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**Report of Director of City Development**

**Report to Executive Board**

**Date: 27 July 2016**

**Subject: Leeds Innovation District**

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| Are specific electoral Wards affected?<br>If relevant, name(s) of Ward(s): City & Hunslet  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Are there implications for equality and diversity and cohesion and integration?  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Is the decision eligible for Call-In?  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number:<br>Appendix number: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |

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**Summary of main issues**

1. The cities that will be successful in the modern economy are those that can harness and commercialise the knowledge, creativity, and ideas from their most innovative people and institutions. Universities, research intensive health services, government functions and knowledge intensive firms have an important role to play, and by working together can create the new innovations, products, processes and high growth firms to drive economic development. In Leeds City Centre many of these functions are in close proximity, with development potential as these organisations reconfigure their estates. This creates an opportunity of international significance to develop an innovation district, a 21<sup>st</sup> century science park, which could be a flagship economic growth initiative for Leeds, Leeds City Region, and the north of England.
2. This report sets out the potential for developing the concept of an “innovation district” for Leeds. This would comprise the main city centre campuses of the University of Leeds, Leeds Beckett University, potentially the Leeds College of Art and Leeds City College, the Leeds Teaching Hospital Trust’s Leeds General Infirmary site, and the Leeds City Council estate in the Civic Quarter. This would be a significant, contiguous area of Leeds City Centre which already has important innovation assets, and which will see substantial change as a result of new investments and estates reconfiguration.
3. An innovation district for Leeds would be a catalyst for productive, sustainable and inclusive economic development. It could enable creation and growth of firms, and inward investment by enabling businesses, entrepreneurs, universities clinicians and government leaders collaborate across sectors, organisations and disciplines. It could

also expand job and educational opportunities for people and to inspire young people around the range of potential career paths in the modern economy.

4. It could bring together some of our city's most creative and innovative institutions, businesses and people who thrive from proximity enabling ideas and knowledge to be shared and developed. Increasingly businesses and people are demanding and expecting better choices of where to work, live and spend leisure time; they want walkable neighbourhoods with attractive spaces, jobs, space for research and learning, housing, and amenities.
5. At a time of weak productivity growth, an innovation district for Leeds has the potential to be the catalyst for productive, sustainable and inclusive economic development. It could enable creation and growth of firms, and inward investment, by enabling businesses, entrepreneurs, universities clinicians and government leaders collaborate across sectors, organisations and disciplines.
6. At a time of increasing economic uncertainty, social inequality and austerity an innovation district could help expand job and educational opportunities for people and communities in deprived neighbourhoods, and to inspire young people around the range of potential career paths in the modern economy.
7. And at a time of increasing concern about the environment and air quality, an innovation district for Leeds could be an exemplar of sustainable development based on high density living and working, excellent public transport, and low carbon energy.
8. The concept of an innovation district for Leeds could include a coherent approach to: supporting economic growth; masterplanning, public space, access and movement; promoting Leeds as a location for inward investment; creating an exemplar for smart, sustainable growth; and enhancing development value for public sector organisations.
9. A range a short term actions over the next nine months are identified within this report, which are aimed at working with partner organisations to develop the concept further.

## **Recommendation**

9. Executive Board is recommended to:
  - a. Support the formation of a partnership between Leeds City Council, University of Leeds, Leeds Beckett University and Leeds Teaching Hospitals Trusts; to further develop the concept of an innovation district for Leeds;
  - b. Agree that the Director of City Development allocates funding from existing City Development Directorate budgets, in order to progress masterplan, strategy and branding work over the next six to nine months, on the basis that the other key partners would contribute;
  - c. Agree that, as part of the masterplanning work, planning policy and the approach to highways and transport are considered and reviewed where necessary; and
  - d. Agree that the branding and marketing work is carried out and that an investment proposition is developed.

