



Nurturing Preston's Innovation Ecosystem

**A baseline of current activity and
recommendations to support the
growth of Innovation in Preston City.**

in collaboration with



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Foreword

Introduction

This report seeks to identify and baseline the existing innovation ecosystem in Preston across innovation facilities/spaces, key stakeholders, SME community and current collaborative partnerships. The intended outcome of this research is to provide insight towards how the innovation ecosystem in Preston can be nurtured and grown to capitalise on an unparalleled innovation investment in the county.

The aims were threefold:

1. Identify and catalogue an evidence base of Preston innovation community with focus on digital and technology SMEs.
2. Catalogue existing, and quantify the demand for new, innovation support across facilities, programmes and funding.
3. Provide recommendations on how to nurture, grow and position innovation in Preston to uniquely benefit from the wider growing ecosystem and opportunities in Lancashire and the North-West.

This research is conducted by Plexal, in collaboration with Preston Partnership, and funded by Lancashire County Council. The focus of this research and its findings are intentionally Preston-centric, however it is noted that a holistic-county wide lens is also needed to ensure prosperity for Preston.

The opportunity for Preston

United under the Lancashire 2050 strategy, Lancashire has a long-term vision and ambition that emphasises the importance of economic growth, diversification, and collaboration, all of which are enabled and underpinned by strong and resilient innovation ecosystems.

The county has the ambition to be home to the UK's fastest growing digital sector, and presently, there is a once in a generation innovation opportunity for the county triggered by several transformational projects:

- The relocation of the National Cyber Force (NCF) to Samlesbury
- The planned development of a world-class Innovation Hub
- A burgeoning ElecTech cluster in Lancaster's Fraser House
- The newly formed Lancashire Cyber Partnership and the North West Cyber Corridor
- The Advanced Manufacturing Centre North West driving manufacturing innovation
- Excellent universities with teaching and global research prowess

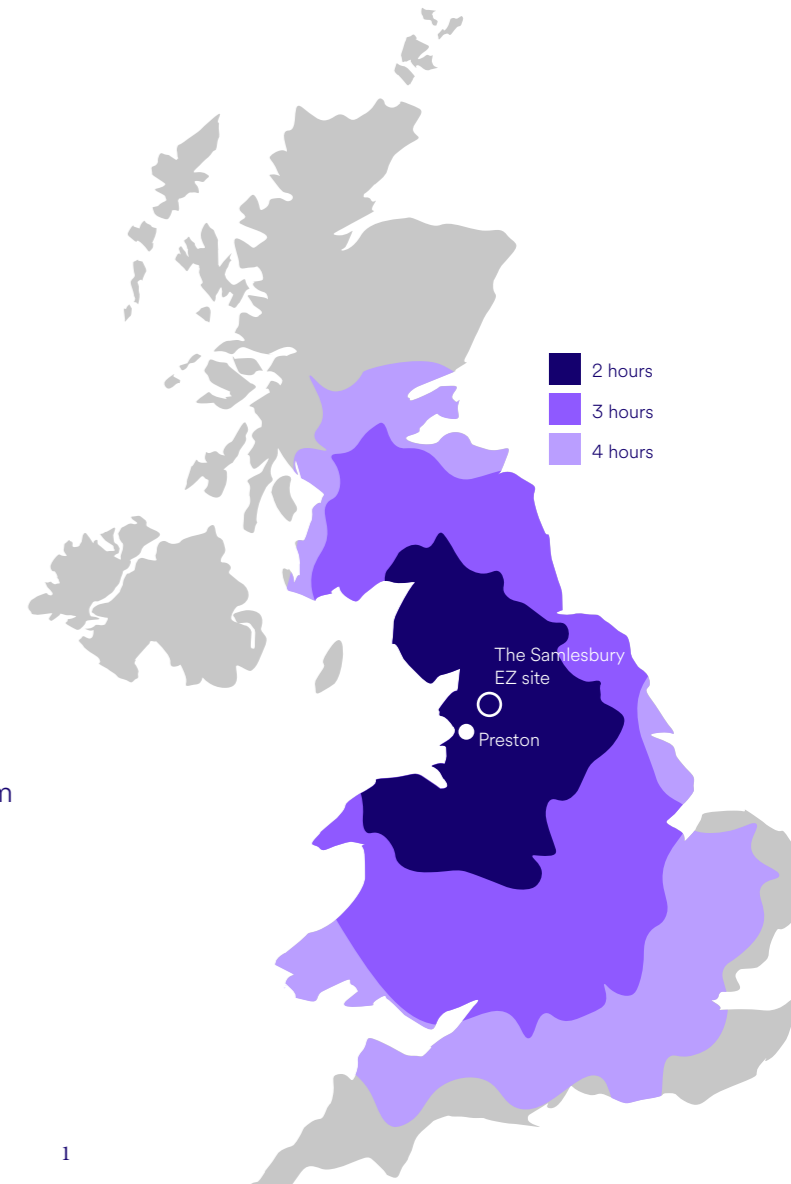
Preston City is the economic hub of Lancashire, home to Lancashire County Council and Preston City Council. It occupies a central, gravitational point for what is a multi-centric county. The city is a testament to Britain's industrial legacy. From its beginnings as a textile hub in the 18th century to its pivotal role in the Industrial Revolution, the city has a long history of embracing innovation and progress.

Today, Preston continues to embrace its industrial roots while forging ahead with new innovations. As home to the University of Central Lancashire (UCLan), Royal Preston Hospital, and neighbour to leading national and international institutions BAE Systems and Westinghouse, it is well placed to take advantage of economic growth and digital transformation across aerospace, engineering, and healthcare.

