

DORSET COUNCIL / DORSET LEP

# **Dorset Innovation Park Strategy & Implementation Plan**

## **FINAL REPORT**

April 2021

## CONTENTS

|    |  |    |
|----|--|----|
| 1. | Executive Summary                                    | 4  |
| 2. | Introduction   | 8  |
| 3. | Dorset Innovation Park – An Overview                 | 9  |
| 4. | Dorset Property Market Overview                      | 16 |
| 5. | Stakeholder and Tenant/Occupier Consultations        | 28 |
| 6. | Case Studies/Best Practice                           | 35 |
| 7. | Defining the Market Opportunities                    | 44 |
| 8. | Site investment/intervention needs and opportunities | 62 |
| 9. | Summary and Action Plan                              | 69 |

Appendix I – Illustrative marketing consultant options

## Report Disclaimer

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The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries.

We continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our advice is provided subject to this material uncertainty and a higher degree of caution should be attached to our advice than would normally be the case.

This explanatory note is included to ensure transparency and to provide further insight as to the economic and market context under which our advice has been prepared. In recognition of the potential for economic and market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the date on which this advice is provided. Given the unknown future impact that COVID-19 might have on the economy and real estate market, we recommend that you keep under frequent review the advice contained in this report.

## 1. Executive Summary

1.1 Cushman & Wakefield (C&W) has been commissioned by Dorset Council to develop a strategy/implementation plan for the Dorset Innovation Park (DIP). The purpose of this is to identify the current challenges and market opportunities of the DIP and to identify a forward plan for maximising the financial and economic opportunity of the site. This includes the need to understand how it should position itself in the market, what the market opportunity is likely to be and what intervention by the public sector may be required to facilitate/maximise this opportunity. This is being driven by the fact that the site is a nationally designated Enterprise Zone (EZ) site and the “clock is ticking” in terms of the business rate retention opportunity but also by the currently under construction Defence Innovation Centre which is identified as a nationally unique innovation asset by the MOD.

1.2 Our approach to strategy development has centred on the following key tasks:

- Overview of the Dorset Innovation Park – background, context, occupiers
- Dorset property market overview
- Survey of existing DIP tenants and consultations with key stakeholders
- Exploration of case studies – focusing on best practice/lessons learned from elsewhere
- Definition of the market opportunities
- Identification of the site investment needs/opportunities
- Provision of a summary and action plan

1.3 Key messages and conclusions emerging from the strategy are summarised below:

### **Local SME demand prospects**

- Based on take-up to date, there is likely to be a continued underlying demand trajectory from Dorset-based SME businesses within the advanced manufacturing/engineering sector particularly. We consider that the Park will continue to have a role to play in providing an attractive business location for local expanding SME businesses largely due to the availability of serviced land which is short in supply locally. This is assuming it can offer short-term, flexible leasehold light industrial floorspace opportunities as well as long-leasehold plot sale options and also that the Park is able to continue to have the necessary occupier appeal compared with other employment sites within the wider Dorset area.
- There is likely to be demand for freehold and leasehold units ranging in size from 500 sqft through to perhaps up to 30-40,000 sqft at the upper end by exception, to meet the needs of predominantly local advanced manufacturing and engineering businesses seeking either larger, more modern/new or freehold/owner occupier based premises. It would not be unreasonable to assume a scale of indigenous demand of up to around 20,000 sqft per annum going forward. The focus of this will very much be on industrial/light industrial uses with very limited small scale office demand, typically ancillary to the industrial uses.
- This level of demand could increase over the next 4-5 years and the growth needs reported by existing tenants over the short-medium term could further support this. However, at the same time, there are other competing and better located employment sites located around Poole and Bournemouth particularly that could impact on this.
- The office market across the Dorset area is relatively small and localised, certainly compared with other parts of the UK and is centred around the Bournemouth and Poole conurbation. No new office accommodation of any scale has been delivered in Purbeck since 2010.

- Across Dorset in 2020, the average industrial unit size let was 3,800 sqft. In the Purbeck submarket in 2020 approximately 36,000 sqft of industrial floorspace was leased. This is a good indicator of the small scale attributes of the local industrial market which is dominated by local ‘churn’ requirements. There are better located and more established sites such as Aviation Business Park and Ferndown which will continue to attract the major industrial enquiries, particularly those with a logistics focus.
- The 20 light industrial units that comprise the Quadrant are now fully let, although took 3 years to reach this position. There is understood to now be a waiting list in place. QinetiQ and Atlas Elektronik occupy 3 units in the Quadrant between them. This is not the optimum use for this space and these occupiers are there to take advantage of the available space at a low cost. There are some occupiers in the Quadrant with growth requirements that cannot be accommodated on site at present.

### **Defence Sector Opportunity**

- The defence market opportunity is almost entirely predicated on the emerging Defence Innovation Centre proposition and the ultimate success of this. In the absence of this, the defence sector opportunity becomes much more small scale and localised and it is difficult to see how the DIP can promote itself as a national defence cluster in the absence of the success of this. The site has a number of appealing characteristics to defence businesses including its secure access and secluded location as well as wider MOD assets, but these alone are unlikely to sell the site as a national defence cluster.
- The Defence Innovation Centre offers a unique opportunity to establish the DIP as a leading national centre of defence innovation excellence. However, the Centre is still under construction and is intentionally still very much a speculative “blank canvas”. It is therefore difficult to be definitive at this stage as to the potential catalytic benefits this could bring to the wider DIP in terms of profile and spin off occupier demand. However, new and emerging national defence policy and strategy fully underpins the Innovation Centre rationale and the DSIS specific reference to it as a national co-creation space makes it of strategic national importance within the defence sector.
- If successful, there are the potential ingredients for a significant defence cluster growth opportunity for a wide range of innovative data, digital, technology, science, arts and engineering based businesses across a range of different sectors, to work in collaboration with the MOD across the breadth of its future challenges and technological demands.
- There could be potential spin off demand for additional R&D/workshop space on the Park to be available to “innovators” on a very flexible basis to meet their short term innovation contract R&D requirements. Space could be required on a project by project basis for example with no certainty as to the likely duration of the tenancy from the outset. There could also be demand for more permanent manufacturing/production space on the Park at a relatively small scale depending on the outcome of the R&D activity and the type/scale of the prototypes being developed. The prospects for the site to attract prime/tier 1 corporates are considered to be limited and the focus for the wider site should be on very flexible space for SMEs to rent on a short term project basis. The Council should support the delivery of speculative floorspace to support this opportunity as the SME “innovators” will be unlikely to want 999 year effective freehold plots given the way they operate.
- However, if the Innovation Centre fails or indeed does not materialise as envisaged and for example, ends up being a “closed shop” space for existing primes to meet with the MOD,

the DIP's defence cluster USP falls away and this could have a significant impact on the wider site delivery prospects.

- It is critical that the wider supporting infrastructure and upfront marketing platform is put in place in the short term to capitalise upon the “window of opportunity” that exists with the opening of the innovation Centre later in 2021. There is a need to improve or to commit to improve the wider offer of the site to achieve this.

### **Wider data and digital market opportunity**

- There is also a broader data/digital opportunity linked to the fibre connectivity and emerging 5G capabilities of the site. There is a cluster of digital expertise located around Bournemouth and Poole and Dorset is seeking to lead the way as a “Smart Place” pilot.
- However, there are a whole host of other locations nationally promoting their offer in this space, many of which are in more urban locations with better access to R&D assets/academia and access to talent. The DIP opportunity could be eroded unless it manages to establish itself in the short term as an established centre for this type of activity.

### **Overall Summary**

- At present, the DIP is very much a typical large brownfield employment site which has several anchor tenants whose existence pre-dated the EZ designation. It has a vision but lacks the ingredients, attributes and offer to achieve this vision at present. It is marketed as an Innovation Park but is in essence no different to many other typical employment sites of a sub-regional scale and its lack of accessibility (to transport networks and skills) and lack of prominence serves as a hindrance. It needs to progress up the “rungs of the ladder” from being a “site” to an Innovation Park or Campus. Whilst it has national EZ designation, the only way it will appeal to national or even regional occupiers is if the defence opportunity is realised. Otherwise, it will continue to serve as a sub-regional employment site.
- Other established cluster-focused EZ sites and innovation parks nationally have a number of attributes/amenities that are not on offer at the DIP presently which are considered key to their success. These include for example, higher education/R&D/skills & training facilities, business support offer on site, site amenities and good access to public transport. Occupiers are increasingly focused on talent attraction and access to talent when selecting sites and at present this is a challenge for the DIP.
- A status quo “do nothing, no further investment in the Park” option is not a feasible option for the Council if the vision for the Park is to be achieved. It could continue to attract an underlying modest level of local SME demand but this will take a number of years for the site to be developed out and this would miss the EZ financial and economic opportunity .
- The defence sector opportunity is predicated on the success of the Defence Innovation Centre. This could be “game changing” for the site if it is successful and developed with the necessary wider hard and soft infrastructure around it. However, this is a speculative proposition and comes with risk. It is recommended that the Council seeks to maximise this opportunity in the short term albeit ensuring that any investment in property is capable of also serving the non-defence specific market if the defence opportunity fails to materialise. In our view, the potential defence opportunity that exists is worthy of some

| <p>relatively limited but focused Council investment in the short term to maximise its chances of success.</p> <ul style="list-style-type: none"> <li>As below, there are a number of critical short term interventions the Council should progress most notably around marketing, branding and promotion, particularly linked into the immediate defence opportunity. Ensuring the provision of flexible leasehold space (Quadrant Phase 2) to meet the needs of existing expanding and new tenants is also key, linked to the defence opportunity but also the local Dorset SME market. Improving the site amenity offer should also be a priority. All of these will assist the site to move from being a standard employment site to an innovation park/campus with greater potential to deliver increased financial and economic benefits to the Dorset economy.</li> </ul> |                         |                        |
|--|-------------------------|------------------------|
| Investment/Intervention  | “Critical” or “Desired” | Short/Medium/Long Term |
| New DIP website with its own dedicated URL independent of the Council/LEP. This should include a dedicated page for the Defence Innovation Centre (or potentially a hyperlink to a standalone web page)  | Critical                | Short                  |
| New marketing brochures for the DIP and also a separate one for the Defence Innovation Centre  | Critical                | Short                  |
| Appointment of specialist marketing consultant with track record in the defence sector   | Critical                | Short                  |
| Refresh of site agency support   | Critical                | Short                  |
| Refresh of site management arrangements  | Critical                | Short                  |
| Agreement of business rate pooling mechanisms  | Critical                | Short                  |
| Completion of site survey work to enable a full understanding of all plot abnormalities and constraints and associated costs to address these  | Critical                | Short                  |
| Direct development of further flexible leasehold hybrid industrial/office/R&D floorspace   | Critical                | Medium                 |
| New site amenity hub to provide a F&B offer, shared meeting/collaboration space  | Critical                | Medium                 |
| Provision of occupier based fiscal incentives  | Desired                 | Short                  |
| Appointment of a local developer/contractor (framework)  | Desired                 | Short                  |
| Provision of wider business support facilities/functions on the site   | Desired                 | Medium                 |
| Securing Academic/HEI/FE/skills and R&D physical/virtual presence on site  | Desired                 | Medium                 |
| New/improved sustainable/public transport links to Wool Rail Station (possibly as part of a sustainable travel plan for the site)  | Desired                 | Medium                 |
| Demolition of life-expired gatehouse and replacement with new build facility to enhance the arrival experience   | Desired                 | Medium                 |
| Consideration of site wide sustainability attributes and opportunities to enhance these (e.g. EV charging points, renewable energy generation)   | Desired                 | Medium                 |
| Potential to consider applying for Catapult Network designation as the UK's first defence and security catapult  | Desired                 | Medium                 |
| Improved cycleways/footpaths on/around the site as part of a wider improved public realm and landscaping strategy  | Desired                 | Medium                 |

## 2. Introduction

- 2.1 Cushman & Wakefield (C&W) has been commissioned by Dorset Council (through our retained role with the Dorset Local Enterprise Partnership (DLEP)) to develop a strategy/implementation plan for the Dorset Innovation Park (DIP).
- 2.2 The purpose of this is to identify the current challenges and market opportunities of the DIP and to identify a forward plan for maximising the financial and economic opportunity of the site as a key strategic employment site and economic asset for Dorset. This includes the need to understand how it should position itself in the market, what the market opportunity is likely to be and what intervention by the public sector may be required to facilitate/maximise this opportunity. This requires an assessment of its USPs/differentiators and how the Park can best fulfil its potential in respect of these as well as advice on how the Council should best present the site to the market to best enhance its market reach and appeal.
- 2.3 The freehold of the site is owned by the Council and as landowner the Council is keen to understand the market opportunities and how these can be maximised to drive its financial and also wider economic potential. It is a nationally designated Enterprise Zone site and this brings with it not only fiscal incentives to prospective occupiers, but importantly, the ability for local business rate retention for a 25 year period from April 2017 with associated Tax Increment Financing (TIF) opportunities linked to this and the Council's ability to access borrowing via the Public Works Loan Board (PWLB). The 25 year rate retention window means that the "clock is ticking" and to maximise the financial opportunity that exists through this, there is a need to drive floorspace delivery on site in the short term.
- 2.4 Moreover, this is a very timely point at which to consider the future site strategy given the currently under-construction Defence Innovation Centre (sometimes referred to as the Army BattleLab) on site. This £5.7m capital investment is being delivered by the Council, LEP and Ministry of Defence (MOD) with financial contributions from each and will deliver a 16,000 sqft new build innovation space at the heart of the Park, providing a nationally unique collaborative R&D environment for the MOD to work with industry, corporates and SME businesses. This is in direct response to recent changes announced to MOD innovation and supplier integration and technology development and aligns with the existing Dorset MOD asset base with the Army's Armoured Trial and Development Unit in Bovington, the Royal Corps of Signals training centre in Blandford, and the training area at Lulworth Cove which is used by all elements of the UK's Armed Forces, as well as the wider local defence cluster, part of the wider South West Regional Defence and Security Cluster (SWRDSC), the first pan-Defence and Security cluster in the UK. It is therefore important that this Strategy acknowledges this potential defence related market opportunity and how this is best capitalised upon to drive the wider site success and the economic benefits for Dorset as a whole.
- 2.5 Accordingly, this report is structured as follows:
- Section 2; Overview of the Dorset Innovation Park – background, context, occupiers
  - Section 3; Dorset property market overview
  - Section 4; Summary of key consultations and tenant survey
  - Section 5; Case Studies – focusing on best practice/lessons learned from elsewhere
  - Section 6; Defining the market opportunities
  - Section 7; Site investment needs/opportunities
  - Section 8; Summary and Action Plan

### 3. Dorset Innovation Park – An Overview

- 3.1 This section provides an overview of the DIP, its background context, EZ designation, sector entry criteria, masterplan, delivery to date and current occupiers and local policy/strategic context.