## **1.0 Purpose of this report**

### **1.1 The purpose of this report is to:**

- set out the potential for developing the concept of an “innovation district” for Leeds;
- provide background information about innovation districts to Executive Board, and to advise how the development of one in Leeds could be beneficial for the city; and
- seek approval to carry out a range of short and medium term activities in order to develop the concept further.

## **2 Background information**

### **2.1 The Concept of Innovation Districts**

- 2.1.1 Several US cities have pioneered the concept of innovation districts. The term was coined by the urban economist Bruce Katz, Director of the Metropolitan Policy Programme at the Brookings Institution in Washington DC (see <http://www.brookings.edu/about/programs/metro/innovation-districts>)
- 2.1.2 The intention is to capture and maximise the benefits of the trend of knowledge intensive economic activity and jobs clustering in city centres. In the 1980s and 1990s increasingly firms undertaking research and development and with highly skilled workforces decentralised to out of town business parks to where people would drive to work and keep their ideas secret within their buildings. Increasingly now and over recent years these functions have moved back into city centres, where people walk, cycle or travel to work by public transport, and where they share their ideas in, what Katz calls, “the hyper-caffeinated spaces” between the buildings.
- 2.1.3 The move back towards city centres is part of a wider process of agglomeration, where high densities of knowledge intensive functions enable people and firms to copy, collaborate and compete to generate and commercialise ideas and to boost productivity. These activities are attracted to city centres for a number of reasons: proximity to major transport hubs that enable them to access a skilled workforce across a wide area; the retail, leisure and cultural offer which is important to attracting and retaining talented people; and, significantly, proximity to anchor institutions for innovation in the universities, healthcare and government sectors.
- 2.1.4 Innovation districts are where cities seek to attract new research facilities, provide a range of work spaces (including incubation and co-working spaces), create development opportunities to attract new occupiers, and provide new high density housing to attract and retain skilled workers.

## 2.2 Case Studies

### 2.2.1 Cambridge / Boston, Massachusetts

There is already a cluster of high value activities, with a particular focus on digital and healthcare technologies at Kendall Square and around MIT and Mass General Hospital. The City of Boston is also bringing forward the regeneration of the South Boston Waterfront, a former industrial area, which has been opened up by new transport links, renovation of historic buildings and the waterfront, new cultural attractions, which has been supplemented by advanced research institutions and anchor companies. There is an interesting potential parallel here in terms of a link and coherent approach between a potential innovation district around the universities and hospital in Leeds, and the regeneration of Leeds South Bank.

### 2.2.2 Kings Cross Central, London

Developers Argent had a clear strategy to secure anchor institutions for innovation and creativity such as the University of the Arts, and the Crick Institute. They leveraged the value of the site's proximity to the British Library, UCL and the Wellcome Trust to attract high value occupiers such as Google. A high quality, distinctive retail offer, housing, workspace for start-up companies, world class public realm have contributed to creating a new successful urban district in a formerly run-down part of central London.