Preston has unrivalled connectivity, out to the wider county, to neighbouring innovation hotspots in Manchester, and to London and Glasgow. NCF's arrival in Samlesbury, a site that is just 20 minutes from Preston centre, will bring the city into national focus. Preston's centre will be the main transport hub that supplies the site and will be the nearest city centre for companies hoping to locate near to the NCF. To capitalise on this opportunity, Preston will need to act.

The city centre is undergoing a period of transformation and progress is being made towards its aims for improved digital infrastructure, increased digital skills, and new commercial districts such as the Preston Station Quarter development. The City's anchor institutions, Preston City Council, Lancashire County Council, and UCLan alongside the Preston Partnership recognise this point of opportunity and have established the Preston Regeneration Board to enable greater collaboration to accelerate the delivery of regeneration proposals and to maximise the benefits of these opportunities. The Preston Regeneration Board launched Preston 35, its City Regeneration Plan earlier this year.

Continuation of this work, coupled with new initiatives to support the city's innovation ecosystem set out in this report, will ensure that Preston is well positioned to benefit from increased investment in innovation and lead the way towards a successful and innovative Lancashire and the wider North West.



Architecture of an innovation ecosystem

Plexal has identified 12 core tenets that make up a successful, strong and sustainable innovation ecosystem, together these provide an environment where new ideas can be nurtured, focused, and developed to have a tangible impact on customers and the wider regional economy.

To baseline the Preston ecosystem against the tenets required for a successful innovation ecosystem, Plexal conducted in depth interviews with 30 stakeholders central to innovation in Preston across local government, industry, academia and SMEs (a list of consulted stakeholders is provided in the supporting information).

In summary, Preston has all the ingredients needed for a successful innovation, however, action is needed to draw together into a coherent and well-signposted ecosystem. The results of this research and interviews are summarised here.



Vision:
Alignment on goals

Concerted public sector effort has been made to develop a clear pathway for Preston, such as the 15-year City Investment Plan setting out an ambitious vision to transform the city. However, it is unclear how well this is aligned across the City's wider ecosystem and how far it has percolated into the local private sector.



Networks:
Create connections with adjacent ecosystems to create value

Lancashire is home to a proliferation of networks and stakeholders. This creates a difficulty where innovation activity happens within smaller sub-ecosystems in multiple sites across the county, however, it has become better coordinated in recent years through the likes of Boost support and collaboration between the local universities.



Capital:
Access to funding to support and incentivise scaling

Steps have been made towards improving access to private funding, such as developing a Lancashire angel network and the FHundED events to encourage investment in Lancashire tech. However, SMEs in Preston find it difficult to identify sources of capital and more Preston-centric investment activity is needed.



Purpose:
Drive synergy in serving the community

There is a strong shared purpose to stimulate economic development and innovation, which is being enacted by multiple stakeholders across the city including local government initiatives like Boost, UCLan entrepreneurship training and degree apprenticeships and Preston Partnership supporting local business.



Diversity:
Bring groups together who don't normally interface

Preston's community is made up of individuals with diverse backgrounds, experience, and expertise. This is reflected in the diversity of the businesses that are present in the City which vary across sectors, products and services.



Measurement:
Ensure regionally focussed KPIs align to drive outcome

At present there is a cross-county data gap to show the efficacy of innovation interventions, such as long-term job creation and economic growth impact. This has impacted Preston, leading to a data gap on SMEs and support in the city.



Leadership:
Identification of actor(s) that provide vision and manage stakeholders

UCLan has been a hive and key leader of innovation activity for the city, however, the withdrawal of EU ERDF funding greatly impacted the outward support provided for local SMEs by universities. Preston City Council, falling under the remit of Lancashire County Council, at present has limited capacity to enact change compared to its counterparts.



Customers:
Identifiable routes to market for innovations

Preston and the surrounding areas are home to nationally and internationally leading organisations such as BAE Systems, Westinghouse, Booths, Leyland, Eric Wright Group, and soon the National Cyber Force. However, clearer routes for SMEs to engage with these organisations' supply chains are needed.



IP & Experimentation:
organisations with expertise and IP that enables innovation

Lots of hardware and software intellectual property (IP) is being developed in Lancashire through a variety of platforms and organisations. However, research and development specifically within the city are largely confined to UCLan, who have world-class facilities such as the Engineering Innovation Centre.



Influence:
Being respected enough to inspire reform, standards and policy

Preston is home to the County Council and centre point in the North West Cyber Corridor. However, as a multi-centric County, the city lacks influence and gravitational pull for innovative digital and technology businesses when compared to its neighbours Lancaster, Manchester and Liverpool.



Expertise:
Skills, talent, and expertise to enable innovation.

BAE Systems consistently attracts and retains high-quality talent and two-thirds of UCLan's student base comes from the local area, leading to a high potential for skilled worker retention. Digital skills and cyber training efforts are supporting the pipeline. The challenge now will be to create a strong pathway that feeds skilled workers into skilled local jobs.