#### Site Context

- 3.2 Dorset Innovation Park (DIP) is a 56 ha site within the ownership of Dorset Council (formerly Purbeck District Council and Dorset County Council prior to the formation of the unitary authority). It was acquired from Homes England which inherited the site through the former Regional Development Agency (RDA) Asset Transfer programme following the demise of the RDA. The Park is located approximately 17 miles west of Poole and 12 miles east of Dorchester. A location plan of the site is presented below in Figure 1:

Figure 1: DIP Location Plan (from DIP Prospectus via DLEP website)



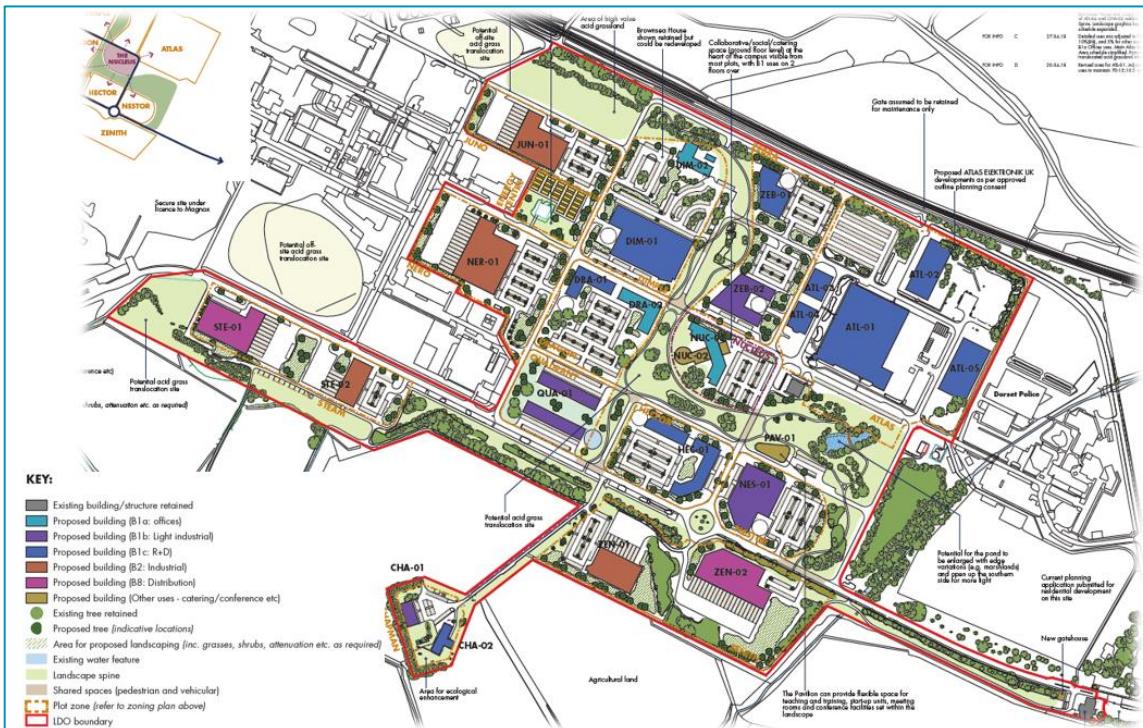
- 3.3 The Park is located at the site of the former Winfrith nuclear energy test facility which closed in 1990 and has been undergoing phased decommissioning since then. Whilst many of the original buildings have been demolished, there is still employment activity in a small number of areas across the Park. These include Atlas Elektronik, QinetiQ, Optasense and Nuvia who were all existing occupants on the Park. New tenants have also moved to the Park over the past few years (see below). The site comprises a building known as Chesil House, a 4 storey office building which was formerly associated with the Winfrith operations, with units available to let from 200 sqft to 7,000 sqft on flexible leases as well as a number of existing small office based occupiers.
- 3.4 The site was formally designated as national Enterprise Zone (EZ) which became “live” from 1<sup>st</sup> April 2017. This provides it with a number of benefits for occupiers but also the Council and LEP from a business rate retention perspective. Key EZ benefits include business rate relief to occupiers (up to £275,000 over a 5 year period for occupation pre April 2022), the adoption of a Local Development Order (LDO) to support a simplified planning process (see below) and the ability for the Dorset LEP to retain 100% of business rate growth from 1<sup>st</sup> April 2017 for a 25 year period. Wider benefits of EZ designation such as the support of UKTI are also part of

the overall package from Central Government. It is the only EZ site in Dorset and this provides it with a distinct USP from the perspective of “putting it on the map” as an employment site of national significance.

## **Local Development Order (LDO) and Site Masterplan**

- 3.5 In 2018, an LDO was approved for the site by Purbeck District Council as the local planning authority at the time. The purpose of this was to provide a more expedient route to securing planning consent for prospective occupiers. A comprehensive suite of technical work was undertaken alongside a comprehensive Design Guide with the aim of “de-risking” the site from an occupier perspective. In theory, this is intended to enable an occupier to receive a decision of full planning consent within 28 days of applying. The ambition of the Council and the DLEP is to build upon the existing companies accommodated within the Park, including Atlas Elektronik and QinetiQ – global players within the security and defence sectors – to establish the Park as a “test bed” for research and development and innovation into new commercial products and practices. The development of this was funded by the LEP and the LDO masterplan is presented below in Figure 2:

Figure 2: Dorset Innovation Park EZ Masterplan LDO area (DLEP)



- 3.6 The LDO seeks to create 2,000 new jobs and attract new businesses to Dorset over the next 20 years to 2040. Table 1 below summarises the masterplan floorspace mix and quantum (note this includes existing and proposed new development).

Table 1: Dorset Innovation Park proposed floor space (DLEP)

| USE TYPE         | SQ M   | SQ FT   |
|------------------|--------|---------|
| Office           | 7,451  | 80,203  |
| Industrial       | 12,865 | 138,472 |
| Light Industrial | 7,942  | 85,487  |

|              |               |                |
|--------------|---------------|----------------|
| Distribution | 7,092         | 76,335         |
| R+D          | 17,258        | 185,768        |
| Sui Generis  | 1,235         | 13,293         |
| <b>TOTAL</b> | <b>53,843</b> | <b>579,559</b> |

3.7 The LDO restricts occupancy on the site to occupiers in the following sectors (albeit businesses in the supply chains of these can also qualify):

- Advanced Engineering and Manufacturing
- Defence
- Marine
- Energy
- Cyber Security

3.8 It is understood that prospective tenants not meeting the above sector entry criteria are turned away in accordance with this. However, we are aware of some existing occupiers within the Quadrant that are not strictly in accordance with the above such as a joinery business and artisan bakery. The LDO permits the following use classes: B1-business, B2-general industrial, B8-storage or distribution, ancillary D1-non-residential institutions, D2-assembly/leisure and A3-restaurants/cafes uses subject to conditions.

### **New and committed/pipeline development since Enterprise Zone designation**

3.9 There have been four new completed developments on the Park since the EZ was designated in 2017 as below:

- The first was a 22,512 sqft purpose-built production facility for existing tenant, Atlas Elektronik, who already occupy a 153,150 sqft office and R&D property on the Park (pre-dating the EZ designation).
- Following this, 20 no. B1 Light Industrial use class business units totalling 24,542 sqft were developed speculatively (The Quadrant), funded and developed directly by Dorset Council in partnership with DLEP with funding from the Dorset Growth Deal. This was completed in December 2017. As at April 2021, this is understood to be fully let, although has taken until 2021 to reach 100% occupancy. This comprises 20 units all available to let on 3 year leases (with 1 month breaks). Rents range from £7-£7.50 psf excluding service charge. Unit sizes include: 8 units of 749 sqft, 2 units of 800 sqft, 8 units of 1,214 sqft and 2 units of 1,266sqft although these have the ability to be subdivided as required. Some units have roller shutter doors and it is suitable for B1 use type occupation (office/light industrial). Tenants within the Quadrant include:
  - Hugslock Systems Ltd – security provider
  - Ep 90 Group Ltd – Cyber Security
  - Zeus UAV Ltd – unmanned systems solutions
  - Legion Events – catering business

- Maritime & Coastguard Agency
  - Britlift – manufacturer of lifting equipment
  - Huxtable & Co – joinery business
  - Winfrith bakery – artisan bakery
  - Print in the Bag Ltd – printing business
  - QinetiQ and Atlas Elektronik also occupy 3 units in the Quadrant between them. This is arguably not the optimum use for this space and these occupiers are there to take advantage of the available space as much as anything.
  - In May 2020, a 35,252 sq ft of R&D/manufacturing building now occupied by Norco GRP was completed. Norco GRP operates from five sites in the county with its HQ at nearby Holton Heath. Norco is already the primary composites supplier for Atlas Elektronik UK (AEUK), on their SEA Class workboats project for the Royal Navy, and has been supplying Sunseeker International since 1985. It also supplies suspension crew seats to the lifeboat charity RNLI in Poole. This new facility is purpose built to fulfil their defence and communications contracts.
  - DraperVENT – new research, innovation and manufacturing centre for this manufacturer of poultry farm ventilation systems – includes 13,514 sqft new research and innovation centre and a refurbished 5,000 sqft building. This benefitted from a £0.74m GPF loan from the DLEP.
  - There are also two units currently under construction as below:
    - Army BattleLab/Defence Innovation Centre – new MOD R&D facility to be open by Spring 2021 providing 11,840 sqft of new office/R&D space and 4,844 sqft of workshop space. This is being funded by the Dorset LEP (£1.5m grant), Dorset Council (£1.1m) and £3.1m from the MOD.
    - Tradebe Industrial Expansion Unit – 7,793 sqft industrial building due to open in Spring 2021. Tradebe is already located on the site (albeit outside of the LDO area) and is a specialist hazardous waste removal and treatment business.
- 3.10 There has been 100,820 sqft of new floorspace (including 5,000 sqft of refurbished floorspace) delivered on the EZ since going live (average of 25,205 sqft pa over 4 years). This is summarised below in table 2.

Table 2: Dorset Innovation Park Floorspace Completions (April 2017 – April 2021)

|  | <b>Sq ft of floorspace</b> | <b>Description</b>        | <b>Delivery Date</b> |
|--|----------------------------|---------------------------|----------------------|
| Atlas Production Facility                | 22,512                     | Workshop and R&D          | 2018                 |
| The Quadrant (spec build by the Council) | 24,542                     | 20 Light Industrial Units | 2018                 |
| Norco GRP Manufacturing Facility         | 35,252                     | Industrial                | 2020                 |

|              |                |              |      |
|--------------|----------------|--------------|------|
| DraperVENT   | 18,514         | Workshop/R&D | 2021 |
| <b>TOTAL</b> | <b>100,820</b> |              |      |

3.11 There are also two buildings under construction as shown below in table 3.

Table 3: Dorset Innovation Park units under construction

|                                  | Sqft under construction | Description/Use type      | Expected Delivery Date                         |
|----------------------------------|-------------------------|---------------------------|--|
| Defence BattleLab (Nucleus plot) | 16,684                  | Office/R&D and Industrial | November 2021 for the full facility to be open |
| Tradebe                          | 7,793                   | Industrial                | Spring 2021                                    |
| <b>TOTAL</b>                     | <b>24,477</b>           |                           |  |

3.12 By the end of 2021 there will be 125,297 sqft of new floorspace on the EZ site. This is an average of 25,000 sqft of new floorspace per annum across the 5 year period from April 2017 to March 2022. There are no other confirmed pipeline schemes due to commence construction this year that we are aware of at this stage.

### **Local Policy/Strategy Overview**

3.13 We have reviewed local planning/economic strategy documents to understand relevant planning/economic policy context that could impact on the Park's development potential. The following documents have been considered:

#### ***The Purbeck Local Plan Part One (adopted 2012)***

3.14 The Local Plan highlights that the current distribution of employment land is across two principal sites, Holton Heath and the DIP. However, most of the existing employment allocation within the Holton Heath area has either planning permission or is already in use, putting the Park in a strong position to absorb the District's growing employment space requirements.

#### ***Purbeck Local Plan: Economy Background Paper (2018)***

3.15 The Economy Background Paper (2018) considers growth scenarios for Eastern Dorset (including North Dorset, East Dorset, Purbeck, Christchurch and Bournemouth & Poole) over the period 2013 to 2033. The Paper concludes that over the period there would be a need for 44,000 full time equivalent (FTE) jobs, about 1,700 of which would be in the Purbeck district. Based upon this scenario, of the 276ha of available employment land in Eastern Dorset, 83ha (30%) is projected to come forward in the next 0-2 years (2018-2020), 92ha (33%) in the next 3-5 years (2020-2023) and 101ha (37%) in 5+ years (2023-onwards).

#### ***Bournemouth, Dorset and Poole Workspace Strategy (2016)***

3.16 This identifies the following:

- the main market centre for office uses in the Dorset LEP area is located in Bournemouth and Poole with supporting roles performed by Bournemouth Airport Business Park and Ferndown Industrial Estate. The main market centre for industrial in the Dorset LEP area

is in Eastern Dorset and includes Bournemouth Airport Business Park, Ferndown Industrial Estate (East Dorset), Woolsbridge Industrial Estate (East Dorset), Ebblake Industrial Estate (East Dorset), Dorset Green Technology Park (Winfrith) (i.e. the DIP), Holton Heath (Purbeck), Wallisdown and West Howe (Bournemouth). However, there is also a key industrial centre in Western Dorset located at the Granby Industrial Estate in Weymouth which also performs a significant role for the Dorset LEP area.

- In Eastern Dorset, local property agents consider that there is currently insufficient employment land and premises of the right type, quality and appropriate location to meet the needs of the market in the short term, despite the fact that there is a considerable amount of employment land supply in Eastern Dorset to address projected requirements. This is in contrast to Western Dorset where local agents state that the availability of employment land and premises is adequate to meet current market requirements. This reflects the overall difference between the Eastern and Western Dorset commercial markets with higher levels of market demand for employment land in Eastern Dorset. In Western Dorset, the office market is not predicted to grow substantially over the next 10 years, and moderate growth is anticipated in the industrial sector over this period.
- In the Dorset LEP area, and for the Eastern Dorset HMA, 70% of demand is for industrial uses including B1c, B2 and B8 use classes and 30% of demand is for B1 office over the study period 2013 - 2033. The split in demand is slightly different for the Western Dorset HMA with 78% of demand for industrial uses including B1c, B2 and B8 use classes and 22% of demand for B1 office uses over the study period. Overall, approximately 80% of future demand for employment land for the Dorset LEP area is in the Eastern Dorset HMA and 20% of demand in the Western Dorset HMA.
- Dorset Green Technology Park (i.e. the DIP) has recently received Enterprise Zone status and now includes over 50 ha of land, of which 30 - 40ha of land may currently be developed over the study period to 2033.

In the above references to Eastern and Western Dorset, it should be noted that the DIP is located in Eastern Dorset, albeit to the west of this, some 17 miles to the west of Poole.