## 2.3 The Case for Leeds

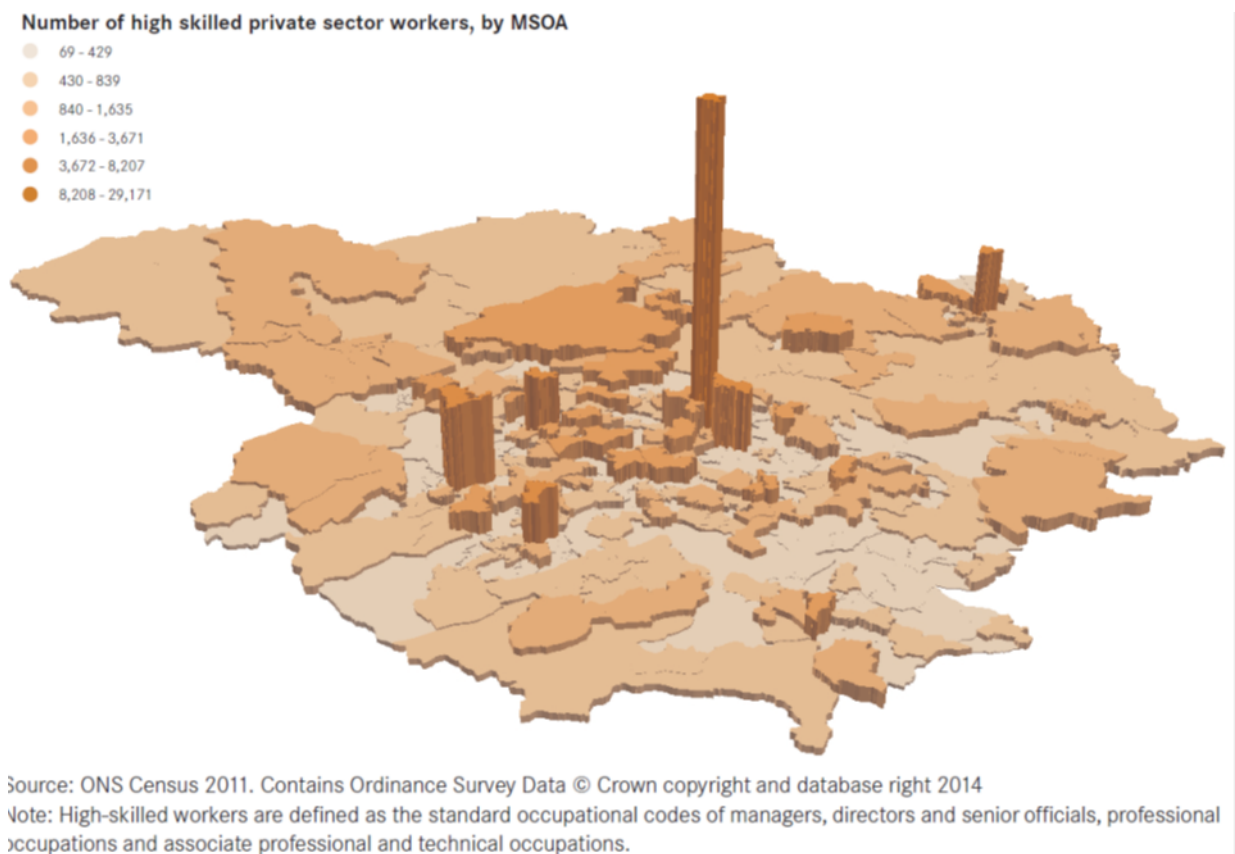
2.3.1 Leeds is already benefitting from the trends of agglomeration noted in 2.1.3. Research by Centre for Cities (*Core Strength, Supporting the Growth of Leeds City Centre*, Centre for Cities, December 2014) showed how Leeds City Centre has seen levels of private sector jobs growth that outstrip the city and city region as a whole. Around 50% of all private sector jobs in Leeds City Centre are in Knowledge Intensive Business Services, as opposed to 25% for the city region as a whole.

2.3.2 Leeds City Centre already has significant assets:

- two universities;
- Leeds General Infirmary (one of largest teaching hospitals in Europe);
- leading art and music colleges;
- the UK's largest financial and business services sector outside London;
- a fast growing digital sector;
- the UK's only global internet node outside London;
- a successful retail core;
- major cultural attractions (the only city centre outside London that is home to major opera, theatre and dance companies); and
- the busiest railway station in the north of England.

- 2.3.3 The city centre is set to benefit from major current and future investments. These include Victoria Gate which will take Leeds into the top five UK retail destinations; HS2 and HS3 creating a transport hub at Leeds station used by more people than Gatwick Airport is today; high quality residential developments; a Government hub bringing together national government functions from across Yorkshire; a £3.7 million tech hub, and the Burberry manufacturing facility and wider mixed use development. The regeneration of Leeds South Bank will double the size of the city centre, and there are also major areas for expansion in the West End (Wellington Place, Whitehall Riverside, former Yorkshire Post and International Pool sites, and Kirkstall Rd); and to the east on the Victoria Gate Phase 2 and Quarry Hill sites.