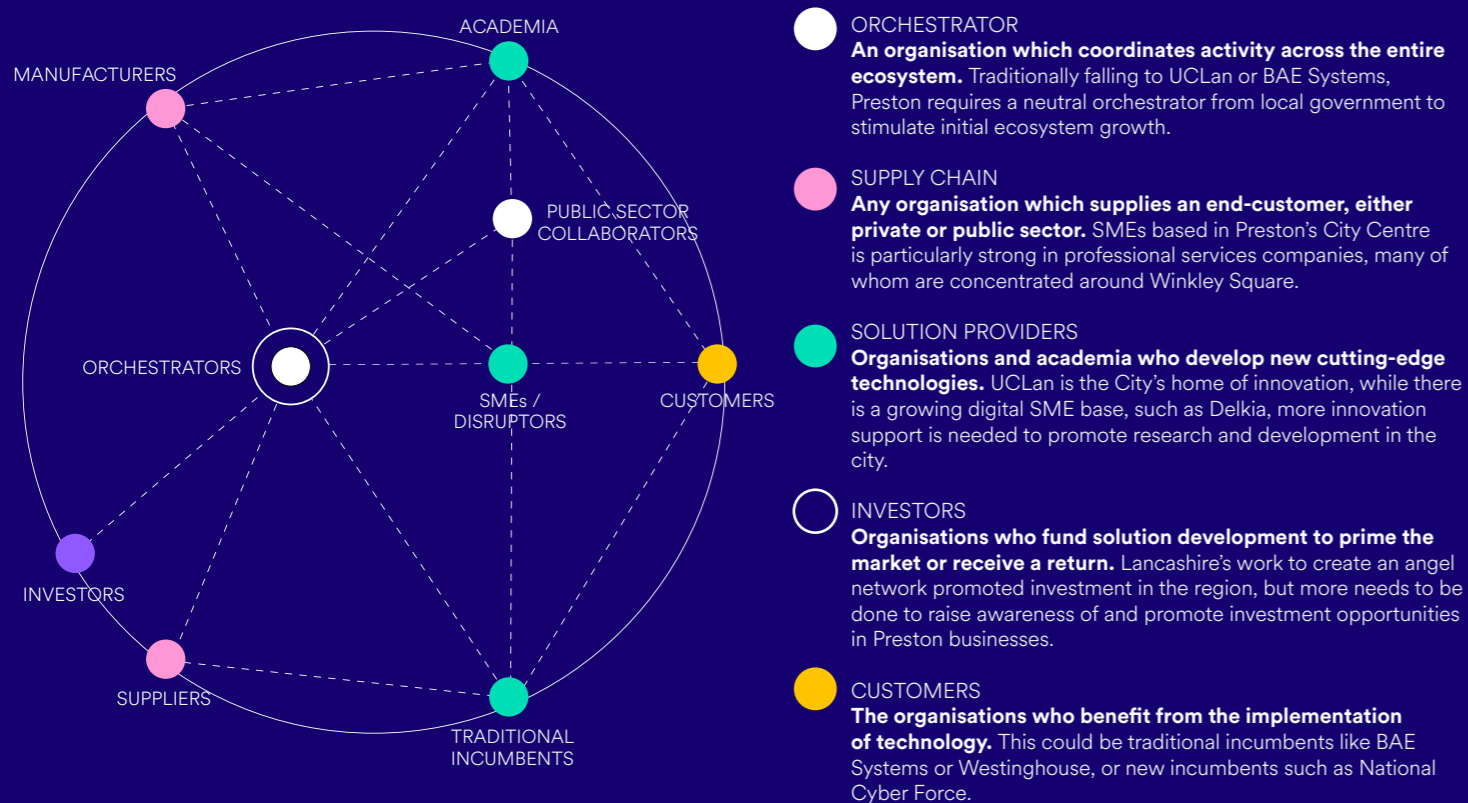


Infrastructure
The quality of buildings, connectivity, transport, workspace and culture

Preston is well connected nationally, however in-county and in-city transport needs improvement. Effective public transport to the Samlesbury site is needed. Several regeneration projects are improving the infrastructure needed to support innovation activity. However, the city still lacks sufficient grade-A office space, specifically for organisations looking to grow or relocate teams of 100+.



Preston's innovation stakeholders



- ORCHESTRATOR**
An organisation which coordinates activity across the entire ecosystem. Traditionally falling to UCLan or BAE Systems, Preston requires a neutral orchestrator from local government to stimulate initial ecosystem growth.
- SUPPLY CHAIN**
Any organisation which supplies an end-customer, either private or public sector. SMEs based in Preston's City Centre is particularly strong in professional services companies, many of whom are concentrated around Winkley Square.
- SOLUTION PROVIDERS**
Organisations and academia who develop new cutting-edge technologies. UCLan is the City's home of innovation, while there is a growing digital SME base, such as Delkia, more innovation support is needed to promote research and development in the city.
- INVESTORS**
Organisations who fund solution development to prime the market or receive a return. Lancashire's work to create an angel network promoted investment in the region, but more needs to be done to raise awareness of and promote investment opportunities in Preston businesses.
- CUSTOMERS**
The organisations who benefit from the implementation of technology. This could be traditional incumbents like BAE Systems or Westinghouse, or new incumbents such as National Cyber Force.

From our conversations with these stakeholders, areas commonly identified to develop Preston's innovation ecosystem were:

- Communication and collaboration:** there is a need for better coordination and networking throughout the ecosystem among tech companies, entrepreneurs, academia, and local government to stimulate innovation effectively.
- Tech community engagement:** initiatives such as tech focused meetups, speaker events, and co-working spaces are essential for fostering collaboration and knowledge sharing. Currently uptake is low.
- Support for SMEs and innovation:** there is a perceived gap in SME innovation support beyond early-stage entrepreneurship currently provided through the Lancashire Skills Hub, Boost and UCLan, particularly in later-stage business growth and innovation initiatives.
- University engagement and funding:** UCLan plays a significant role in supporting innovation and entrepreneurship, but there are concerns about the loss of funding for innovation programmes through streams like ERDF. Greater collaboration between universities, businesses, and local government is essential for driving innovation and mitigating over-reliance on one actor.
- Understanding the NCF opportunity:** opportunities presented by NCF need to be better understood and communicated to the ecosystem, especially regarding supply chain and potential new businesses attracted to the city.
- Integration with Regional Economy:** Preston's innovation ecosystem needs to better integrate, and not compete, with the Lancashire economy, plus neighbours Manchester and Liverpool. Leveraging regional strengths and partnerships will enhance Preston's innovation capabilities.