#### ***Dorset Local Industrial Strategy (Draft, December 2019)***

3.17 This identifies a focus on the following of specific relevance:

- building on the successful completion of existing flagship projects and preparing the connectivity, access, living space and commercial premises that attract and retain future business and talent for Dorset.
- to deliver physical and digital ‘industrial’ infrastructure that innovatively and inclusively impacts on productivity and competitiveness through infrastructure that will support Dorset’s collaborative cluster and scale up businesses. By supporting the expansion and connectivity of existing accelerator, research and innovation centres and creation of new premises, collaboration space and transport networks.
- the current landscape is one of emerging and successful innovation including Dorset’s Innovation Park and Enterprise Zone – specialising in defence and cyber security
- Investment in defence and related digital engineering innovation can be a game changer for advanced technologies and skills, offering high productivity and competitiveness, strong cost-benefit returns and generate new businesses and activities with strong potential for

international promotion, investment and sales. To support the growth of this cluster, local partners and the MOD are investing over £5 million in a Defence Tech Accelerator, based at Dorset Innovation Park. This will provide a centre of innovation excellence for defence where users from across the military can co-locate on projects with cutting edge technology and innovative companies from the private sector, who would not normally be associated with defence or unable to access it due to their size. Providing a coherent amalgamation of land, physical, human and digital capital, defence-led innovation offers the prospect of high productivity returns and competitive advantage. Support programmes will also be put in place for new business growth and scale-up across the cluster, including the wider manufacturing and engineering supply chain and linked industries in related technologies, particularly those working on new solutions for the AI/data challenge, including bespoke connectivity through autonomy, augmented and virtual reality, AI and machine learning, and digital communications.

***Dorset Investment Prospectus (2021-2030)***

- 3.18 Launched in March 2021, this Dorset “Living Better” Investment Prospectus presents an ambitious 10-year portfolio of investment opportunities across all that is best and unique about Dorset. This identifies Dorset Innovation Park at Winfrith as a:

*“developing advanced engineering cluster of excellence for the South West, building on its strengths in marine, defence, energy and cyber-security. The Park offers office space, workshop facilities and fully serviced commercial employment land with Enterprise Zone status benefits such as business rate relief and simplified planning. There is space and support to expand, access to local finance, full fibre connectivity and pilot 5G networks. It offers a secure facility and the presence of two world leaders in defence technology – Atlas Elektronik and QinetiQ”.*

## 4. Dorset Property Market Overview

- 4.1 For the purposes of undertaking this market assessment, C&W has considered the seven Dorset submarkets (Christchurch, East Dorset, North Dorset, Purbeck, West Dorset, Weymouth & Portland and Bournemouth & Poole) which is herein referred to as the “Dorset market”.

### National Office Market Summary

- 4.2 The economy contracted in November 2020 after six months of recovery-driven growth. GDP fell by 2.6% month-on-month due to the effect of the second lockdown, driven by a slowdown in the services sector which shrank by 3.4%. The extension of the government’s job retention scheme is believed to have slowed the rise of the unemployment rate, which was 4.9% at the end of October.
- 4.3 Office floorspace take-up rose to 1.4m sqft in Q4 2020, the highest quarterly total since before the first COVID-19 lockdown in March 2020. However, leasing activity remains well below the 5-year quarterly average of 1.9m sqft. Total take-up for the year reached 7.7m sqft, comparable to the period immediately after the global financial crisis.
- 4.4 Availability continued to rise as more second-hand space was released to the market alongside reduced take-up compared with pre-pandemic levels. However, there were notable differences between markets; in the UK regions the vacancy rate remained relatively stable at 7.5%, with gains in supply in some regional markets balanced out by falls in others. The vacancy rate for the regions remains comfortably below the 5-year average of 8.1%. In London, the vacancy rate rose to 6.5%, the highest for almost 10 years although relatively low in comparison to some other global cities.
- 4.5 Prime rents remained under pressure, rising in a number of markets. Prior to the onset of the COVID-19 pandemic, the majority of UK markets were expected to see positive rental growth in 2020 and occupiers committing to new leases, driven by the lack of office space available.
- 4.6 UK office investment turnover rose to £4.2bn in the final quarter of the year, more than double the previous quarter but still 33% below the same quarter last year. The increase in activity signals renewed confidence in the sector after fears over the effects of working from home on occupational demand; many businesses have now indicated that the office remains important despite changing working practices. Positive news about the vaccine also helped release pent-up demand. Going forward, there remains uncertainty around the extent to which home working and flexible working arrangements post COVID could reduce office based occupier demand and we are aware of a number of occupiers consolidating their physical footprints accordingly. However, we expect this to stabilise once a degree of post COVID “normality” returns with a continued role for the office, albeit one which has a different focus more orientated towards flexible collaboration space as opposed to a full time physical location for all staff.

### Dorset Office Market Commentary

#### *Supply*

- 4.7 The office market in Dorset comprises 8.5m sqft of floorspace, of which 5.6m sqft is located in the Bournemouth & Poole submarket where the market for office accommodation is more established (CoStar, March 2021). Key occupiers in the conurbation include JP Morgan Chase which occupies 319,000 sqft in Bournemouth and the 183,000 sqft RNLI Support Centre in Poole. Other major firms, particularly within the property and financial sectors, have established satellite offices in the submarket such as Nationwide Building Society, Lloyds Bank, M&G Real

Estate, Inland Homes and the BT Group. However, like many other UK centres, Bournemouth & Poole has lost a significant amount of office accommodation to residential uses under Permitted Development Rights, reflecting the high demand and associated values for residential uses in this area. According to research by MHCLG, 19 office buildings across the coastal towns were converted to residential uses between 2018 and 2019, accounting for 5% of new homes. Until 2018, the conurbation had seen very limited new office development, despite multiple years of rising rents. However, developers have slowly started to respond with four new schemes completed in 2018. The most recent delivery is The Helm/ Digital Point, a speculative development comprising 35,000sqft of office accommodation completed in mid-2020; it was fully available to let as of Q1 2021. On the whole, c.18,000sqft has been delivered on a quarterly basis since 2017, yet it should be noted this average was heavily propped up by the four large office completions in 2018 (CoStar). If we just consider 2019, only 3,300sqft was completed each quarter.

- 4.8 In the rural Dorset submarkets – excluding Bournemouth & Poole – transaction volumes on the whole have been meagre and the market is dominated by low grade and dated stock. Poor rental values, particularly in the western submarkets, make it challenging for developers to deliver viable office accommodation. That being said, there is a growing subsection of the market that is seeing landowners apply for permission to build small-scale office buildings. The Old Grain Barn, Hawthorn Farm Business Park, The Causeway and Barnhaven Farm – to name just a few – are all new build office accommodation schemes in the North Dorset submarket alone. These spaces offer affordable alternatives to the nearby conurbation, with quoting rents of between £5.00 to £7.00psf. Whilst our desktop survey does not reveal specific trends in tenant mix, they do appear to attract local and independent SMEs and business start-up.
- 4.9 On the Park, there is currently 55,081 sqft of office accommodation divided across Chesil House, Optasense House, The Gatehouse, Brownsea House, Chapman House and Atlas House. These premises all date back to when the Park operated as a nuclear energy test facility, meaning no new office accommodation has since been developed. According to the Park's local marketing agent, the only built office space available to let on the site is at Chesil House. Quoting rents are £14.00psf inclusive, however this is not evidence of what could be achieved in the market due to it being low grade and dated accommodation. It is suggested that new build Grade A space would need to achieve rents of upwards of this, at around up to £20psf, to support the cost of development and enable a viable scheme to be delivered.
- 4.10 In the table below we have compiled granted and submitted planning applications with a significant component of B1a floorspace.

Table 4: Office development pipeline (CoStar)

| Known development pipeline in the Dorset market |                                |                 |   |                        |
|---|--------------------------------|-----------------|---|------------------------|
| Address   | Planning application reference | Permission date | Application details   | Planned delivery (sqm) |
| Bridge Street, Christchurch                     | (8/18/2927/OUT)                | November 2019   | Outline plans for demolition of existing building and erection of 3 storey office (B1). | 5,000                  |

| 2-8 Airfield Way,<br>Christchurch                            | (8/19/0874/FUL)                | November 2019    | Alterations to 2 existing buildings to provide up to 85 B1a, B1b & B1c business units.   | 3,650                  |
|--|--------------------------------|------------------|--|------------------------|
| Fulcrum Business Park, Poole                                 | (APP/20/00418/F)               | July 2020        | New unit for B1, B2 and B8 use. 736sqm B1a office (1,441sqm B2/B8 industrial).   | 736                    |
| <b>Planning applications submitted with decision pending</b> |                                |                  |  |                        |
| Address  | Planning application reference | Application date | Application details  | Planned delivery (sqm) |
| Autumn Road, Bournemouth                                     | (7-2020-27846)                 | August 2020      | Erection of 2 storey building for serviced offices (Class E).  | 313                    |
| Aviation Business Park, Christchurch                         | (8/19/0864/OUT)                | May 2019         | Outline plans for the erection of up to 85,100sqm GIA of class B1, B2, B8 space, of which no more than 34,000sqm will be B1/B2 and of that, no more than 4,000sqm shall be B1a | 85,100                 |

#### **Demand**

- 4.11 Prior to the onset of the pandemic, the Dorset market was performing well as demonstrated by the impressive net absorption rates which rose to 146,000sqft in the 12 months to Q1 2020 from -9,000sqft in Q1 2019. Following the nationwide trend, rates have since dived to negative figures, with the 12 months to Q1 2021 recording a net absorption rate of -20,000sqft, down 101% on the previous year (CoStar). Key demand performance indicators including months on the market and months vacant also increased over the same period.
- 4.12 Supply constraints across the entire Dorset market have had the effect of keeping vacancy rates relatively tight in recent years; prior to the pandemic, rates were at their lowest recorded level since 2017 of 3.7%. Rates have since stretched to 4.2% in Q4 2020, the equivalent to 317,000 sqft of vacant office floorspace in the market. For the available space, average asking rents are £15.43psf (CoStar).
- 4.13 Take-up for office space in the rural Dorset submarkets – excluding Bournemouth & Poole – fell to approximately 21,400sqft in 2020, a 75% decrease on 2019 levels (CoStar). On the whole, the rural Dorset submarkets are active at the smaller end of the scale, with the largest recorded transaction in 2020 on just 3,000sqft. Prior to that in 2019, 95% of transactions took place on space less than 7,000sqft and 53% below 1,000sqft (CoStar).
- 4.14 Vacancy rates in the Purbeck submarket compressed significantly in 2014 from 9.4% to 3.5% where they have since remained relatively stable. This is predominantly due to the lack of construction – the last new build office scheme completed in 2010 – rather than increased take-

up, as evidence demonstrates little identifiable demand. CoStar has recorded just 11 leasing transactions with a combined floorspace of c.15,200sqft over the last 5 years and none between September 2017 and February 2020 (it is acknowledged that in more rural submarkets not all deals get picked up by CoStar but it is a useful indicator of the scale nonetheless). Whilst it should be noted that in the last 12 months, in spite of the pandemic, activity in the submarket has picked up somewhat, having seen 6 deals totalling 7,825sqft, Purbeck's office market remains minimal compared with many of the surrounding submarkets. Occupiers would typically rather locate to major commercial centres such as Bournemouth and Poole, where there is a critical mass of office space and a cluster of knowledge based occupiers, amenity provision and employees are able to readily commute by public transport. The Park does not benefit from good public transport connections due to it being a 30 minute walk from Wool train station with no connecting bus service. It is however just a 30 minute drive from Poole town centre. Local property agents highlighted the Park's isolated location as being the most notable barrier to accelerating development, specifically for office space which typically attracts a large number of employees who may not be in a financial position to commute by car. Businesses would therefore need to consider whether relocating existing employees out of main labour markets is feasible and attracting new talent is achievable, given the small resident population within the immediate catchment area of the Park.

**Rents**

- 4.15 The reduction in supply has placed upwards pressure on average market rents across the Dorset market, growing from £11.18psf in Q1 2015 to £15.46 in Q1 2021. Average asking rents were the same as average market rents in Q2 2015, indicating landlords' confidence that tenants were willing to pay market value for office accommodation, however asking rents have since slipped to 18% below market; Q4 2020 data shows market rents at £15.56psf and asking rents at £13.19psf (CoStar). Headline rents have generally been around 13% lower than asking, with average incentives of 3 months' rent free and 4.5% discount being agreed on 3 to 5 year lease terms.
- 4.16 For the Purbeck submarket, rent growth has fallen since its peak in Q3 2017, with Q3 2020 seeing year-on-year growth fall to below zero at -2.5%. The latest data suggest growth is still negative. As shown in Figure 3, headline rents in 2019/20 in Purbeck were some of the lowest in the market, achieving £11.00psf. The highest are in East Dorset which is home to a number of large business parks including Bournemouth Aviation Park and Ferndown Industrial Estate.

Figure 3: Prime headline rents & take-up across 2019/20 (CoStar)



### Research and Development (R&D) Market Commentary

- 4.17 In the UK, in 2018 total expenditure on R&D was £37.1bn, the equivalent of 1.7% of GDP. R&D investment has risen steadily over the past few decades and the UK Government has a target for total investment to reach 2.4% of GDP by 2027 (House of Commons). The adjacent South East region is the strongest performing region in the UK, accounting for 19% of the total. Key occupiers have established a large presence in this region, with notable clusters around Oxford, Southampton and Portsmouth.
- 4.18 The Park's marketing agents suggested the most proximal R&D centre to the Park is Southampton Science Park, a 45 acre scheme located to the north of Southampton, just one mile from the M3. 100 science and technology firms are based on the Science Park including Merck (pharmaceutical company) the National Institute for Health Research and Marine South East. The Science Park has seen significant investment in recent years through the delivery of a 24,000sqft fully-let office development in 2016 and most recently a 36,000sqft R&D Engineering Innovation Hub, granted planning in March 2020 and due for completion in 2022. Rents reflect the status of the Science Park, achieving upwards of £18.00psf (CoStar). There does not appear to be any clear differentiation between achieved rents on the R&D space compared with the office space, with lab space realising £20.00psf and office realising £18.50psf for premises of comparable age and specification. Similarly, at Langstone Technology Park near Portsmouth, R&D space let to Xyratex – a provider of data storage technology – in 2011 achieved £7.82psf. Comparable sized office accommodation was let in the same building a year prior for £6.63psf.

- 4.19 In addition to the Engineering Innovation Hub planned at Southampton Science Park – which is already pre-let to the University of Southampton – our desktop analysis reveals three other R&D spaces coming forward within the Dorset area. Applications at Lerrit Road, Portland, Ringwood Road, East Dorset and 2-8 Airfield Way, Christchurch were all approved for B1b use in 2019 and 2020, in conjunction with other B use classes. The planning applications do not state the floorplates allocated for B1b use; however, the amount of approved B use class totals 87,000sqft. Given the date of these approvals, we anticipate them to come forward within the next 3 years. It therefore seems likely that these schemes will present the greatest competition for attracting occupiers to the Park.

### National Industrial Market Summary

- 4.20 Whilst COVID-19 has negatively impacted the retail and office sectors, the UK industrial market has proved more resilient with the pandemic highlighting the importance of the logistics sector. Although the number of lettings transactions has decreased, there has been a sharp increase in the average deal size with many occupiers of industrial and logistics space looking at increasing their inventory levels as a result of their experiences during the pandemic, meaning that more floorspace is required.
- 4.21 Take-up for UK logistics space in 2020 exceeded any other year on record, with take-up for the year rising by 50% and totalling 50.4m sqft, surpassing the 10-year average of 33m sqft (C&W). This has largely been driven by the e-commerce sector which accounted for 48% of take-up in H1 2020, a significant increase on 2019 levels. The pandemic and ensuing lockdowns turbocharged online sales, with rates more than doubling in the space of nine months following the first lockdown. E-commerce and postal-parcel delivery operators accounted for nearly 40% of take-up volume combined, with e-commerce alone seeing take-up rates rise from 10% in 2019 to 30% in 2020, of total industrial take-up (C&W).