**Figure 1. Location of high-skilled jobs in Leeds City region, 2011 (source: Centre for Cities)**



- 2.3.4 An innovation district to the north of the city provides an opportunity for further expansion on land freed up by consolidating hospital and local government functions on a smaller geographic footprint. More importantly it can help ensure the city makes the most of its existing leading-edge facilities and functions in this part of the city, as well as major new developments such as the University Innovation and Enterprise Centre.
- 2.3.5 The University Innovation and Enterprise Centre (UIEC) will provide a place where businesses and other external organisations looking to innovate, be more

productive and grow can access the University's capabilities and talent. The new 10,000m<sup>2</sup> Centre will be a hub for the growing innovation community in Leeds, creating new jobs and investment. Leeds Beckett University are planning significant investments in their city centre estate. The proximity of Leeds College of Art, and buildings occupied currently by Leeds City College also provide opportunities. The Council will also be bringing forward the Leonardo Buildings, and 2 Great George Street for re-use and / or redevelopment once the Merion House scheme is complete.

2.3.6 It could help Leeds to create and retain more university spin out firms and have general benefits across areas such as advanced materials, engineering, environmental technologies and medical and health. It could connect the universities and hospital better with the wider city centre, creating value to a wider range of businesses.

2.3.7 This potential was identified in the Centre for Cities report:

*"Both the LGI and the universities have a potentially important role to play in supporting innovation in the city centre. Given the research and teaching that is conducted in both it is likely that there will also be knowledge spillovers generated that benefit local businesses. Work by the Brookings Institute has looked at the role that such institutions play in cities in America, identifying them as anchors in what they call "innovation districts". These districts result from information and ideas being able to be exchanged more easily as a result of the proximity of different businesses and research institutions...*

*the way that public realm is designed and laid out influences the way that people interact in and travel across a city centre. This means that it will have an impact on business location decisions and the way that different cultural medical and educational institutions are linked to each other and to the business community of the city centre. This in itself is likely to facilitate interactions not only between businesses but also between the university, the hospital and the private sector, increasing the amount of innovation that occurs within the city centre."*

2.3.8 The Innovation District would complement the development of other parts of Leeds City Centre, such as the South Bank. The South Bank provides potential for development of huge scale in offices, residential, advanced manufacturing, education, green space, and to build on its existing position as a major hub of digital businesses. The South Bank, along with other growth areas such as the Leeds City Region Enterprise Zone in the Aire Valley, Thorpe Park, and White Rose can offer grow-on space for firms that are incubated in the innovation district and then need grow-on space.

### **3.0 Main issues**

3.1 The concept of an innovation district for Leeds could include a coherent approach to:

- Supporting economic growth – leveraging the benefits of a cluster of world class research activities and facilities, and organisations that are at the forefront in

innovation in public services to create opportunities for business start-ups, growth and investment;

- Masterplanning, public space, access and movement – to link the area together, integrate it with the rest of the city, and attract investment and talent;
- Promoting Leeds as a location for inward investment, providing a clear and attractive destination for investment, and strengthening our existing offer;
- Creating an exemplar for smart, sustainable growth in the modern knowledge economy, a place that can inspire young people, and spaces that become a greater part of the civic life of the city; and
- Enhancing development value – enabling LTHT and Leeds City Council to secure development finance and capital receipts.

3.2 A report to Executive Board in October 2015 '*An Approach to Street Design and Public Realm in Leeds City Centre*' stated that good quality public realm can enhance people's experience of Leeds, while improving, promoting and managing the city centre as a business location and an engine for economic growth. Executive Board agreed to develop a strategic plan for public realm improvements in the city centre, and the opportunities arising from the proposed innovation district will be considered as part of that strategic plan.

3.3 The document '*Our Transport Vision for a 21<sup>st</sup> Century Leeds*' recognises that transport is a fundamental component of what makes a prosperous, liveable, healthy and sustainable 21<sup>st</sup> century city. The vision presents a short, medium and long term transport investment programme. Furthermore, following the decision not to proceed with the NGT Trolleybus scheme, transport vision work is currently ongoing, and the proposals for an innovation district will be considered alongside, and potentially inform, the cities transport aspirations for the medium and long term.