A snapshot of Preston's SMEs

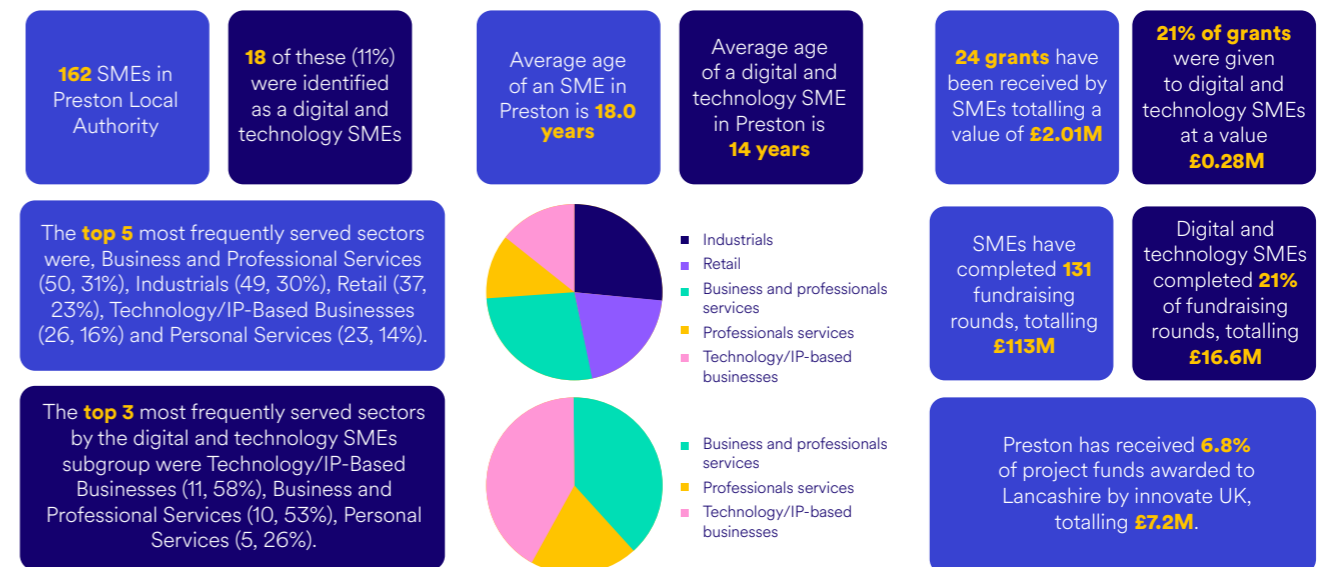


Figure 3: Analysis of Preston's SME data drawn from Beauhurst Impact (n=162)

Preston SME insights:

- The digital and technology SME ecosystem is nascent:** Representation of digital and technology SMEs identified in this SME dataset was lower than expected at 11%.
- The digital and technology SME ecosystem is growing:** 50% of all digital and tech SMEs in Preston started within the last 10 years and 39% within the past 5.
- The majority of digital and technology SMEs were providing business services:** 50% of the digital and technology SMEs within Preston serve business and professional services. The services provided by these companies range hugely with no highly repeating service across the SMEs, this indicates that Preston's ecosystem is diverse.
- Preston's strengths in manufacturing, engineering and healthcare is reflected in SMEs:** With 49 (30%) SMEs targeting industrials, 19 (12%) involved in the supply chain, 18 (11%) in built environment and infrastructure, and 23 (14%) in healthcare, Preston boasts a diverse and supportive business environment.
- The SME ecosystem is resilient:** Most of these SMEs are service-led and have an average operating tenure of 13.6 years, showcasing resilience and forming the cornerstone of Preston's SME ecosystem. This optimistic indicator that Preston is a productive location for long-term lifestyle businesses
- Innovate UK funding allocation is low:** Preston has received 6.8% of Lancashire project funding from Innovate UK projects in the past 20 years to a value of £7.2M. In comparison Lancaster has been awarded 43.3% of Innovate UK project funding to a value of £45M.

Innovative SME spotlights



Inc. 2018 Headcount 25-49

Sectors serviced

Personal services and Technology/IP-based businesses.

Description

Entelechy provides software solutions designed to empower working individuals and drive business development by offering valuable workplace insights and fostering professional growth within organisations. This is to improve employee experiences within a workplace, increase their output and foster a culture that retains skilled workers.

- Attended an accelerator
- Received fundraising
- Received grants



Inc. 2018 Headcount 250-499

Sectors serviced

Personal services and Technology/IP-based businesses

Description

Texthelp is a global leader in assistive learning software, deeply committed to removing barriers related to difference, disability, and language in education and businesses. Texthelp has crafted an innovative suite of products, including Read&Write, Equatio, Fluency Tutor, ReachDeck, WriQ, and Speechstream that assist in everything from learning maths to clarifying communication.

- Attended an accelerator
- Received fundraising
- Received grants



Inc. 2018 Headcount <5

Sectors serviced

Business and Professional Services and Technology/IP-based businesses

Description

Alternate States is a company designing VR spaces and innovating on the way clients engage with the metaverse, with a focus on how to promote, products, services and ideas. They have done such things as design virtual reality architecture showrooms and create interaction space between virtual recreations of product for customers to interact with.