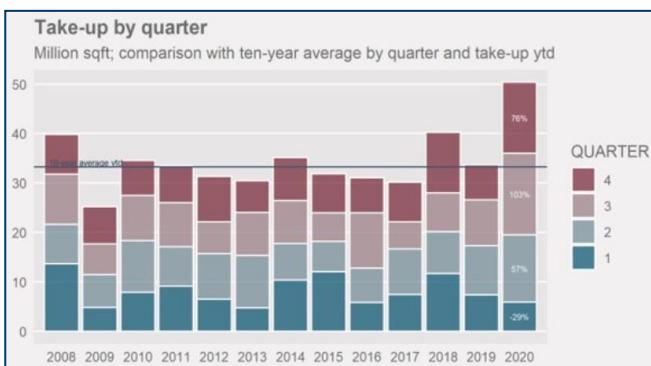


Figure 4: UK take-up by quarter (C&W)

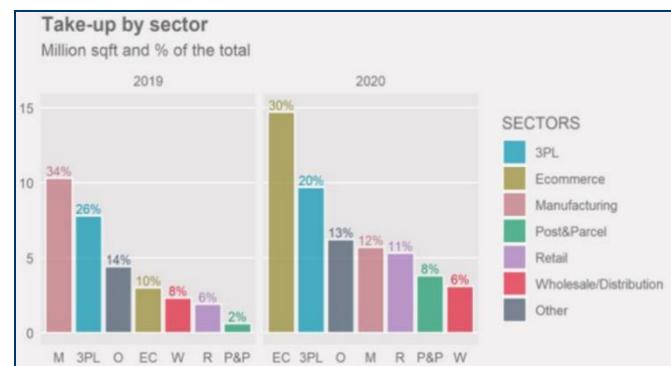


Figure 5: UK take-up by sector (C&W)

- 4.22 Manufacturing continues to be a strong performing sector nationally, ranking ninth largest in the world. The sector remains central to the success of the UK economy, accounting for two thirds of overall R&D, 45% of exports and 15% of business investment (Make UK). The ONS attributes the sustained growth to a better quality and more skilled workforce; a shift in production from low to high productivity goods; improvements in automation and technology and increased investment in R&D.
- 4.23 Prior to the pandemic, 2019 figures were predominantly driven by new development. The surge in supply curtailed prime rental growth; C&W prime rent index for 100,000sqft+ rose by 1.9%, compared to 3% during 2018. Availability also continued to rise by 21% year-on-year. That said,

the rate of new supply, particularly speculative, is a strong indicator of developer's confidence in the market absorbing space.

## **Dorset Industrial Market Commentary**

### ***Supply***

- 4.24 There is 17.3m sqft of industrial floorspace in the Dorset market, over 50% more than the office market, demonstrating the important role this sector plays in the local economy. Sitting within one of the largest and most active industrial markets – the South Coast market – Dorset has benefited from its proximity to key transport hubs including the Port of Southampton, Bournemouth Airport and the M3 and M27 corridors. The market has seen steady levels of investment in recent years through the development of two c.160,000sqft industrial units in Bournemouth Aviation Business Park, let to Curtiss Wright Controls and AIM Altitude for £7.95psf and £6.05psf, respectively. More recently, DPD moved into a 43,000sqft distribution centre in Cobham Gate, East Dorset, for £13.74psf. Outline planning consent has been granted on the Cobham Gate site for a further 400,000sqft of speculative warehouse, industrial and office accommodation, however, developers are seeking pre-lets before committing to build. Across the Dorset market, industrial deliveries saw a sharp increase in 2015 and 2016 as developers responded to a period of undersupply. The final quarter of 2020 saw another spike as 332,000sqft went under construction. Since 2017, an average of 59,000sqft of industrial floorspace has been delivered quarterly across Dorset and despite a cluster of larger standalone units, construction has been predominantly smaller-scale light industrial/manufacturing estates comprising individual units sub-2,000sqft. The recent speculative completions at Station Road in Purbeck, Wental Road in North Dorset and The Quadrant at the Park demonstrate this, comprising units no larger than 1,300sqft. However, of the space completed in 2020, around 56% was still available going into Q1 2020. Although this may be an impact of the current pandemic and occupiers remaining cautious, local agents suggested that the more secondary submarkets to the west do not have a hugely proven demand for speculative and developers typically prefer purpose-built or seek confirmation of tenure through a pre-let.
- 4.25 Looking ahead, an analysis of planning applications demonstrates a particularly healthy development pipeline. Over the last 12 months 34,828sqm (374,885sqft) of industrial accommodation (including ancillary office) was granted planning permission across the Dorset market. A further 30,523sqm (328,547sqft) is pending approval. Pipeline in the eastern submarkets of Christchurch, East Dorset and Bournemouth & Poole is stronger than the west due to the proximity to the urban conurbation and connection to the M3 corridor. Although these proposed developments are not within close proximity to the Park, the scale and mix of the schemes are not dissimilar to those proposed at the Park – namely B2 industrial and B8 storage/distribution – and delivery will likely fall within a similar timeframe to the early stages of the Park's masterplan.
- 4.26 In the table below we have compiled granted and submitted planning applications with a significant component of B2/B8 floorspace. This is not an exhaustive list of all planning applications and only includes those with a project value above £500,000.

Table 5: Industrial development pipeline (CoStar)

| Known development pipeline in the Dorset market       |                                |                  |  |                        |
|---|--------------------------------|------------------|--|------------------------|
| Address   | Planning application reference | Permission date  | Application details  | Planned delivery (sqm) |
| <b>Sterte Avenue, Poole</b>                           | (APP/19/01307/F)               | December 2020    | Development of land for 3 buildings // B1c, B2 & B8 use class  | 18,023                 |
| <b>Wide Street/ Tradecroft, Portland</b>              | (WP/20/00044/FUL)              | October 2020     | Erection of 6 x B2 use industrial units  | 588                    |
| <b>Holton Point, Poole</b>                            | (6/2020/0045)                  | June 2020        | Erection of 2 industrial units // B1, B2& B8 use   | 2,740                  |
| <b>Sopers Lane, Poole</b>                             | (APP/20/00010/F)               | April 2020       | 1 purpose-built facility for Parvalux Electric Motors // use class B1, B2 & B8                         | 3,000                  |
| <b>Oakfield Farm, East Dorset</b>                     | (3/19/2054/OUT)                | March 2020       | Outline plans for the construction of B1, B2 and B8 use class buildings                                | 5,250                  |
| <b>Ringwood Road, East Dorset</b>                     | (3/19/1365/FUL)                | March 2020       | Erection of 14 commercial units for B1b, B1c & B8 use  | 3,687                  |
| <b>King Stag Mill, North Dorset</b>                   | (2/2019/0692/FUL)              | February 2020    | 1 x B1a office<br>1 x B1c light industrial   | 1,064                  |
| <b>Whittle Road, East Dorset</b>                      | (3/19/2021/FUL)                | January 2020     | Standalone industrial unit with 2 storey offices // use class B1, B2 & B8                              | 476                    |
| Planning applications submitted with decision pending |                                |                  |  |                        |
| Address   | Planning application reference | Application date | Application details  | Planned delivery (sqm) |
| <b>St Modwen Park, Poole</b>                          | (APP/20/01532/F)               | December 2020    | Local distribution centre (B8)   | 11,420                 |
| <b>Mercury Road, Weymouth</b>                         | (WP/19/01001/OUT)              | December 2019    | B2/B8 use industrial unit  | 1,115                  |
| <b>Ferndown Industrial Estate, East Dorset</b>        | (3/19/1992/FUL)                | October 2019     | 12 trade units: 9 x light industrial & warehouse, 5 x large industrial & warehouse // B1c, B2 & B8 use | 17,988                 |

### **Demand**

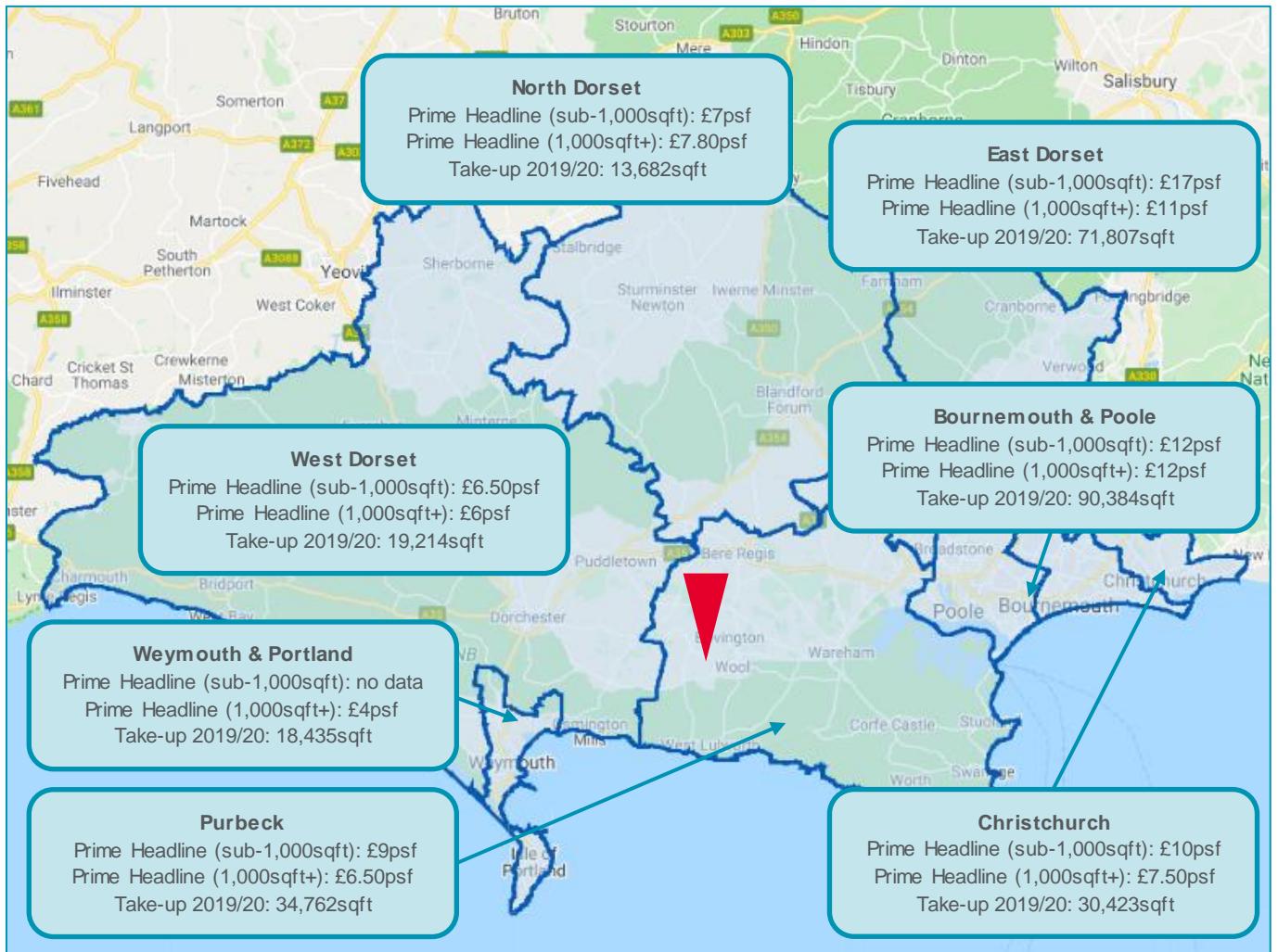
- 4.27 In 2020, take-up for industrial space across the Dorset market totalled 365,000sqft, a 16% increase on the 2019 level, yet a 38% decrease on the 5 year average (CoStar). This average is heavily skewed by 2016 figures where approximately 1 million sqft of space was leased responding to a spike in new deliveries across 2015/16. Whilst the last 5 years have seen a number of large transactions in the market – specifically within the Christchurch submarket which was home to three of the four largest in terms of floorspace – activity significantly dropped throughout 2019, with approximately only half the number of industrial deal volumes taking place when compared with performance levels over the past 5 years. Local agents expressed that the ongoing political uncertainty deterred multinational corporations from committing to new space but rather SMEs saw an opportunity in the lower asking rents to acquire space. Indeed, of the industrial transactions recorded in the Dorset market in 2020, 93% were on units less than 10,000sqft (CoStar). The average space let was 3,800sqft with deal volumes centring around the smaller size bands of 1,000-4,000sqft. In that regard, local agents stressed the Dorset market has an established presence within the light manufacturing sector, attracting a range of independent and established businesses.
- 4.28 In the Purbeck submarket, there has been fluctuating levels of demand. In 2020 approximately 36,000sqft of industrial accommodation was leased, up 68% from 2019 records. Local property agents suggest the dip in activity was a response to the challenges posed by Brexit. The majority of deal volumes centred around the recently completed industrial estates at Holton Road/ Station Road near Wareham and the Quadrant at Dorset Innovation Park. Local agents expressed that demand for the industrial units at The Quadrant has been positive with the majority of leases signed without concessions. The larger units (1,214-1,266sqft) were previously untested on the site, however, the market has responded well to them with all units leased as of Q1 2021. Agents stated the smaller units (749-800sqft) had been harder to let as potential tenants – specifically within the advanced manufacturing sector – were deterred by the units not possessing loading access doors. Local agents also expressed that demand is almost exclusively from local businesses despite the Park being marketed more widely than this.

### **Rents**

- 4.29 Our analysis of leases signed in the Dorset market in 2020 found that floorplates sub-1,000sqft achieve on average a 36% premium compared with units in excess of 1,000sqft. Average incentives across the board include a 3 months' rent free period and 5% rent discount according to CoStar analytics. The highest prime headline rents achieved in the Dorset market were on units at Jaguar Point Business Park in Poole within the well-connected and established Mannings Heath Road Industrial Estate. The new build industrial warehouse units secured £12-£13psf. On average, industrial new build units in the Dorset market are able to secure a 60% rental premium over secondary stock. Local property agents expressed that average leases on new builds tend to realise 10 years, with a month rent free every year term certain, whilst secondary stock typically achieves a 3-5 year term and 1-3 months' rent free. Looking ahead, and in the wake of the COVID-19 pandemic, we envisage that any risk to headline rents could have a greater bearing on secondary stock, in the event that tenant defaults rise returning more secondary and tertiary stock to the market over the coming months.
- 4.30 In Purbeck, prime headline rents for sub-1,000sqft floorplates sat at £9.00psf and £6.50psf for units in excess of 1,000sqft. The Quadrant sits somewhere in the mid-point, achieving £7-7.50psf, a notable reduction from values being achieved on prime industrial estates in the eastern submarkets. Local agents stated that to date they have not attempted to move asking rents forward in a bid to boost occupier interest, however as the Park establishes a greater presence, they expect values to expand to levels realised at the Holton Heath/ Station Road

estate in Purbeck of c.£9psf. For context, rents have grown consistently by 4% year-on-year across the Dorset market (CoStar).