### **Masterplanning, movement and infrastructure**

3.4 There could be a shared masterplan for the innovation district, which would not seek to unpick existing committed projects, but could ensure existing plans are integrated and become more than the sum of their constituent parts in terms of:

- Creating attractive gateways and connections between the main buildings and hubs that are part of the innovation district, and with the wider city centre;
- Understanding and realising opportunities to reconfigure the road network and create better pedestrian, cycle and public transport connections serving the area;
- A shared plan for 21<sup>st</sup> century infrastructure, including broadband and low carbon energy; and
- Creating world class public spaces and increasing access to and animation of existing ones.

## **Development opportunities**

3.5 Potential development opportunities as part of a Leeds Innovation District could include:

- New teaching and research space;
- New clinical healthcare facilities;
- The modern office accommodation for Leeds City Council that is already planned;
- A range of office space, including incubation facilities, grow-on space, and space suitable for larger occupiers who value proximity to the universities, hospital and Council;
- New or improved cultural and conferencing venues;
- Student accommodation;
- Residential development aimed at graduates and key workers;
- Hotels; and
- New and improved public spaces.

## **3.6 Business Growth and Investment**

3.6.1 The Innovation district concept needs to be more than just a physical development scheme. The right ecosystem of business and research support will be needed.

3.6.2 This could include support for businesses that are seeking to spin out of the university, hospitals and Council, and links to grow on space elsewhere in the city. This support could include facilitating the building peer networks, mentoring, and access to finance (including angel investment)..

3.6.3 There would be a need to promote the innovation district as a location for investment. This would need to go beyond branding and marketing activity. It should focus on developing specific investment propositions around the ideas and expertise within Leeds, as well as the property investment opportunities.

3.6.4 There is an opportunity to build on the position of Leeds as a centre of expertise for health innovation, and digital. Both these sectors have been identified in the Northern Powerhouse Independent Economic Review as two of the four areas where the North has “Prime Capabilities” in terms of particular economic strengths (the other two areas are Advanced Manufacturing and Energy).