- Attended an accelerator
- Received fundraising
- Received grants



Inc. 2012 Headcount 5-9

Sectors serviced

Industrials and Technology/IP-based businesses

Description

ALUSID transforms waste manufacturing materials into characterful tiles, solid surfaces, tabletops, wallcoverings, and interior and exterior surfaces in a variety of colours, shapes and texture. Their process is environmentally low-impact and creates long lasting products.

- Attended an accelerator
- Received fundraising
- Received grants



Inc. 2021 Headcount 10-24

Sectors serviced

Personal services

Description

Denturly uses 3D designing and scanning to 3D print dentures for a custom fit at half the cost and time than the standard denture fittings.

- Attended an accelerator
- Received fundraising
- Received grants



Inc. 2021 Headcount <5

Sectors serviced

Industrials, Leisure and Entertainment

Description

Zooki has spent time developing encapsulation for vitamins which is proven to have 10x greater protection through the digestive system and 4x higher absorption. Their company is carbon negative and picking up traction online.

- Attended an accelerator
- Received fundraising
- Received grants

Thoughts from Preston's SMEs

“Preston has all the ingredients needed to become an innovation powerhouse but it needs to do this in its own way - rather than trying to ape Manchester, Liverpool and Leeds. The city has a lot of businesses spread in a semi-circle outside the city centre and it needs to find a way to engage and entice them into becoming more engaged and involved in the city centre itself. There is also a thriving community-focused business sector but often the tiers of funding and support do not reflect everything ranging from micro-businesses and often attach such an overhead that it doesn't help with seed funding for businesses of any size to test and learn with new approaches. The existing schemes can often be focused more towards traditional businesses and industries rather than helping more digital-focused businesses, this is perhaps because Preston has such a strong history of engineering and manufacturing traditionally and is still dominated by major employers in these areas. Lastly, UCLan's current start-up hub is shut away from being visible. It would be good to see UCLan to make their innovation/business support offering less campus based and more city centre focused to become a key player in driving innovation and business support culture across the wider Preston business community eco-system.”

Ed Walker, Founder & Editor of Blog Preston CIC, Director at Alma, and Leader-in-residence and associate lecturer in journalism innovation at the University of Central Lancashire

“4a Management, as a business consultancy, seeks support and guidance from the Preston innovation ecosystem. We envision a collaborative environment fostering entrepreneurship, offering mentorship programs, access to funding opportunities, state-of-the-art infrastructure, and networking events. Together, we want to cultivate a thriving ecosystem conducive to innovation and economic growth in Preston.”

Steve Aquilina, 4a Management

“We require innovation and entrepreneurship events to cultivate an inspiring and supportive community in Preston. Access to incubators or accelerators is essential. If there aren't any available in Preston, we would benefit from having an advisor or advisory board who could assist us with applications for UK-based incubators or accelerators. I am interested in joining an incubator or accelerator primarily for the personalised support from credible mentors who offer valuable knowledge, advice, and connections, as well as guidance on securing grants and fundraising.”

Jodie Marie Rigby, CEO My Dry Ice

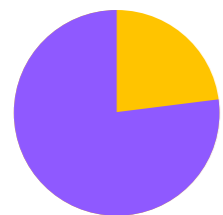
Innovation Support in Preston

Innovation-focussed support streams and events for businesses in Preston.

Provider	Support	Detail
Lancashire County Council	Boost	Regional business support with a helpdesk, mentoring, advice, programmes, information and events
UCLan	Various	Enterprise and engagement unit Centre for SME and Enterprise Development Engineering Innovation Centre SPARK recruitment matchmaking
Northern Reach	Techy Tuesdays	Monthly meetups for digital and technology SMEs
Preston Partnership	#InTheCity	Convenes the private and public sectors to highlight big Preston issues and discuss innovation
Lancashire County Council	FHundED	Brings together key stakeholders to network to increase investment into Lancashire Tech
Unique Ladies	Business Networking	Recurring female-led networking events held monthly
Creative Lancashire	POWWOW	Networking and informal social gatherings for creative businesses, freelancers and students

Innovation Support Programmes

Have you ever used any innovation support services or programs in Preston? (n=13)



Yes answers = Edge Hill and Boost

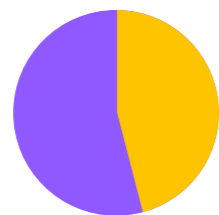
How would you rate the availability of innovation support facilities in Preston?



Average 2.3 (n=48)

Innovation Facilities And Spaces

Have you ever used any innovation facilities (such as coworking or lab spaces) in Preston? (n=13)



Yes answers = Shout Connect, Society1

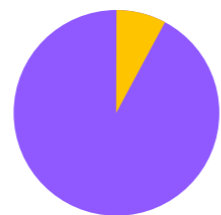
How would you rate the effectiveness of existing innovation support programs in Preston?



Average 2.3 (n=48)

Innovation Funding And Grants

Have you ever received any innovation grants or funding in Preston? (n=13)



Yes answers = Boost Growth Catalyst

How would you rate the accessibility of funding for innovation in Preston?