Figure 6: Prime headline rents & take-up across 2019/20 (CoStar)



### Conclusions and implications for the DIP

- A strong determinant for the likely type and scale of demand at the Park is its location and accessibility. Whilst there have been ‘patches’ of new development in Bournemouth & Poole and Poundbury, the office market across the Dorset area is relatively small and localised, certainly compared with other parts of the UK and is centred around the Bournemouth and Poole conurbation. This is not uncommon for coastal areas but is important to acknowledge as part of this strategy. No new office accommodation of any scale has been delivered in Purbeck since 2010, meaning the delivery of new build Grade A office space is largely untested.
- Like offices, distribution/storage and large scale industrial units are also relatively untested in the immediate market area as the majority of occupier interest is absorbed by the established Christchurch and East Dorset submarkets to the East with much stronger transport connectivity to the arterial road network and proximity to larger populations from both a workforce and supply chain/customer base perspectives. These market areas will continue to be more appealing to inward investors to Dorset or indeed most businesses of scale seeking industrial/logistics based floorspace where the USP’s of the DIP are not relevant to their day-to-day operations. In practice, the DIP will not be able to compete with

sites such as Ferndown and Aviation Business Park for these types of occupiers and should not seek to do so. So whilst the logistics market is performing as one of the strongest market segments nationally in response to the growth of e-commerce, a trend set to continue, the DIP prospects for securing occupiers in this space are considered to be very limited due to the locational and accessibility attributes of the site.

- It is more likely that smaller SMEs, which currently make up the majority of occupiers within the rural submarkets, are more likely to be drivers of occupier demand for the Park, taking smaller floorplates with the option to expand as the companies expand. The focus of the demand going forward at the Park is likely to be on local SME based industrial requirements to cater for business growth and expansion needs and businesses seeking either modern premises or opportunities for bespoke design and build solutions on an effective freehold basis which the Park is able to provide.
- Having completed in December 2017, the 20 light industrial units that comprise the Quadrant are now fully let (understood to have a waiting list in place). The Quadrant was the first new industrial development on the Park since the EZ was established and provides a good indication of how we can expect the market to respond to future industrial schemes. We anticipate that based on previous take-up profiles coupled with discussions with existing tenants, as detailed in Section 4 of this report, that a phase 2 akin to the Quadrant albeit with some larger unit options, would be a sensible proposition for the next stage of development at the DIP. Providing the option for existing tenants at the Quadrant (or to a lesser extent Chesil House) to expand into larger units would encourage occupier retention and business growth and also enable new start-up/fledgling business to back fill space in the Quadrant. We advise consulting with those tenants on growth trajectories that are looking to expand operations to gauge what the appropriate scale and type of units should be. Given the Park is unlikely to secure pre-lets, speculative delivery may be required to bring forward a phase 2 Quadrant scheme. This would come with development risk and would be likely to require some degree of public sector intervention, most probably direct delivery approach akin to the previous Quadrant funding and delivery model (albeit we acknowledge the current lack of further LEP capital grant funding to support this).
- Across Dorset in 2020, the average industrial unit size let was 3,800sqft with deal volumes centring around the smaller size bands of 1,000-4,000sqft. In the Purbeck submarket in 2020 approximately 36,000sqft of industrial accommodation was leased. This is a good indicator of the small scale attributes of the local industrial market which is dominated by local ‘churn’ requirements.
- There are no competing business parks/industrial sites in the immediate proximity of the site – the nearest are employment sites such as Holton Heath in Poole and Granby Industrial Estate at Weymouth as well as Poundbury West which are well established industrial sites. However, these are very typical industrial estates with no sector nor “innovation” focus which is where the DIP could seek to capitalise from a market opportunity perspective.
- Discussions with stakeholders revealed a number of enquiries have come from firms that collaborate with the MoD and sentiment seems to suggest that the permanent presence of the MoD at the Park, through the proposed Defence Innovation Centre, could act as a potential magnet for supply chain businesses and significantly boost the appeal of the Park. The more important impact is the confidence that it could provide to investors, developers and occupiers in the change being brought about to the Park.
- It is important that the site is able to provide facilities and amenities to not only encourage retention of existing tenants, but also to lure businesses and their employees away from the perceived attractions of town and city centres from an office market perspective, but also to ensure the site is able to compete with other strategic employment sites across Dorset, many of which benefit from being located in more attractive market locations. It will

be important to consider interventions including a shared collaborative amenity hub with meeting rooms/ conference facilities and F&B uses to boost the occupier appeal of the DIP.

## 5. Stakeholder and Tenant/Occupier Consultations

- 5.1 Two separate elements of consultation have been undertaken to inform this commission. These include telephone/MS Teams based consultations with a number of key stakeholders as well as a tenant/occupier survey which was distributed to all existing DIP tenants/occupiers via the site's managing agent. This section provides an overview of the key findings from this which have informed strategy development.

### Key Stakeholder Consultations

- 5.2 Key stakeholders consulted as part of this commission include:

| Organisation   | Individual(s) consulted   |
|--|---|
| Army   | <ul style="list-style-type: none"> <li>• Lt Col Andrew Gascoigne</li> <li>• Captain Adam Coffey</li> </ul>  |
| Royal Marines  | <ul style="list-style-type: none"> <li>• Captain Edward Ebborn</li> </ul>   |
| Dorset Council   | <ul style="list-style-type: none"> <li>• Alex Clothier (Enterprise Zone Project Manager)</li> <li>• David Walsh (Economic Growth and Regeneration Manager)</li> <li>• Tony Ferrari (Portfolio Holder for Economic Growth, Assets and Property)</li> </ul>             |
| Dorset LEP   | <ul style="list-style-type: none"> <li>• John Sutcliffe (Board Member and Director of SMI Consulting)</li> <li>• Nick Gaines (Board Member and MD Ultra Electronics Energy)</li> <li>• Lorna Carver (Director)</li> </ul>   |
| University of Exeter                                     | <ul style="list-style-type: none"> <li>• Colette Defoe – Impact &amp; Partnership Development Manager – Defence, Security and Conflict</li> <li>• Michelle Spillar – Head of Corporate Partnerships</li> <li>• Chris Evans, Director – Regional Engagement</li> </ul> |
| Bournemouth University                                   | <ul style="list-style-type: none"> <li>• Ian Jones – Head of Regional Community Partnerships</li> </ul>   |
| Bournemouth & Poole College                              | <ul style="list-style-type: none"> <li>• Dianne Grannell, Principal &amp; Chief Executive</li> </ul>  |
| SW Regional Defence & Security Cluster (SWRDSC)          | <ul style="list-style-type: none"> <li>• Robin King (Chair) and CEO of BAR Associates</li> </ul>  |
| C3IA (cyber business)                                    | <ul style="list-style-type: none"> <li>• Rupert Irons, Threat &amp; Risk Management Sector Manager and SWRDSC Dorset Area Lead</li> </ul>   |
| Atlas Elektronik   | <ul style="list-style-type: none"> <li>• Graham Attwood – Head of Production and Infrastructure</li> <li>• John Banwell</li> </ul>  |
| Sibbett Gregory  | <ul style="list-style-type: none"> <li>• Jonathan Sibbett (MD)</li> </ul>   |
| CBRE   | <ul style="list-style-type: none"> <li>• Oliver Sheriff (Senior Surveyor)</li> </ul>  |
| Driftwood Media (DIP tenant in defence media production) | <ul style="list-style-type: none"> <li>• Carl Osmond, Director</li> </ul>   |
| Kimcell (DIP tenant and IT/cyber security business)      | <ul style="list-style-type: none"> <li>• Tim Harris, CEO</li> </ul>   |
| QinetiQ  | <ul style="list-style-type: none"> <li>• John Savage, Head of Programmes</li> </ul>   |

- 5.3 Key emerging views, thoughts and opinions arising from these are captured below:

| <b>Site challenges/issues</b>   |
|---|
| <ul style="list-style-type: none"> <li>• Access is a barrier for employees – it is not well located and its public transport links are poor. Recruiting staff with specialist skills can be a challenge.</li> <li>• Limited urban catchments nearby to provide skilled workforce of scale – unemployment rates not high and workforce availability is limited. Dorset costs of living be a barrier to attracting staff to the area</li> <li>• Poor visibility/perception/prominence – does not have the brand/profile of say Ferndown or Airport Business Park. Outsiders do not have a good understanding of what activity takes place at the Park and who to speak to about this.</li> <li>• Site location is far from ideal for a business park</li> <li>• Site typically appeals to Dorset based businesses – Bournemouth &amp; Poole base businesses tend to look to the Airport/Ferndown/Tower Park. Very few “inward investment” enquiries</li> <li>• Sector restrictions have resulted in businesses being turned away</li> <li>• Lack of dedicated marketing team/full time dedicated management resource. The Council PM role is being expanded to include other key employment sites and this resource offer will therefore be more stretched</li> <li>• Council lacks the specialist skills sets required to maximise the opportunity – has not operated an innovation park nor a defence cluster previously</li> <li>• Lack of clear proposition to occupiers nor investors</li> <li>• Some potential water connection/foul drainage issues that are not yet fully understood and need to be to ensure occupiers understand the full extent of site abnormalities/delivery issues from the outset</li> <li>• The site development strategy has tended to focus on the planning based LDO masterplan rather than be informed by the market opportunities</li> <li>• There is no clear site strategy or forward looking action plan for the defence sector opportunity nor indeed the wider site</li> <li>• There is currently no agreed mechanism for the redistribution/pooling of retained business rates between the LEP and the Council – does not assist with investment decision making</li> <li>• Site represents a net financial cost/liability to the Council – makes it challenging to secure further investment. Lack of budgets within the Council to invest</li> <li>• The Defence Innovation Centre is the site’s only real differentiator/USP – if this opportunity is not capitalised on would result in a real missed opportunity. At present there is no joined up comprehensive marketing of this opportunity – needs to be taken to the SME market along with a wider package of support/incentives</li> <li>• Many occupiers generally may be seeking to reduce their corporate footprints post Covid due to new ways of working</li> <li>• Lacks an innovation park feel/ecosystem – needs to be promoted and operated as an innovation park</li> <li>• Focus seems to be on selling land parcels rather than creating an innovation hub</li> <li>• Lack of community feel/“buzz” and no-one “owns” the community</li> <li>• Lacks any University/education/academic presence</li> <li>• Lack of vision/strategic direction</li> <li>• Existing Atlas and QinetiQ occupiers don’t have large supply chains on the site/across the wider area</li> <li>• No appointed developers/contractors on hand to build out units to suit occupier requirements</li> <li>• The Quadrant has diluted the sector foci of the Park and is home to businesses using it as cheap storage space</li> </ul> |
| <b>Site advantages</b>  |
| <ul style="list-style-type: none"> <li>• Enterprise Zone designation and the financial benefits of this to the Council and occupiers</li> <li>• It offers large serviced plots in an uncongested part of Dorset (compared with areas around Bournemouth/Poole).</li> <li>• It is located at the heart of Dorset and an established military asset base from Plymouth to Portsmouth to Warminster/Salisbury, with Lulworth and Blandford in close proximity</li> <li>• The land sale/design and build opportunity is a very rare on the south coast and the land cost is comparatively low compared with elsewhere at c.£300,000 - £350,000 per acre.</li> <li>• The LDO offers a quick and efficient route to planning (although some noted delays with this even with the LDO)</li> <li>• It is a secure site with approved secure perimeters – this makes it attractive to certain occupiers particularly in the defence/security sector. Its secluded location also makes it appealing to businesses in these sectors.</li> </ul>  |

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|---|
| <ul style="list-style-type: none"> <li>Dorset Council is investing circa £0.5m in upgrading the power supply to ensure power constraints are not an issue</li> <li>Existing critical mass of occupiers on site including Atlas Elektronik and QinetiQ, many of which work together</li> <li>Proximity of the site to MOD assets e.g. Lulworth, Blandford</li> <li>Cleared air space and sea space environments within close proximity – nothing of this scale anywhere in the locality to test/trial new products/services</li> <li>Ultrafast broadband and 5G capabilities – 5G outdoor network being installed and this will extend to Lulworth Ranges</li> <li>Site offers an attractive green and tranquil environment – people can walk/cycle at lunchtimes</li> <li>No car parking constraints</li> </ul>   |
| <p><b>Market opportunities</b></p> <ul style="list-style-type: none"> <li>B&amp;P College has specialisms in Marine and Advanced Engineering and is keen to do more with businesses on the Park (e.g. apprenticeships) and engage with any innovation proposals. College not seeking an off-site presence at the Park and lacks capital.</li> <li>Ambition for Bournemouth University to work more consistently with businesses on the Park - strong faculties of cyber security, engineering, digital, science and technology, media and sustainability. Agreed that Business School students and academics will work with the Defence Innovation Centre from September 2021. The University would consider being a partner in an innovation project at the Park.</li> <li>University of Exeter has specific research and innovation expertise and capabilities and is the founding member of the South West Regional Defence and Security Cluster. Specific research strengths in advanced materials, bio-capabilities, human performance/psychology, data science and Artificial Intelligence, marine dynamics, computer science/cyber security and also have a Strategy &amp; Security Institute. Also has a College of Engineering, Science &amp; Maths which has strong links to MOD activity. Would be keen to explore collaboration opportunities further.</li> <li>Potential for small scale speculative light industrial units to provide standing stock of leasehold accommodation</li> <li>Could address the lack of serviced employment land across Dorset more generally</li> <li>Major defence businesses on site and nearby e.g. Atlas Elektronik, QinetiQ, BAE Systems (Christchurch) and Draken. Plethora of SME businesses in the defence supply chain and wider Dorset area. Potential to attract businesses from outside of Dorset through the Defence Innovation Centre.</li> <li>Defence Innovation Centre could serve as a major catalyst for the growth of the defence cluster and wider site development. It will bring the army and navy onto the site with a full time permanent presence. It could be the “magnet” the site needs</li> <li>Opportunity to link the site into the SW Regional Defence and Security Cluster</li> <li>Opportunity to link the Defence Innovation Centre into the Dorset Police's national digital forensic responsibilities</li> <li>Different parts of the Army/Navy will be located in the Centre including its Innovation Teams – Army exploring opportunities to locate a robotics/autonomous vehicles centre of excellence in the facility linked to the 5G network capabilities. Exploring potential to link the 5G connectivity to the Army signals branch at Blandford and to Lulworth from here</li> <li>Opportunities to entice academic presence on to the site linked to the Defence Innovation Centre</li> <li>Opportunity for the Defence Innovation Centre to promote national engagement with SME supply chains across defence but also wider technology and R&amp;D activity – this isn't just about working with existing defence sector businesses. 250 SME businesses joined the last Defence Innovation Centre webinar in December 2020.</li> <li>Opportunity to consider the site as a hub at the heart of a wider spoke of assets/activities within defence across the Dorset area</li> <li>Opportunity for site to better integrate with Innovate UK activity – potential for UK Catapult status or a satellite centre</li> <li>Medium-longer term opportunity for potential complementary waterfront facility for the Defence Innovation Centre (at Portland) to support navy based innovation activity</li> <li>The Defence Innovation Centre is reported to be the 5<sup>th</sup> National Security Technology and Innovation Exchange (NSTIX) co-creation space nationally, thereby making it of national strategic importance within the defence sector.</li> <li>Existing businesses on the Park have short-medium term expansion requirements</li> </ul> |