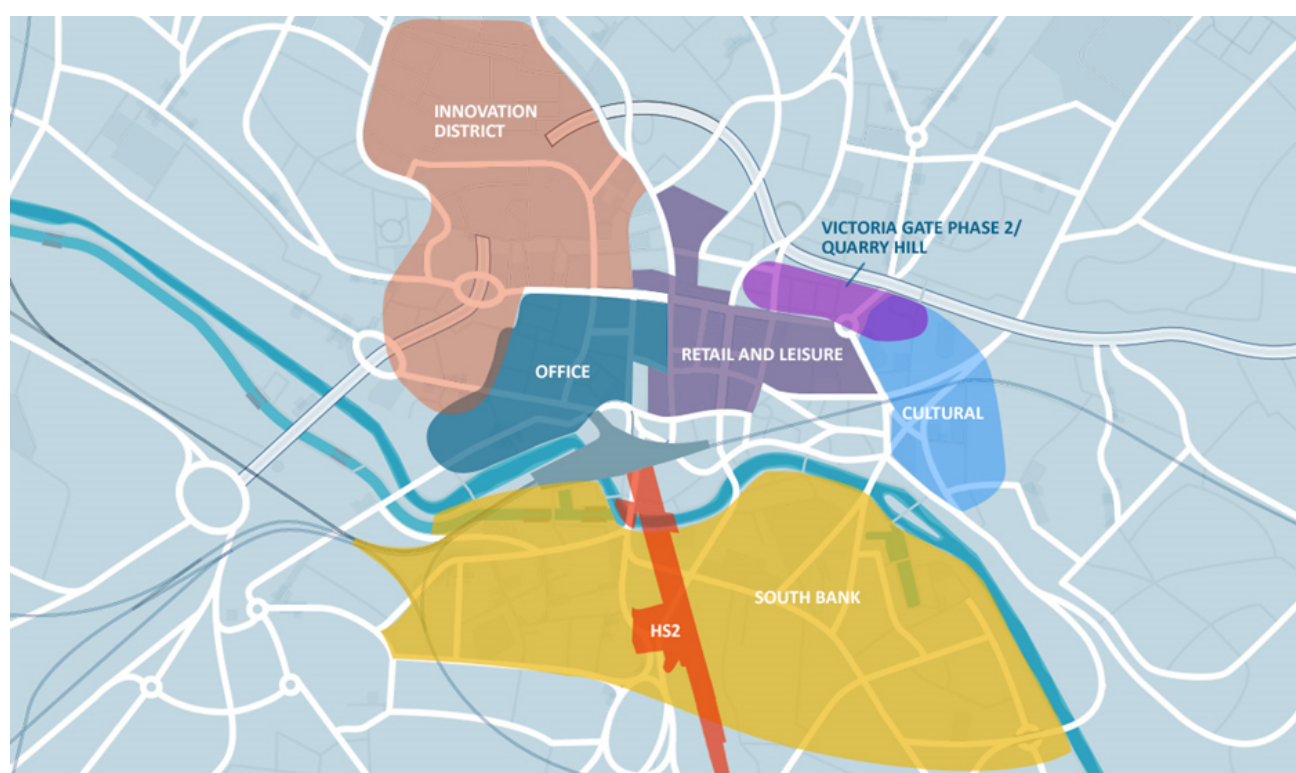
3.6.5 Leeds is the world’s leading city for digital health. The city is home to the NHS information unit, the two largest private sector providers of health information systems (EMIS and TPP), and world leading university capabilities. Leeds has more health data scientists than any other city in the world. The main organisations in the healthcare system in Leeds have formed the Leeds Academic Health Partnership to

drive collaboration and innovation across the system to improve outcomes for patients and people, deliver efficiencies, and to create business opportunities from innovation. Leeds has also huge strengths in medical technologies, and medical and biological engineering. The city has several firms that design and manufacture medical and surgical devices, implants, replacement joints and prosthetics. These firms work closely with Leeds Teaching Hospital Trust, and the University of Leeds who have also spun out a range of medical technology start-up businesses.

### **Branding and Identity**

3.6.6 The branding of the district will need to be carefully considered with partner organisations in order to maximise the opportunities that it presents.

**Figure 2. Potential Leeds innovation district in the context of a growing city centre**



## **3.7 Potential Next Steps**

### **3.7.1 Within 2-3 months**

- Refine the outline proposal for a Leeds Innovation District project;
- Secure formal approval the work together on this concept from the relevant organisations;
- Form working group with clear terms of reference;
- Undertake some initial scoping work on the spatial vision and master planning framework;

- Undertake some further initial scoping work on how an Innovation District could boost economic growth in Leeds; and
- Develop a consultation and engagement plan.

### **3.7.2 Within 6 months**

- Produce an outline business case / proposition to set out the detailed work, including a full equality impact assessment;
- Specify programme, investment and capacity needed to make an Innovation District a reality; and
- Produce a masterplan which sets out how the estates plans of relevant organisations will be integrated, and the Innovation District will be connected seamlessly to the wider city / city centre.

### **3.7.3 Within 9 months**

- Appoint team to drive project forward;
- Identify the specific first stage investment opportunities;
- Develop an identity and brand; and
- Launch.

## **4.0 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Initial discussions have taken place at a senior level with key partner organisations, including Leeds Teaching Hospitals Trust, University of Leeds and Leeds Beckett University, who are supportive in principle of the concept of an innovation district for Leeds.
- 4.1.2 A full consultation and engagement plan will be developed as part of the 'next steps' stages identified in this report.