Average 2.2 (n=48)



Figure 4: Results from Preston Partnership survey (n=13) and #InTheCity event poll taken on 18 April (n=48)

Innovation spaces in Preston

Coworking

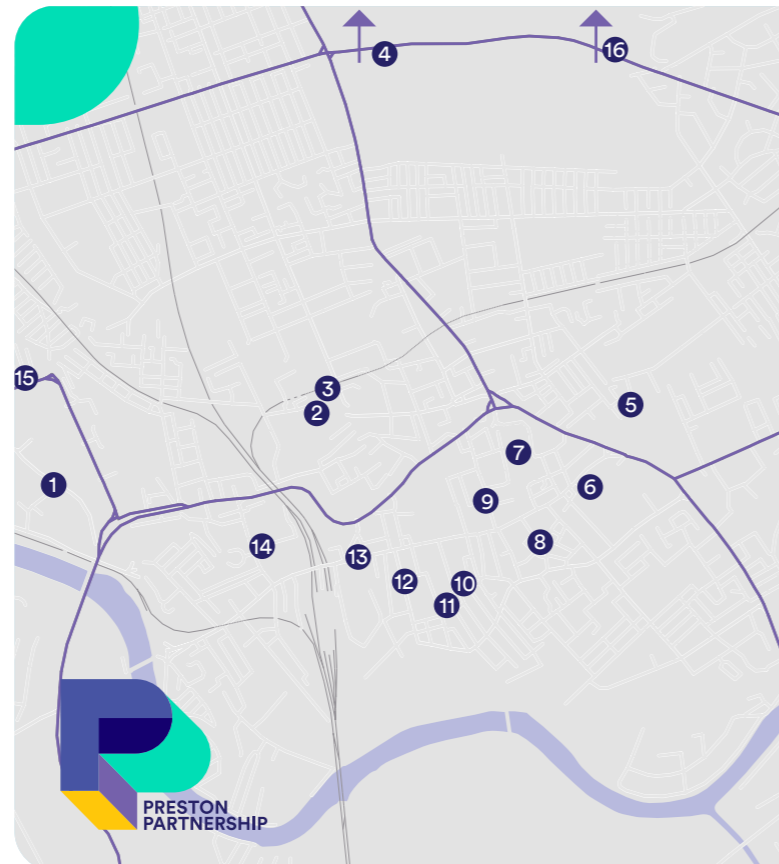
Preston City offers coworking spaces at Cotton Court, Society1, Wrkspce, Shout, and OneCoWork. These spaces provide flexible office solutions tailored to businesses post-COVID. Despite a diverse market with varying environments and price points, demand exceeds supply. Privately owned and business-agnostic, these spaces rent desks and offices on flexible leases.

Collaboration and Innovation Space

The Engineering Innovation Centre (EIC) at UCLan's Preston campus, completed in 2019, is a key project in Lancashire's Strategic Economic Plan. It offers top-notch office, collaboration, teaching, and research space, serving as a gateway for industry-university engagement. Businesses can access supportive programs and collaboration space. However, Preston lacks high-quality spaces for SMEs, academia, and industry to collaborate and innovate, despite offerings like Cotton Court's training and event spaces.

Grade A Office Space

Preston's city center lacks grade A office space, leading businesses to relocate to industrial parks or build offices on the city's outskirts. This shortage hampers the growth of Preston's innovation ecosystem, limiting expansion for existing businesses and deterring larger businesses from relocating, thus missing potential opportunities for local SMEs. Developments like Station Quarter are crucial to capitalize on opportunities, particularly with the NCF becoming operational in Samlesbury by Q1 2025.



Preston Innovation Spaces

- 1 Regus - Preston the Docklands
Serviced offices provided by national chain Regus.
- 2 UCLan Student Centre and University Square
£60 million development project completed in 2021.
- 3 UCLan Engineering & Innovation Centre (EIC)
£35 million state-of-the-art integrated space for teaching, research and collaboration with industry, completed in 2019.
- 4 Royal Preston Hospital
Part of the Lancashire teaching hospitals NHS Foundation Trust
- 5 W_RKSPACE The Watermark
Private offices, gallery space, breakout and studio space
- 6 Cotton Court Business Centre
Coworking, office and training space in central Preston open since 2010
- 7 Preston Bus Station
£25 million redevelopment in 2018
- 8 Stoneygate
One of the largest regeneration opportunities in Preston city centre. The masterplan vision aims to create an urban village, deliver 1,600 homes, and bring back empty and derelict buildings an under-used part of the city.
- 9 Harris Quarter Regeneration Project
Currently undergoing a major transformation to improve the area's cultural and leisure offer.
- 10 Society1
Family run coworking and meeting space
- 11 W_RKSPACE Derby House
Private offices and meeting spaces at Winckley Square
- 12 OneCoWork
New provision of grade a coworking space and offices at Winckley Square
- 13 Preston Station Quarter Development
£25 million redevelopment in 2018
- 14 Preston County Hall
Home of Lancashire County Council
- 15 WRKSPACE Old Docks House
Private offices and meeting spaces
- 16 WRKSPACE No3 Fulwood
Serviced offices for SMEs

Innovation Skills in Preston

Lancashire Skills and Employment Hub

A collaboration between Lancashire County Council, Blackpool Council, Blackburn and Darwen Borough Council and the Lancashire 2050 vision, the Lancashire Skills and Employment Hub works with a wide range of partners to deliver training and skills initiatives in the County. The Hub is led by the Lancashire Skills and Employment Strategic Framework 2024-2029 and has had a considerable impact across the county and in Preston City, where it delivers digital skills partnerships and bootcamps.

Anecdotally, skills providers noted that it had been harder to gain traction with digital skill training opportunities in Preston compared to other regions in the county. This could be due to a lack of a joined-up community in Preston that is publicising and sharing these opportunities with local businesses and individuals.

Higher Education

Preston has a mix of educational institutions, including colleges excelling in A-level provision and vocational-focused institutes, aiming to equip students with the necessary skills for innovation-driven roles. 5/17 of state secondary schools in the city are Ofsted rated outstanding. Notable colleges and universities contributing towards innovation skills include Cardinal Newman College, Lancaster University School of Mathematics, Preston College and UCLan.