| <b>Site investment needs</b>   |
|--|
| <ul style="list-style-type: none"> <li>• Requires a central community/amenity facility/hub/meeting rooms/café – potential for a low cost modular/pop up trial option? Could be located in Chesil House given underutilised space there?</li> <li>• Need to improve the site marketing material (with clear packages on offer to tenants including all in costs) and website with a separate identity from the Council – needs a dedicated marketing budget as not had one from the outset</li> <li>• Need for dedicated specialist marketing and site management support to ensure the Park is operated like a modern innovation/science park. MOD posts always on rotation – needs consistent long term proposition to work alongside the MOD</li> <li>• Needs a vision and PR campaign built around this to promote it as an innovation park – focus on SW not Dorset in this</li> <li>• Current EZ project management role likely to become more of a property management role – opens up a gap for a wider Park Manager/Director post</li> <li>• “Customer journey” for prospective occupiers could be enhanced</li> <li>• Need to ensure the power issue is resolved (DC confirmed investment in this by September 2021)</li> <li>• Opportunity to consider green energy/sustainability options given the focus on this e.g. EV charging points</li> <li>• Public transport and sustainable travel links to Wool Station e.g. dedicated bus service</li> <li>• Need to ensure that the plot abnormalities relating to drainage/foul water are understood from the outset</li> <li>• Gatehouse needs replacing and could be reprovided to provide much more than just a gatehouse – reference to example at Teesworks where a new gatehouse with training/induction facility and digital screen has been developed. Having a manned gatehouse is essential for occupiers and written into long leasehold agreements</li> <li>• Need to ensure that the necessary “wrap around” business support offer is available to promote business start-up/SME growth e.g. support with accessing finance, legal issues, marketing, skills development</li> <li>• Need to engage with the R&amp;D offer of academia as part of the site’s offer with potential HEI presence on the site.</li> </ul> |

### Tenant/occupier survey

5.4 As part of this commission, a tenant/occupier survey was developed and circulated to the Park’s occupiers via its managing agent, CBRE. Despite several reminders, a relatively low response rate was achieved with only 8 responses returned, with the key findings recorded below. The purpose of this was to understand the challenges, opportunities and needs of the Park from an existing occupier perspective – we consider this to be important to ensure that the views of existing occupiers are understood and used to inform future strategy development, reflecting a need to ensure retention of existing businesses as well as seeking to attract new occupiers.

| <b>What attracted you to the Park in the first place?</b>   |
|---|
| <b>Locational factors:</b> <ul style="list-style-type: none"> <li>• Proximity to List X Companies</li> <li>• Locality</li> <li>• Rural location</li> <li>• Convenient location to home</li> <li>• Isolated secure site</li> </ul> |
| <b>Availability of suitable space:</b> <ul style="list-style-type: none"> <li>• Size of units (Quadrant)</li> <li>• Available units</li> <li>• Pre-approved planning process</li> </ul>   |
| <b>Cost:</b> <ul style="list-style-type: none"> <li>• Reasonable rent</li> <li>• Affordability</li> <li>• Value for money</li> </ul>  |

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|---|
| <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>• Security of site for lone working</li> </ul>  |
| <p><b>What in your view are the key advantages and strengths of the Dorset Innovation Park?</b></p>   |
| <p><b>Locational factors:</b></p> <ul style="list-style-type: none"> <li>• Location</li> <li>• Environment</li> <li>• Relative tranquillity</li> <li>• Well positioned geographically to access Purbeck, West Dorset and B&amp;P</li> </ul> <p><b>Meeting business needs:</b></p> <ul style="list-style-type: none"> <li>• Good specification units at the Quadrant</li> <li>• Modern and professional buildings that present a professional image for the business</li> <li>• Availability of space</li> <li>• Growth potential</li> <li>• Flexibility (the Quadrant specifically)</li> <li>• The ability to set your own vision and design</li> <li>• D&amp;B opportunity</li> </ul> <p><b>Cluster effect:</b></p> <ul style="list-style-type: none"> <li>• Potential to generate business through collaboration with other occupiers</li> <li>• Defence Innovation Centre and the opportunities that will open for businesses</li> <li>• Similar business on the Park enable security based advanced engineering culture along with the secure access</li> </ul> <p><b>Management:</b></p> <ul style="list-style-type: none"> <li>• Good security</li> <li>• 24 hour security</li> <li>• Good response time for most problems</li> </ul> <p><b>Shared facilities:</b></p> <ul style="list-style-type: none"> <li>• Use of shared rooms at Chesil House for training</li> <li>• Communal meeting rooms at Chesil House</li> </ul> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>• Reasonable cost</li> <li>• Enterprise Zone status</li> <li>• Access to fibre</li> <li>• IT services</li> <li>• The IT networking and communications initiatives that are ongoing to support the work of the Defence Innovation Centre and businesses around it</li> </ul> |
| <p><b>What are its weaknesses/gaps/shortfalls from your business' perspective?</b></p>  |
| <p><b>Lack of communal facilities/amenities:</b></p> <ul style="list-style-type: none"> <li>• No facilities/amenities including F&amp;B outlets, nursery, gym and shower facilities</li> <li>• A communal food provider would be useful</li> <li>• No community hub/ cafeteria</li> <li>• Parking can be challenging when arranging events with attendees – minimal amount of visitor parking</li> </ul> <p><b>Business/community support:</b></p> <ul style="list-style-type: none"> <li>• Lack of organised tenant association to promote networking and collaboration</li> <li>• In the first year of the Quadrant there was a lot of support available to the new businesses with quarterly meetings discussing the Park's development. This hasn't taken place for 2 years and was really beneficial/USP as it brought businesses together</li> </ul> <p><b>Expansion constraints:</b></p> <ul style="list-style-type: none"> <li>• One respondents said they were unsure that there will be a suitable workshop and office space of the size they are likely to need by mid-2022</li> <li>• No larger units available to accommodate business expansion</li> <li>• One respondents said they are considering purchasing a small plot and building on it but are concerned that the combination of estate service charge and development service charge costs may make this plan unaffordable or uneconomic for them. There are attractively priced new units</li> </ul>   |

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|---|
| <p>in other areas of Dorset that have better transport links, are closer to larger working populations and have clear costs.</p> <ul style="list-style-type: none"><li>• Power supply on site</li></ul> <p><b>Management:</b></p> <ul style="list-style-type: none"><li>• Lack of refuse bins adjacent to the Quadrant is a significant oversight and creates operational challenges</li><li>• The Quadrant need their own bins</li><li>• Cleaning services at Chesil House are sporadic</li><li>• The management of the Park by CBRE is below par – noted they have not seen a single member of CBRE in two years</li><li>• The fees involved with CBRE and the fact they make decisions that impact the businesses on the Park financially without having first consulted the businesses</li><li>• Some rules which are prohibitive and seem unnecessary e.g. bringing dogs to work</li></ul>   |
| <p><b>Is there anything the Park lacks or requires investment in to support your business operations or ability to attract employees? Please identify these if applicable</b></p> <p><b>Communal facilities/amenities:</b></p> <ul style="list-style-type: none"><li>• A central communal hub</li><li>• Conferencing facilities</li><li>• Outdoor seating area</li><li>• Cafeteria</li><li>• Gym</li><li>• In the future, when the park is more populated, a convenience store, café, sandwich bar other shops providing facilities that is useful to be able to access easily during lunchtime would be a bonus</li></ul> <p><b>Business/community support:</b></p> <ul style="list-style-type: none"><li>• More promotional activities</li><li>• Regular networking events with Park occupiers to help the smaller and larger businesses identify potential areas for collaboration</li></ul> <p><b>Parking/transport:</b></p> <ul style="list-style-type: none"><li>• Additional centralised visitor parking</li><li>• Occupier parking – only one space per lease available</li><li>• Rentable electric scooters at the train station to access the Park</li><li>• Morning and evening bus from Weymouth or Dorchester</li><li>• A shuttle bus between Wool station and the park may help reduce traffic on the park and the carbon footprint of the employees who work there. We are expecting to recruit young apprentices from Weymouth, Poole or Dorchester later this year. Easy transport to and from the station may appeal to them.</li></ul> <p><b>Other:</b></p> <ul style="list-style-type: none"><li>• Council presence – should be Council offices here to show their commitment, particularly as they are closing their Dorchester office</li><li>• Larger units for micro-start-ups to grow into SMEs</li><li>• Improved gate front security and investment in the gatehouse facility</li><li>• Faster response to addressing maintenance issues on site, and better, more regular communication from the managing agent</li></ul> |
| <p><b>Which of the following categories would you put your business operations on the Park into over the next 0-5 years:</b></p> <ul style="list-style-type: none"><li>i) Floorspace requirements unlikely to change on the Park</li><li>ii) Likely to require more floorspace on the Park to accommodate potential expansion</li><li>iii) Likely to require less floorspace on the Park</li></ul> <p><b>Please explain the rationale for your selection and quantify any likely expansion/reduction in terms of floorspace if possible.</b></p> <p>The 8 respondent's answers are summarised below:</p> <ul style="list-style-type: none"><li>• i) The size of the Quadrant units suits the business needs</li></ul>   |

- ii) We hope to expand the business over the next 5 years. Office space is currently limited, so we may require renting from DIP
- ii) Looking to expand into more office space at Chesil House imminently
- ii) Intension to employ additional person(s) in the near future (funds permitting)
- ii) Will need more space but if there is no deal that is value for money on the Park we will have to relocate. We anticipate requiring office space that will accommodate up to 10 persons by mid-2022. An adjoining workshop space is also desirable. The smaller units at the Quadrant are a desirable size.
- ii) Will outgrow the Quadrant and require expansion space within the next 12-18 months. We'd ideally be looking for self-contained manufacturing, office, storage and yard.
- ii) Pre-approved extension
- ii) (no explanation provided)

**Overall on a scale on 1-5 how would you score the business park in terms of its offer and suitability aligned to your business needs (where 1 is not at all and 5 is there is nothing that could be improved, it offers everything you need it to).**

- 3 – but getting better all the time
- 3 - (no explanation provided)
- 4 – management is very proactive
- 4 – would be a 5 but for the lack of larger units and issues with Park management
- 4 - (no explanation provided)
- 4 - (no explanation provided)
- 4 - (no explanation provided)
- 5 – based on current needs

**Do you have any views on the way the Park is currently managed?**

- Good interactions with Dorset Council and with Amulet Security
- Well managed by Dorset Council and CBRE
- CBRE has been helpful when we have needed them
- Communications with the managing agent CBRE is a bit hit and miss. When you finally track down the relevant person, things are resolved quite quickly, but better communication would be very useful.
- Slow response from management to provide a necessary 'welcome pack' upon moving to the Park (in terms of site management, protocol, utility suppliers, rent payable etc)
- The staff are helpful, but at times, my experience feels like they are a rather large organisation and that you often get passed from one person to another.
- I believe it is currently well managed by the current facilities manager at CBRE. However, I think the FM company relies heavily on the individual's abilities and professionalism and I am concerned about consistency should the individual move elsewhere.
- The Park management could have a friendlier tone and be more welcoming
- Poor – there is a clear lack of 'customer service' and communication from CBRE
- A regular newsletter would be beneficial
- A weekly, or monthly email newsletter with updates, introductions and operational information would be very useful
- Helpful and professional core security team

- 5.5 The above consultation feedback has been used to inform the development of this strategy and it is considered important to understand and incorporate the views of existing DIP tenants as part of this.

## 6. Case Studies/Best Practice

- 6.1 As part of this commission, analyses of other comparable strategic employment sites with Enterprise Zone designation which are focusing on specific sector-based cluster development within England has been undertaken. The purpose of this is to understand what other sites are doing/have done, what has been key to their success, the extent to which they have been driven by the public/private sectors, operational/management arrangements and other key points of note from which the DIP could benefit from.
- 6.2 The analysis has focused on the below three strategic cluster based sites located in different regions focusing on different sectors to one another:
- Solent Enterprise Zone at Daedalus
  - Skylon Park Enterprise Zone, Hereford
  - Samlesbury Aerospace Enterprise Zone, Lancashire
- 6.3 An overview of each based on desk-based research undertaken is presented below:

| <b>Solent Enterprise Zone at Daedalus</b>        |  |
|--|--|
| <b>Location</b>                                  | On the Gosport peninsula between Southampton and Portsmouth  |
| <b>Size</b>                                      | 200 acres  |
| <b>Sector Focus</b>                              | Aviation, Aerospace, Marine, Engineering and Advanced Manufacturing  |
| <b>History/context</b>                           | <p>Established in 2012, the SEZ is being developed in partnership by Fareham Borough Council, Gosport Borough Council, Hampshire County Council, Homes England and the Solent Local Enterprise Partnership (SLEP). The SEZ is within the planning authority areas of Fareham and Gosport and the councils have agreed a whole-site plan to ensure the comprehensive development of the site.</p> <p>The Solent EZ is located on an ex-military airfield, HMS Daedalus. The coastal location benefits from both slipway access to the sea and an operational runway (Solent Airport). It is a large site, covering around 400 acres, of which approximately 200 acres are located within the EZ, made up by both empty land for development as well as a significant number of hangers and other buildings that need renovation or replacement.</p> |
| <b>Ownership</b>                                 | Fareham Borough Council purchased Daedalus Airfield and associated sites from the Homes & Communities Agency in March 2015.  |
| <b>Operational management/marketing approach</b> | <ul style="list-style-type: none"> <li>• Like Dorset Innovation Park, any information on the Solent EZ is accessed through the Solent LEP website</li> <li>• Information on the various business parks at Solent EZ can be found on the Solent Airport website</li> <li>• Very limited/easily accessible information on management and freehold/leasehold opportunities</li> </ul>   |