### **4.2 Equality and Diversity / Cohesion and Integration.**

- 4.2.1 The impacts of an innovation district are potentially wide-ranging and substantial.
- 4.2.2 An equality impact assessment will be carried out as part of the 'next steps' stages identified in this report.

### **4.3 Council policies and Best Council Plan**

- 4.3.1 The Council's 'Best Council Plan' includes among its six key objectives to support communities and tackle poverty, and to promote sustainable and inclusive

economic growth. It also contains seven breakthrough projects, of which one is “Rethinking the city centre”.

4.3.2 Furthermore, “Good Growth” and “21<sup>st</sup> Century Infrastructure” are listed as two of the five key objectives in the Leeds-led Commission on the Future of Local Government.

4.3.3 The ambition to develop an innovation district for Leeds has the potential to support the objectives listed above.

#### **4.4 Resources and value for money**

4.4.1 Although the majority of the work will be carried out by Officers, it is intended to commission an external consultant to assist with elements of the ‘next steps’ identified in 3.7.1 to 3.7.3, in order to bring in external expertise with a national and international perspective.

4.4.2 It is envisaged that this work can be delivered for under £10,000. The Council’s Corporate Procurement Regulations will be followed as part of this commission.

#### **4.5 Funding**

4.5.1 The four key partners (LCC, LGI, UoL, LBU) intend to agree a Memorandum of Understanding which will set out in more detail each partners responsibility in terms of financial contributions. It is likely that another partner, and not LCC, will lead the procurement of a consultant to take the concept to the next stage.

4.5.2 All Leeds City Council costs incurred as part of the ‘next steps’ will be funded by the Capital Programme.

#### **4.6 Legal Implications, Access to Information and Call In**

4.6.1 There are no significant legal implications arising from carrying out the ‘next steps’ identified.

#### **4.7 Risk Management**

4.7.1 There are no significant risks in exploring the concept of an innovation district for Leeds.

### **5.0 Conclusions**

5.1. The potential exists for developing the concept of an “innovation district” for Leeds, comprising the main city centre campuses of the University of Leeds, Leeds Beckett University, potentially the Leeds College of Art, the Leeds Teaching Hospital Trust’s Leeds General Infirmary site, and the Leeds City Council estate in the Civic Quarter.

5.2 The intention of an innovation district is to capture and maximise the benefits of the trend of knowledge intensive economic activity and jobs clustering in city centres. In Leeds, it could bring together some of our city’s most creative and innovative

institutions, businesses and people who thrive from proximity enabling ideas and knowledge to be shared and developed

- 5.3 An innovation district for Leeds has the potential to be the catalyst for productive, sustainable and inclusive economic development. It could enable creation and growth of firms, and inward investment, by enabling businesses, entrepreneurs, universities clinicians and government leaders collaborate across sectors, organisations and disciplines. It could also expand job and educational opportunities for people and to inspire young people around the range of potential career paths in the modern economy.
- 5.4. The concept of an innovation district for Leeds could include a coherent approach to:
- Supporting economic growth;
  - Masterplanning, public space, access and movement;
  - Promoting Leeds as a location for inward investment;
  - Creating an exemplar for smart, sustainable growth; and
  - Enhancing development value.
- 5.5 A range a short term actions (2-9 months) are identified within this report, which are aimed at working with partner organisations to develop the concept further.

## **6.0 Recommendations**

- 6.1 Executive Board is recommended to:
- a. Support the formation of a partnership between Leeds City Council, University of Leeds, Leeds Beckett University and Leeds Teaching Hospitals Trusts; to further develop the concept of an innovation district for Leeds;
  - b. Agree that the Director of City Development allocates funding from existing City Development Directorate budgets, in order to progress masterplan, strategy and branding work over the next six to nine months on the basis that the other key partners would contribute;
  - c. Agree that, as part of the masterplanning work, planning policy and the approach to highways and transport are considered and reviewed where necessary; and
  - d. Agree that the branding and marketing work is carried out and that an investment proposition is developed.

## **7.0 Background papers<sup>1</sup>**

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include

7.1 None.