Cyber Skills in Schools

The CyberFirst scheme, delivered in the North West by IN4 in partnership with NCSC, helps schools build a computing programme that inspires children and teenagers to pursue a career in digital. In Preston, there are 2 accredited schools – Moorpark High (Bronze) and Cardinal Newman (Gold). At the Lancashire Cyber Festival education day in November 2023, 2 out of the 7 colleges and 2 out of 10 of the primary schools invited were from Preston.

At the Skills Hub's Teen Tech events, no schools from Preston participated in 2023, in 2024 3 out of the 31 Schools will be from Preston.

Insights from interviews with skills providers

- There is a need for stronger connections between education providers and local industries to create a more cohesive and supportive innovation environment. The need to explore further collaboration between the colleges with the NCF and UCLan was noted, although current ties are limited.
- Ensuring that career advisors in schools are well-informed and connected to relevant innovation hubs and opportunities is crucial for guiding students effectively.
- The innovation ecosystem requires clear leadership and coordination to foster a vibrant and dynamic space for innovation and entrepreneurship.
- High-quality facilities are available such as a high-spec computer lab and a large lecture theatre, for hosting events and training sessions, these could potentially be useful for digital SMEs.

Recommendations

Plexal's recommendations for Preston City to capitalise on present opportunities and to stimulate and support the city's innovation ecosystem are as follows:

1

Crafting a compelling and distinct innovation story for Preston

Preston needs to curate an innovation story for itself that both distinguishes it from, and aligns it with, the innovation themes of neighbouring areas and assets, such as the Samlesbury Enterprise Zone, ElecTech cluster in Lancaster, Blackpool's data focus, and Manchester's Fintech scene. In this pursuit, it is important for Preston to consider how its innovation offering both supports and compliments that of South Lancashire and the wider County to avoid duplication and competition. Lancashire is taking steps towards consolidating its innovation ecosystem under a single front door that will provide clear signposting for businesses looking to invest and innovate, but it is unclear what Preston's cornerstone will be.

This presents an opportunity for Preston to decide what it wants to be famous for and to champion that message for itself. Engineering is a key capability championed by UCLan's EIC, as is healthcare underpinned by UCLan's focus to become a world-leading healthcare research university and nascent plans for a new health hub underpinned by digital excellence at Haris Quarter, as is its longstanding community of professional services-led SMEs.

2

Identification of an ecosystem leader and appointment of an orchestrator

In the early stages of regional ecosystem development, leadership is usually required to come from public sector to identify the mission, gather stakeholder buy in, and set the direction of travel to stimulate new initiatives, which is then followed by public sector involvement and investment. Traditionally for Preston, this role has fallen to UCLan or BAE Systems, which has had success but is subject to cyclical effort as it falls outside their organisations' core remit.

Looking forward, Lancashire County Council will need to be responsible for leading Preston's early innovation ecosystem to successful outcomes, and a clear owner for this task should be identified within its economic development team.

In addition to a leader, an ecosystem also requires and orchestrator to implement, connect and coordinate activity across the entire ecosystem. This is especially key for digital and technology SMEs in Preston, who are underrepresented and underserved compared to their counterparts in Lancaster and Manchester. Given the nascent ecosystem, this role (i.e. Preston innovation/digital/tech ecosystem manager) will need to be fulfilled and funded between Preston City Council or Lancashire County Council.

Lastly, Preston City Council will need increased expertise and capacity to realise the benefit from NCF to Preston. We recommend that a specific cyber lead role is recruited with experience interfacing into UK's National Security ecosystem.

3 Creating new spaces and engagement activities for innovative Preston SMEs

Preston has several co-working sites, all of which experience substantial demand from the local ecosystem. These spaces are privately owned and will naturally need to prioritise profit over economic development and wider innovation benefits. Delivering events and support for SMEs falls outside of their immediate remit.

Lancashire County Council has had success championing their own coworking spaces, such as Fraser House in Lancaster, which benefits from a focused mission and funding to support Lancaster's digital SMEs. Attempts to replicate this model in Preston should be conscious of the circumstances, notably the substantial coworking offering already present in the city, and the lower number of pre-existing digital and tech SMEs who can act as anchor tenants for such a space. However, there are benefits to innovation activity having a visible focal point to attract attention and accelerate momentum. Developments like Station Quarter could provide space for a new Council-championed innovation space, however in the meantime existing grade A collaboration space (like the EIC or Preston's coworking facilities) should be utilised to house interim activity that is led by the orchestrator to support the innovation ecosystem.

Such interim activities could include:

- Engineering, healthcare and digital will likely continue to be key areas of focus for Preston. SME innovation in these areas should be promoted and supported. Under the leadership of an orchestrator, clusters for innovation in these sectors could be created, supported by regular events and meetups to promote collaboration and build SME networks.
- Continuation of the Techy Tuesday events currently held in Society1 with an additional budget to bring in best-in-class speakers (e.g. founders, CTOs, and product leaders

from innovative organisations) from outside the region.

- Activities to increase the engagement with private investment in Preston such as investor networking and pitch deck review sessions. As the brand already has strong recognition, it would make sense to increase the presence and frequency of FHundED activities within Preston.
- Creation of a working group made up of engaged Preston SMEs, with a focus on digital and technology, to provide insight into the support that they need and the gaps in current innovation provision. This group could be chaired by the Orchestrator / Preston Partnership Innovation Group. SMEs should be paid an honorarium for the time they consult this group.