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| <b>Investment to date</b>  |
| <ul style="list-style-type: none"> <li>• Daedalus Park: <ul style="list-style-type: none"> <li>◦ Development of 65 light industrial units (totalling 135,000sqft)</li> <li>◦ Available for freehold or leasehold</li> </ul> </li> <li>• Faraday Business Park: <ul style="list-style-type: none"> <li>◦ Two new purpose-built offices occupied by two local companies: Proptech Aero and UTP and a further four under construction due for completion in autumn 2021</li> <li>◦ Design &amp; build opportunities are available</li> <li>◦ Dedicated area for aviation-related and aerospace businesses seeking access to the airfield with its newly resurfaced runway</li> </ul> </li> <li>• Fareham Innovation Centre: <ul style="list-style-type: none"> <li>◦ 20 workshops and 53 offices from 200sqft to 1,000sqft</li> <li>◦ Home to a hub of start-up businesses and growing SMEs, especially in the leading edge technologies, including space technology (now designated as part of the UK Space Incubator network)</li> <li>◦ The centre is one of the site's biggest success stories – reaching 100 per cent occupancy within a year, leading to a £7m extension opening in 2018</li> <li>◦ Won the award for the most innovative small business project at the Federation of Small Businesses Awards in 2015 having reached maximum capacity within 12 months of opening</li> <li>◦ Includes conferencing facilities catering for up to 100 delegates and meeting room facilities</li> <li>◦ Managed by innovation specialists, Oxford Innovation, on behalf of the Council</li> </ul> </li> <li>• Centre of Excellence in Engineering and Manufacturing Advanced Skills Training (CMAST) <ul style="list-style-type: none"> <li>◦ Opened in 2014</li> <li>◦ Supported by loan funding from Solent LEP and Hampshire County Council</li> <li>◦ Run by Fareham College, providing a range of target sector training courses, specifically engineering, civil engineering and ground working skills</li> </ul> </li> <li>• Civil Engineering Training Centre (CETC) <ul style="list-style-type: none"> <li>◦ CETC is the home of Fareham College's Civil Engineering and Groundworks Apprenticeship (CEGA) and will deliver more than 1,600 groundwork and civil engineering apprenticeships in its first five years of development</li> <li>◦ Sits adjacent to CMAST</li> <li>◦ Cost of £4.1m</li> </ul> </li> <li>• Daedalus Village residential scheme: <ul style="list-style-type: none"> <li>◦ 200 units</li> <li>◦ Wates are Homes England's Accelerated Construction Delivery Company partner</li> <li>◦ Planning approved 2018 and development complete 2020</li> </ul> </li> <li>• Air Traffic Control Tower refurbishment Phase 2 (indoor café, permanent corporate aviation passenger facilities, additional car parking) completed 2018</li> </ul> |
| <b>Current occupiers (type/scale/brands)</b>   |
| Over 100 companies, employing in excess of 700 people, are located at the SEZ, including the following:  |
| <ul style="list-style-type: none"> <li>• Educational institutions:</li> </ul>  |

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| <ul style="list-style-type: none"> <li>○ CTEC Civil Engineering Training Centre</li> <li>○ CEMAST Engineering School</li> <li>● Manufacturing:           <ul style="list-style-type: none"> <li>○ Proptech Aero* – propeller shop</li> <li>○ Bournemouth Avionics Limited* – aircraft maintenance</li> <li>○ Britten-Norman – aircraft supply shop</li> <li>○ Firetech Specialist Services* – electronic parts supplier</li> <li>○ HC Coils* – manufacturer of HVAC</li> <li>○ MSS Kits* – car parts manufacturer</li> <li>○ Marine Concepts – boat builder</li> </ul> </li> <li>● Engineering:           <ul style="list-style-type: none"> <li>○ Universal Tool &amp; Production Co – precision engineer</li> <li>○ RAD Propulsion* – marine engineer</li> <li>○ MOJ Engineering* – precision engineer</li> </ul> </li> <li>● Aircraft training:           <ul style="list-style-type: none"> <li>○ Consortiq* – drone services and remote pilot training</li> <li>○ Euro Flight Training* – flight school</li> </ul> </li> <li>● Tech/IT:           <ul style="list-style-type: none"> <li>○ Solent Way Computers* – computer repair service</li> <li>○ Koozai* – internet marketing service</li> <li>○ Eldo Web Design* – web designer</li> </ul> </li> </ul> <p><i>*SMEs/local businesses</i></p> |
| <p><b>Pipeline investments/ambitions</b></p> <ul style="list-style-type: none"> <li>● New Swordfish Business Park comprising 22,000sqm of commercial development space, which will have a dedicated area for aviation businesses needing access to the runway. Swordfish will be able to accommodate large commercial units and will be suitable for businesses requiring secure premises.</li> <li>● Daedalus Waterfront:           <ul style="list-style-type: none"> <li>○ 18 ha (45 acres) mixed-use development opportunity</li> <li>○ Available as whole or in part</li> <li>○ 75,000sqm commercial, leisure, elderly living, retail, industrial and enabling residential uses</li> </ul> </li> </ul> <p><b>Wider site offer/amenity</b></p> <ul style="list-style-type: none"> <li>● Solent Airport with an all-weather runway and provision for aviation and aerospace businesses</li> <li>● Waterfront location with access to the Solent waterway via a slipway</li> <li>● Conference facilities</li> <li>● Innovation hub</li> <li>● Communal coffee bar and café</li> <li>● LDO in place</li> </ul>  |

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| <ul style="list-style-type: none"> <li>Regular bus service to Fareham train station</li> </ul>  |
| <b>Other</b>  |
| <ul style="list-style-type: none"> <li>In 2013 the Solent LEP secured £5 million from Round 2 of the Regional Growth Fund (RGF), £2.94 million of which is being used for an 'Expansion Fund' providing grants of between £50,000 and £200,000 to small and medium-sized businesses that move to or that are already based on the site. This was a competitive grant fund, to accelerate business growth at the Solent Enterprise Zone and to safeguard existing jobs within a) companies already located on the site or b) businesses moving onto the site engaged in advanced manufacturing (with a focus on marine, aviation, and aerospace or similar advanced engineering businesses). A further £13 million was secured from Round 3 of the RGF for the Solent Futures project, of which £10 million was allocated to support the defence sector in the Solent and £3 million was used to develop CEMAST.</li> <li>So far, Solent EZ has created 700 new jobs – with plans to reach 3,000 by 2025.</li> </ul> |

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| <b>Skylon Park, Hereford</b>   |
| <b>Location</b>  |
| Rural Herefordshire approximately 3 miles from Hereford city centre and 30 miles from M5.  |
| <b>Size</b>  |
| 178 acres  |
| <b>Sector Focus</b>  |
| Defence, security, advanced manufacturing, food and drink processing and sustainable technologies  |
| <b>History/context</b>   |
| <ul style="list-style-type: none"> <li>Skylon Park EZ has built on the area's wealth of defence expertise and the association Hereford has with the UK special forces, as the base of the SAS. More than 200 companies operate in the defence sector in Herefordshire. The existence of other key defence and security organisations including QinetiQ in Malvern and GCHQ in Cheltenham, demonstrates a local cluster of strategic sites from which Skylon Park can draw from.</li> <li>Skylon Park is based around Rotherwas Industrial Estate, the largest and most strategically important employment area in Herefordshire.</li> <li>The masterplan and design for Skylon Park has been developed by Studio Egret West.</li> </ul>  |
| <b>Ownership</b>   |
| Herefordshire Council owns 80% of the land in the EZ with the remainder owned by the Goodwin Trust.  |
| <b>Operational management/marketing approach</b>   |
| <ul style="list-style-type: none"> <li>A dedicated, modern and navigable website with information including: <ul style="list-style-type: none"> <li>About the Park (history, target sectors, and site plan detailing the various clusters of industry);</li> <li>Available units and who to contact for lettings enquiries;</li> <li>Details on D&amp;B opportunities and relevant contact details;</li> <li>Case studies/success stories of EZ occupiers with personal accounts from tenants;</li> <li>Tenant portal with tenant management contact form, executive board minutes and news updates via the 'Skylon Innovation Network'.</li> </ul> </li> <li>Clear identity/brand with strong logo/colour scheme</li> <li>Good imagery including aerial views and CGIs</li> </ul> |

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| <ul style="list-style-type: none"> <li>• ‘Soft land package’: <ul style="list-style-type: none"> <li>○ The Park is able to tailor a support package to meet the needs of incoming tenants/occupiers, linking them with key private and public sector individuals and organisations to meet investment needs, such as: <ul style="list-style-type: none"> <li>▪ Herefordshire Council’s Economic Development team which provides information on grants, business support and advice;</li> <li>▪ Herefordshire Recruitment Team which brings together the National Apprenticeship Service, Herefordshire Council and DWP to offer a bespoke service to fill job vacancies;</li> <li>▪ Herefordshire Business Board which brings together leading businesspeople from across the county;</li> <li>▪ Chamber of Commerce and Federation of Small Businesses;</li> <li>▪ Department for International Trade.</li> </ul> </li> </ul> </li> </ul>  |
| <p><b>Investment to date</b></p> <ul style="list-style-type: none"> <li>• Skylon Court: <ul style="list-style-type: none"> <li>○ £1.7 million development offering 10 high quality business space and workshops on a short-term rental basis</li> <li>○ Incorporates the Marches Growth Hub, a face-to-face support service for businesses of any size or sector</li> </ul> </li> <li>• Skylon Place: <ul style="list-style-type: none"> <li>○ The Council’s second direct development on the Park, comprising 3 high quality new business units totalling 9,500sqft</li> <li>○ Designed to be flexible business space to accommodate either office or studio workshop space depending on need</li> <li>○ Serviced plots from 0.8-4 acres are available for sale</li> </ul> </li> <li>• South Magazine: <ul style="list-style-type: none"> <li>○ Specialism: Defence and security</li> <li>○ Home to the new £9 million Cyber Security Quarter</li> </ul> </li> <li>• North Magazine: <ul style="list-style-type: none"> <li>○ Specialism: Engineering</li> <li>○ Comprises 10 hectares of development</li> <li>○ Home to the new £7 million Shell Store Incubation Centre</li> </ul> </li> <li>• Skylon Central: <ul style="list-style-type: none"> <li>○ Specialism: Food Production</li> <li>○ A mix of office and industrial units to rent</li> <li>○ Comprises Centenary Park, two new 2-storey office blocks with space available between 307-14,700sqft</li> </ul> </li> <li>• Skylon South, Chapel Road, Skylon North and Rotherwas: <ul style="list-style-type: none"> <li>○ Specialism: Industrial units</li> </ul> </li> </ul> |
| <p><b>Current occupiers (type/scale/brands)</b></p> <p>Over 200 companies, employing in excess of 3,500 people, are located at Skylon Park, including the following:</p> <ul style="list-style-type: none"> <li>• Defence and Security:</li> </ul>  |

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| <ul style="list-style-type: none"> <li>○ IA Technology – specialist electronics design and manufacturer, predominantly in aerospace and defence</li> <li>○ Allpay – payments solutions</li> <li>○ Minimal Risk* – consultancy, project management, recruitment and asset protection services</li> <li>○ Eye Witness Protection* – bespoke manned guarding security solutions</li> <li>● Advanced Engineering:           <ul style="list-style-type: none"> <li>○ Special Metals Wiggins – major European production facility in the Special Metals group</li> <li>○ Denco – data centre cooling solutions</li> <li>○ ETL Systems – design and manufacturers of radio frequency equipment</li> </ul> </li> <li>● Food and Drink:           <ul style="list-style-type: none"> <li>○ Heineken-Bulmers – global cider producers</li> <li>○ Westons Cider* – Herefordshire based cider and perry producer</li> <li>○ Tyrrells Crisps – food manufacturing</li> </ul> </li> <li>● Manufacturing:           <ul style="list-style-type: none"> <li>○ Arctic Circle – manufacturers equipment for use within the heat transfer market and cold food chain</li> <li>○ MedDx Solutions* – manufactures and supplies specialist medical equipment</li> </ul> </li> </ul>   |
| <p><i>*SMEs/local businesses</i></p> <p><b>Pipeline investments/ambitions</b></p> <ul style="list-style-type: none"> <li>● Midlands Centre for Cyber Security – New £9 million Cyber Security Quarter for dedicated businesses and researchers under a joint venture between University of Wolverhampton and Herefordshire Council. The Cyber Quarter will offer high quality research facilities through the University of Wolverhampton's Cyber Security Research Institute as well as providing office space for cyber businesses and advanced training facilities designed specifically to tackle threats in cyberspace. The 2,000sqm building incorporates a full height glass atrium to provide a dual break-out space and function hall, alongside the main three storey building. The facility promises to attract new hi-tech investment, draw expertise and create high-income jobs in the County.</li> <li>● The Shell Store Incubation Centre – A £7.3m scheme to refurbish a former factory building into a business incubation and innovation centre. Upon completion it will deliver over 2,000sqm of high-quality start-up suites and grow on space. Funded by the European Regional Development Fund (ERDF), Herefordshire Council and a loan from the Marches LEP.</li> </ul> <p><b>Wider site offer/amenity</b></p> <ul style="list-style-type: none"> <li>● Work/life balance is the second most important driver of employee attraction at Skylon Park according to a recent tenant survey</li> <li>● High quality leisure facilities including conferencing, meeting space, café and restaurant.</li> <li>● LDO in place</li> <li>● Regular bus service to Hereford town centre</li> </ul> |

| <b>Samlesbury Aerospace EZ, Lancashire</b>       |  |
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| <b>Location</b>                                  | Rurally located on the Samlesbury Aerodrome between Preston and Blackburn. Proximity to the M6, M55 and M65.   |
| <b>Size</b>                                      | 120 acres  |
| <b>Sector Focus</b>                              | Aerospace, Advanced Engineering and Manufacturing  |
| <b>History/context</b>                           | <p>Samlesbury Aerospace EZ is part of the Lancashire Advanced Manufacturing &amp; Energy (LAMEC) cluster.</p> <p>The EZ sits immediately adjacent to BAE Systems, a global defence, aerospace and security company. The ambition is to build on the strengths of the existing BAE operations, that has generated major employment opportunities and brought significant sums of investment into the area, by attracting new investment to strengthen the UK's advanced engineering and manufacturing capabilities.</p>   |
| <b>Ownership</b>                                 | BAE Systems Pension Fund are the landowner.  |
| <b>Operational management/marketing approach</b> | <ul style="list-style-type: none"> <li>• Lancashire Enterprise Partnership manage and co-ordinate the EZ</li> <li>• Colliers are marketing agents</li> <li>• The EZ has a functional dedicated website, clearly marketing it is a single site but also highlighting the benefits of it being part of the wider LAMEC</li> <li>• Well-designed brochures to compliment the website</li> </ul>   |
| <b>Investment to date</b>                        | <ul style="list-style-type: none"> <li>• BAE Systems is investing £12 million in the EZ with a new manufacturing and high-tech facility. Upon completion it will be used to securely store and process assets.</li> <li>• It is the third building BAE has chosen to build on the EZ, along with their £15 million Defence and Logistics centre (operated by Wincanton) and a £16 million Academy for Skills and Knowledge (ASK).</li> <li>• The ASK opened in 2016, marking the single largest investment in skills for the UK's aerospace sector. The 7,400sqm academy trains the apprentices and graduates in BAE's military aircraft business. The ASK also acts as a collaborative skills-hub for the North West's engineering and manufacturing sector and offers a learning education centre for school children from 5 to 14 years old. With 26 modern, light and airy classroom facilities, the ASK was designed and built from scratch over three years.</li> <li>• In December 2020, work began on the University of Sheffield's £20 million Advanced Manufacturing Research Centre. The 4,500sqm applied research centre will focus on vehicle electrification, battery assembly and light weighting technologies. Entirely funded by Local Growth Fund investment.</li> </ul> |
| <b>Current occupiers (type/scale/brands)</b>     | <ul style="list-style-type: none"> <li>• BAE Systems</li> <li>• University of Sheffield</li> </ul>   |
| <b>Pipeline investments/ambitions</b>            | <ul style="list-style-type: none"> <li>• In total the site provides 120 acres (50 hectares) of development land capable of accommodating up to 1 million sqft of B1, B2 and B8 uses within the advanced engineering</li> </ul>   |

