1 year, but less than 2 years	7 months to 1 year	Up to 6 months	No Difference	Up to 6 months	7 months to 1 year	Over 1 year, but less than 2 years	Over 2 years
Business Start-up	1	2	3	4	5	6	7	8	9
Turnover growth	1	2	3	4	5	6	7	8	9
Employment growth	1	2	3	4	5	6	7	8	9
Main innovation projects	1	2	3	4	5	6	7	8	9

SHOWCARD 11–1

	A lot better		Somewhat better		No change		Somewhat worse		A lot worse
Your main products or services	1	2	3	4	5	6	7	8	9
Staff Quality	1	2	3	4	5	6	7	8	9
Your main innovation activities	1	2	3	4	5	6	7	8	9

SHOWCARD 11–2

Appendix 5: Glossary, Abbreviations and Acronyms

Glossary, Abbreviations and Acronyms

Additionality: Additionality is the net positive difference that results from our intervention, that is, the extent to which an activity (and associated outputs, outcomes and impacts) is larger in scale, at a higher quality, takes place quicker, takes place at a different location, or takes place at all as a result of intervention. Additionality measures the net result, taking account of deadweight, leakage, displacement, substitution and economic multipliers.

APS: Annual Population Survey

Base case: see reference case.

Baseline: A description of conditions existing at a point in time against which subsequent changes can be detected through monitoring. A baseline study is also required in order to establish what the conditions would be if development were not to take place. Conditions may not be stable even in the absence of development; there may be decline, improvement or cyclic conditions.

CIS: Community Innovation Survey

Deadweight: Benefits that would have occurred without the intervention.

Displacement: The proportion of project benefits accounted for by reduced benefits elsewhere in the target area.

DTI: Department of Trade and Industry

ERDF: European Regional Development Fund

EU: European Union

FT: Full time employment for more than 30 hours per week

Gross benefits: these are the direct effects from the reference case and from the intervention option before account is taken of factors such as displacement, substitution, leakage and economic multipliers.

H&S: Health and Safety

HEI: Higher Education Institution

Intervention options: these are the options that the public sector might consider in order to intervene to achieve its objectives. In an appraisal, an estimate will need to be made of the level of target benefits that would be produced under each of the project 'do something' options. In an evaluation, the intervention option that was implemented will be assessed.

LDA: Lanarkshire Development Agency

Leakage: The proportion of benefits that go to those outside of the intervention's target area or group.

Market failure: Market failure occurs where for one, or a number of reasons, the economy is not operating efficiently. Market failure can be caused by information deficiencies, externalities, risk aversion, scale, institutional barriers or another factor which can prevent a market from operating efficiently. The Network's purpose is to help the market work better to achieve its objectives for the Scottish economy to grow.

Multiplier effects: Further economic activity (jobs, expenditure or income) associated with additional local income, local supplier purchases and longer term effects.

NEL: National Engineering Laboratory

NTBF: New Technology Based Firm

Outcomes: The consequences of project outputs in terms of the effects to customers or the economy such as increased R&D, skills levels, employment, productivity etc In a successful project, the outcome will match the original objectives & have an effect on increasing GVA.

Outputs: The changes achieved as a direct result of the project, such as new products, skills acquired, premises constructed etc. Outputs should be easy to identify & measure & contribute to an outcome. For example, a project that sets up a training centre may have an output of people learning business start-up skills. That in turn could lead to an outcome of more business starts in an area.

PES: Public Expenditure Schedule

PT: Part Time employment for less than 30 hours per week

R&D: Research and Development

Reference case: The position in terms of target outputs over a set period of time if the intervention did not take place (also known as the base case).

SDA: Scottish Development Agency

SE or SEN: Scottish Enterprise or Scottish Enterprise National

SEL: Scottish Enterprise Lanarkshire

SEPA: Scottish Environmental Protection Agency

SETP: Scottish Enterprise Technology Park

SIC: Standard Industrial Classification

SLC: South Lanarkshire Council

Substitution: Where a firm substitutes one activity for a similar activity (such as recruiting a different job applicant) to take advantage of public sector assistance.

Target area: The area within which benefits will be assessed.

UKSPA: United Kingdom Science Parks Association

Appendix 6: References

References

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Appendix 7: Consultees

Pamela Woodburn	Director, Competitive Place, SEL
John Mc Manus	Competitive Place, SEL
Andy Boyle	Growing Business, SEL
Paul Lewis	Senior Director Competitive Place, SEN
Terry Bardell	Competitive Place, SEN
Stephen Lewis	Former SETP manager at SETP for SEL, now Colliers
John Paul Longmuir	Colliers
Helen Clydesdale	Colliers