Once demand has been measured through this initial innovation support activity, a clearer idea of the facilities needed in an innovation space for Preston will become apparent. Some ideas towards this from early analysis conclude that:

- Coworking space is currently well provided for in the city centre with both existing and planned new spaces to open, opening a new large co-working space may introduce detrimental competition.
- State-of-the-art innovation facilities such as a 100+ person event space, skills training room, and executive briefing centre will be provided at Samlesbury, however, there is a need for smaller versions of these facilities in the city centre.
- An innovation space could be focussed as a collaboration and meeting space with a few hot desks that can host events of up to 50 attendees, placing this next to the station would have the most impact and would position the centre well to be a jumping off point to Samlesbury.

4 Promoting innovation and continuing to support the existing service-led ecosystem

Preston's incumbent businesses are mostly service-led and should not be overlooked in favour of new digital and technology businesses. Many of these SMEs are longstanding, resilient organisations that innovate to stay competitive. Current support initiatives like Boost are serving these SME communities, but more can be done to champion and support their innovation and digital transformation. This group also stands to benefit from the relocation of NCF and its supply chain to the region, an opportunity which could be better publicised and promoted to them.

Building on the Lancashire Skills Hub's digital upskilling work and Boost's business support work, local SMEs could benefit from innovation bootcamps that teach the fundamentals of designing, testing and validating new digital products, supporting service-led SMEs to productise their offering and increase the market they can address.

5 Establishing measurements of success

Good metrics direct better decision making, for both SMEs and the ecosystem architecture supporting them. At present there is a data gap on Preston's SMEs and innovation community. This report contributes towards an initial baseline, but further research is needed to establish the economic and social impact targets that Preston City would like to achieve through an innovation ecosystem, alongside the creation of a measurement function to track them.

6 Retaining existing and attracting new diverse national organisations to the city centre with grade A space

The arrival of the NCF will bring Preston into consideration as a potential new location for many of the tier 1 cyber, defence and technology firms looking to supply NCF. While Samlesbury will likely become the focal point for the initial relocation of these large national and multinational primes, space on the site is limited. Presently Preston businesses are heavily reliant on BAE Systems' supply chain, but with similar organisations considering relocation to the area, there is an opportunity for diversification. These large businesses will need grade A growth on office space from Samlesbury. Additionally, many of Preston's existing businesses are growing and lack sufficient growth space, putting the city at risk of losing some of its most valued businesses.

While it is easy to focus on SMEs as the primary generators of innovation, large 'blue chip' organisations such as these play an important role, with the funds, deep expertise and international reputation to stimulate a healthy innovation sector. They offer large supply chain opportunities, high-value jobs and highly skilled staff, increasing the potential of spin outs and spin ins.

7 Look for partnerships and opportunities in the South Lancashire and the wider County

The focus of this report's research and recommendations has been intentionally Preston-centric. However, the city is not an island and risks being outcompeted by places with more compelling innovation offers if it forgets to look to its neighbouring regions for partnering opportunities. While Preston needs to look inward and create streams of innovation activity and support that are specifically designed to suit its needs, it also needs to consider how its strengths interface with the opportunities at Samlesbury (for example if the focus for Preston is engineering, how can it partner with the AMRC North West) the wider South Lancashire region and towards its counterparts in Lancaster.

In summary

Preston has the constituent parts needed for a successful innovation ecosystem – a rich industrial heritage, a central university with leading research and teaching facilities, an established and resilient service-led SME base, best-in-class organisations on its doorstep, the focus of local government, and a well-serviced transport hub that connects it to the region and rest of the UK.

There are barriers to overcome, notably the lack of investment, absence of SME engagement activities, nascent digital and tech scene, at times unclear coordination between stakeholders, and no outward-facing vision for innovation in Preston. However, all of these are addressable and should not overshadow the city's ambition.

The opportunities currently afforded to Preston and the wider South Lancashire region, such as the arrival of NCF and a state-of-the-art Innovation Hub to Samlesbury, will require action to realise their full potential and stimulate innovation in the city.

The public sector will need to lead the charge, applying attention, direction and targeted funding across ecosystem management, regeneration progress, SME support, and an outward-facing campaign to attract private sector investment to the city centre.

By addressing barriers head on and fostering strategic collaboration, Preston can craft its innovation story and position itself as a dynamic hub for innovation, driving growth and prosperity for itself, Lancashire and the wider North West.

Consulted organisations

The findings of this work were supported by 30 interviews with stakeholders at 22 different organisations:

- UCLan
- Science and Technologies Facilities Council
- Lancashire Digital Skills Hub
- Lancashire County Council
- Preston City Council
- Boost
- Westinghouse
- BAE
- Northern Reach
- Knight Frank
- Branco
- Wrkspce
- Cotton Court
- Society1
- 4A Management
- My Dry Ice
- Story Homes
- ECD Architects
- Alma
- Lancaster University School of Mathematics
- HY Hotels
- 3 Man Factory



About Plexal

Plexal is the innovation company and workspace solving society's challenges through collaboration on technology with government, startups and industry. We deliver projects for key government departments by closing the gap between the public and private sectors to unlock innovation, collaboration and intellect to achieve mission success.

We use a whole-of-society approach to solve challenges for partners including the Department for Digital, Culture, Media & Sport, the Foreign, Commonwealth and Development Office and National Cyber Security Centre. Only by working together can we harness emerging technologies, protect society from threats and create prosperity. The NCSC for Startups alumni of over 60 companies has collectively raised over £430m and created more than 700 jobs, while 72 cyber startups that have gone through Plexal's LORCA

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