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| <p>and manufacturing sectors. D&amp;B units are available and range in size from 20,000 – 350,000sqft.</p> <ul style="list-style-type: none"> <li>• Development plots are available for:           <ul style="list-style-type: none"> <li>◦ Hi-Tech Manufacturing/Industrial/Distribution – Samlesbury can provide a varied size range of new build properties tailored to the requirements of companies in the manufacturing/production, research and development, high technology, specialist logistics and professional support services sectors.</li> <li>◦ Research &amp; Development – The site will have access to world class research &amp; development capabilities specific to the sector with the Universities of Sheffield to support the continued growth of this sector.</li> <li>◦ Headquarter offices - The site can accommodate HQ offices, offering a world class environment within a cluster of globally branded business enterprises. It can offer a diverse range of options, where bespoke development can deliver different uses – either taken separately or combined within a single facility.</li> </ul> </li> <li>• The EZ has a full and active design and technical team in place alongside commercial property agents to work with occupiers to provide properties suited to their specific needs.</li> </ul> |
| <p><b>Wider site offer/amenity</b></p> <ul style="list-style-type: none"> <li>• LDO in place</li> <li>• Regular bus service to Preston and Blackburn</li> </ul>   |

6.4 In the table below, we have summarised the findings from the case studies and compared key points with Dorset Innovation Park to highlight shortcomings and opportunities for improvement.

|  | <b>Daedalus</b> | <b>Skylon Park</b> | <b>Samlesbury</b> | <b>Dorset Innovation Park</b> |
|--|-----------------|--------------------|-------------------|-------------------------------|
| Nationally designated Enterprise Zone              | ✓               | ✓                  | ✓                 | ✓                             |
| Specific sector focus with occupier entry criteria | ✓               | ✓                  | ✓                 | ✓                             |
| Brownfield former industrial site                  | ✓               | ✓                  | ✓                 | ✓                             |
| Site already (largely) serviced and ready to go    | ✓               | ✓                  | ✓                 | ✓                             |
| LDO in place                                       | ✓               | ✓                  | ✓                 | ✓                             |
| Site owned and operated by a local authority       | ✓               | ✓                  | X                 | ✓                             |
| Innovation centre/assets on site and operational   | ✓               | ✓                  | X                 | X                             |
| Physical university/HE presence on site            | ✓               | ✓                  | ✓                 | X                             |
| Specialist site marketing campaign in place        |                 | ✓                  | ✓                 | X                             |
| Skills/training facility on site                   | ✓               | ✓                  | ✓                 | X                             |

|   |   |   |                  |  |
|---|---|---|------------------|--|
| Business support offer provided on site   | ✓ | ✓ | X                | X  |
| Site amenity offer to include e.g. meeting rooms, conferencing, food/drink/ gym | ✓ | ✓ | X                | X  |
| Good access to public transport   | ✓ | ✓ | ✓                | X  |
| Leasehold and freehold opportunities  | ✓ | ✓ | (leasehold only) | Largely effective freehold plot sales (aside from Quadrant/Chesil House) |
| Available premises to lease/purchase  | ✓ | ✓ | ✓                | Limited availability of properties to lease                              |
| Tenant/community portal   | X | ✓ | X                | X  |

6.5 It is immediately evident from this that the DIP has a number of core characteristics which are consistent with these other EZ sites, however, there are a number of features/characteristics of the 3 case study examples which are not in place/available at the DIP and which could therefore be a gap/weakness within its offer and competitiveness. These include the below which the other sites generally offer and which are lacking on the DIP site:

- Innovation centre/assets on site and operational (although arguably this will be addressed to some extent by the Defence Innovation Centre due to reach PC later in 2021)
- Physical university/HEI/FE presence on site
- Specialist site marketing campaign in place
- Skills/training facility on site
- Business support offer provided on site
- Site amenity offer to include e.g. meeting rooms, conferencing, food/drink/ gym
- Good access to public transport
- Tenant/community portal

6.6 These potential ‘gaps’ have been used to inform the development of this strategy for the DIP.

## 7. Defining the Market Opportunities

- 7.1 This section seeks to identify the specific market/sector opportunities that the Council and its partners should seek to focus on to maximise the delivery prospects of the DIP site. It draws upon the previous sections of this report as well as C&W's own market intelligence and insight and wider national Government policy and strategy documents, particularly focused on the defence sector.
- 7.2 The principal market opportunities for the site as we see them can be categorised into two discrete market segments:
1. **Local Dorset-based SME demand** - from advanced manufacturing and engineering businesses seeking start-up, grow on or relocation space. Demand could arise from wider marine and energy based businesses locally as part of this.
  2. **Defence and security related market opportunities** - at local, regional and potentially national levels on the back of the Defence Innovation Centre opportunity, including wider cyber/digital/opportunities.
- 7.3 **There is a potential third market opportunity relating to data and digital related activity that crosses over with defence and security but is also broader than this covering a wide range of subsectors across artificial intelligence, data hosting/cloud computing, virtual/augmented reality, cyber security, big data and more. This is a much more speculative market opportunity but one in which the site has some existing and proposed attributes and assets which could provide it with a competitive edge, certainly at a regional scale. There are also several existing occupiers on the site or within the wider Dorset area in this space with growth ambitions. This is discussed further in this section.**
- 7.4 In our view, these are the key market opportunities for the site that the Council should be seeking to capitalise upon. Clearly there could be demand from other sectors and types of business and it is important that for example, supporting businesses within the supply chains of these are not restricted from occupying parts of the site (e.g. an accountancy business seeking to occupy a unit in Chesil House that could provide book-keeping and tax advice to businesses on the wider park or indeed a café operator wanting to move on the site to address the lack of this type of facility). However we consider that the principle of the site sector occupation policy should be maintained to give the site a degree of focus and to aid cluster development.
- 7.5 It should be noted that the scale of the defence/security market opportunity in our view is predicated on the projected national profile, reach and activity of the proposed Defence Innovation Centre which is still under construction and not due to reach full practical completion until November 2021. This is therefore based on speculation at this point with no proven evidence of this market demand at this stage and is dependent on the success of the Innovation Centre and the potential catalytic impact of this. Further details of this and the wider local SME based Dorset SME market opportunities are presented below.

### Local Dorset-based SME demand opportunity

- 7.6 As identified earlier in this report, in the 5 years since the site was designated as an Enterprise Zone (which broadly coincided with when Dorset Council acquired it and started to promote it as a strategic employment site), there has been an average of around 25,000 sqft of new floorspace delivered per annum or 100,000 sqft over the 4 years from April 2017 through to April 2021 (excluding developments still under construction and not yet completed). Of this total

of 100,000 sqft, 22,500 sqft was built by Atlas Elektronik (existing occupier) on land it owns and 24,500 sqft was developed speculatively by the Council with LEP funding support in the Quadrant building. This means that in 4 years, there have really been two private sector led developments by occupiers that were not already located on the park (it is acknowledged that DraperVENT was previously renting space in the Quadrant but that this was only a short term position pending its permanent home on the site). These equate to 54,000 sqft in total or over a 4 year period an average of circa 13,000 sqft of new commercial led new build activity per annum. Both of these were existing Dorset businesses, albeit expanding significantly as part of the new facilities at the DIP. Norco has in fact retained its HQ facility at Holton Heath in Poole. These were the first two businesses to utilise the LDO mechanism at the Park and the schemes were delivered in 2020 and 2021. Both businesses can be defined as advanced engineering businesses although Norco supplies composites to a number of defence businesses including Atlas Elektronik on the site.

- 7.7 Clearly the Quadrant is now fully let to a number of occupiers who have moved to the Park and these should be included in the overall take-up figures as we have done in practice. There is a diversified mix of business types within the Quadrant ranging from several security based businesses through to the Maritime & Coastguard Agency, a lifting equipment businesses, a bakery, a caterer, precision engineering company, an IT business, an electrical business, a printing business and a joiner. As we have suggested previously, the LDO occupier entry criteria have not been applied to occupants of this this nor indeed Chesil House which is also home to a diversified range of small office based occupiers. The vast majority, if not all of the tenants in the Quadrant/Chesil House were existing Dorset businesses (we cannot be sure of the extent to which some may have been new business start-ups at the point of taking space there).
- 7.8 However, what the above illustrates is that demand for space on the Park to date has been driven by existing Dorset businesses seeking either:
- Flexible “easy in easy out” leasehold, small-scale light industrial or office units (at Chesil House) albeit most of the demand has been for the light industrial units in the Quadrant which are all sub-1,300 sqft.

or
  - Long leasehold (effective freehold) plots for design and build manufacturing facilities to cater for their growth needs, albeit in practice there have been two examples of this totalling 54,000 sqft in 4 years, with the largest unit developed being the Norco building at 35,000 sqft.
- 7.9 This points to a demand position which is localised in nature and indeed relatively small scale in size, reflecting the general characteristics of the business base in this part of Dorset. It is evident that the Park is serving a purpose in meeting the needs of these types of local business who want to stay in Dorset and who appear to be generally satisfied with the offer of the Park as a home for their business activities. It is important to note that the Norco building at 35,000 sqft has been the largest new build development on the site since 2017 and that the average size of all new build developments completed has been 25,000 sqft.
- 7.10 Going forward, we envisage a continued role for the Park in catering for these types of occupier demand in the market-place. By this we mean demand for freehold and leasehold units ranging in size from 500 sqft through to perhaps up to 30-40,000 sqft at the upper end, to meet the needs of predominantly local advanced manufacturing and engineering businesses seeking either larger, more modern/new or freehold/owner occupier based premises.

- 7.11 We consider it important that the Park is able to offer prospective occupiers a choice of both freehold and leasehold property options and clearly with the Quadrant now at 100% occupancy, there are no leasehold options for small scale industrial occupiers. There are some small office units available at Chesil House but demand is likely to be more light industrial/R&D/manufacturing focused in our view than office focused going forward and whilst Chesil House clearly serves a purpose, it is in practice a low cost, refurbished office space in a very much secondary office market location and the demand prospects for large office requirements in this are likely to be relatively limited. Ensuring there is a supply of standing stock of small-scale, flexible leasehold industrial space is an important consideration for the Park as at present there is nothing available to present to prospective tenants to show them around nor indeed satisfy requirements for available space often needed immediately or within several months of enquiring to meet business needs/growth. In our view this could serve as a deterrent to potential occupiers at present. Added to this is the fact that whilst there is an LDO to fast-track the planning process, there is still a requirement for occupiers to source/procure their own professional design and construction team which all adds time, cost and risk factors compared with a site that is able to offer available “ready to go” leasehold units on flexible tenures.
- 7.12 The Park’s 999 year long-leasehold plot offer to occupiers is nonetheless a key advantage over locations whereby the only offer is leasehold property, particularly for some SME businesses whereby business owners are in it for the long term, want to own their property outright as opposed to paying commercial rents to a landlord and strive to benefit from potential capital value gains. In our view it is important that the Park offers a blend of this as well as a standing stock of available leasehold property to satisfy the likely breadth of requirements from local Dorset SME businesses.
- 7.13 In summary therefore, we consider that the Park will continue to have a role to play in providing an attractive business location for Dorset-based SME businesses within the advanced manufacturing/engineering sector as well as to a lesser extent more broadly across other LDO sectors such as marine and energy. This is assuming it can offer short-term, flexible leasehold light industrial floorspace opportunities as well as long-leasehold plot sale options and also that the Park is able to continue to have the necessary occupier appeal compared with other employment sites within the wider Dorset area. The Park is not able to compete with other sites from an access/location credential perspective and beyond potentially improving its links to the rail station, there is not much it can do about this. It therefore needs to ensure that it is marketed in a manner which presents its competitive advantages on other fronts.
- 7.14 Given the likely viability challenges and development risk from a market perspective in this location, it is unlikely that the private development market would speculatively deliver floorspace in this location in the absence of confirmed pre-lets. This therefore underpins a potential rationale for the Council to either underwrite the risk or directly develop out a subsequent phase of speculative development building on the success of the Quadrant. In our view, this should be focused on flexible, sub-divisible terraced units akin to the Quadrant, albeit with the ability to cater for larger demands of up to say, 5,000 sqft. Demand will be likely to be more workshop/light industrial/R&D based although larger units might want to consider the provision of integrated small office elements as well. This could also serve the potential demand that could arise from any future success of the Defence Innovation Centre in terms of spin off requirements from occupiers to be located on the Park.
- 7.15 In terms of the scale of the local SME Dorset business demand opportunity, whilst we cannot be definitive on this, the most obvious starting point is to look back at demand levels to date. Excluding the 22,500 sqft Atlas building, including the Quadrant, there has been around 78,000 sqft of new floorspace developed on site since April 2017, which equates to 19,500 sqft pa on

average. This is a useful proxy of the scale of demand that could be envisaged going forward from a local SME perspective, putting the specific defence sector opportunity (outlined below) to one side and as a result, it would not be unreasonable to assume a scale of indigenous demand of up to around 20,000 sqft per annum going forward. Clearly, it could be argued that these last 4 years have been a position of maturity for the Park in so far that it has taken some time to get going and extend its reach and offer to the market. This level of demand could therefore increase over the next 4-5 years and the growth needs reported by existing tenants over the short-medium term could further support this. However, at the same time, there are other competing and arguably better located employment sites located around Poole and Bournemouth particularly that could impact on this. It is evident that in order to maintain and increase this level of local occupier demand, a base case “do nothing, no further investment in the Park” option is not a feasible option for the Council.

### **Defence and security related market opportunities (including cyber/data/digital)**

- 7.16 The second market sector opportunity for the DIP and perhaps the one which is arguably higher risk but potentially more impactful and of larger scale if it is fully realised relates to the defence and security sector market opportunities. Defence and cyber security were identified as key sector foci for the site from the outset and this was most probably due to the wider MOD asset base in Dorset as well as the existing established businesses on the site in the form of QinetiQ and Atlas Elektronik. We are unclear as to the specific rationale for including cyber security as a separate stand-alone sector from the outset of the EZ/LDO designation although suspect this may reflect more generally the national focus on this given increasing cyber security threats across all sectors as well as local Dorset strengths in the digital economy.
- 7.17 It must be understood that the scale and nature of the potential defence and cyber security market opportunity referred to throughout this report is predicated on the success of the under-development Defence Innovation Centre on the site. In a scenario whereby the Defence Innovation Centre fails to achieve its desired outcomes for the MOD to collaborate with SME businesses to address MOD innovation needs, this would have a significant detrimental impact on the defence sector opportunity for the Park. Put simply, in our view, the defence opportunity for the Park is intrinsically linked to the potential future success, profile, activity and spin-off opportunities relating to the Defence Innovation Centre success and if it wasn't for this, we do not consider the defence market opportunity for the site to be materially significant. This market opportunity is therefore very much a speculative opportunity that is dependent on the success of a scheme that is still being constructed as an innovative concept that has not been tried nor tested anywhere else in UK. This needs to be understood by the Council.
- 7.18 This section explores a number of the key aspects and drivers of the defence and security market opportunity for the DIP.

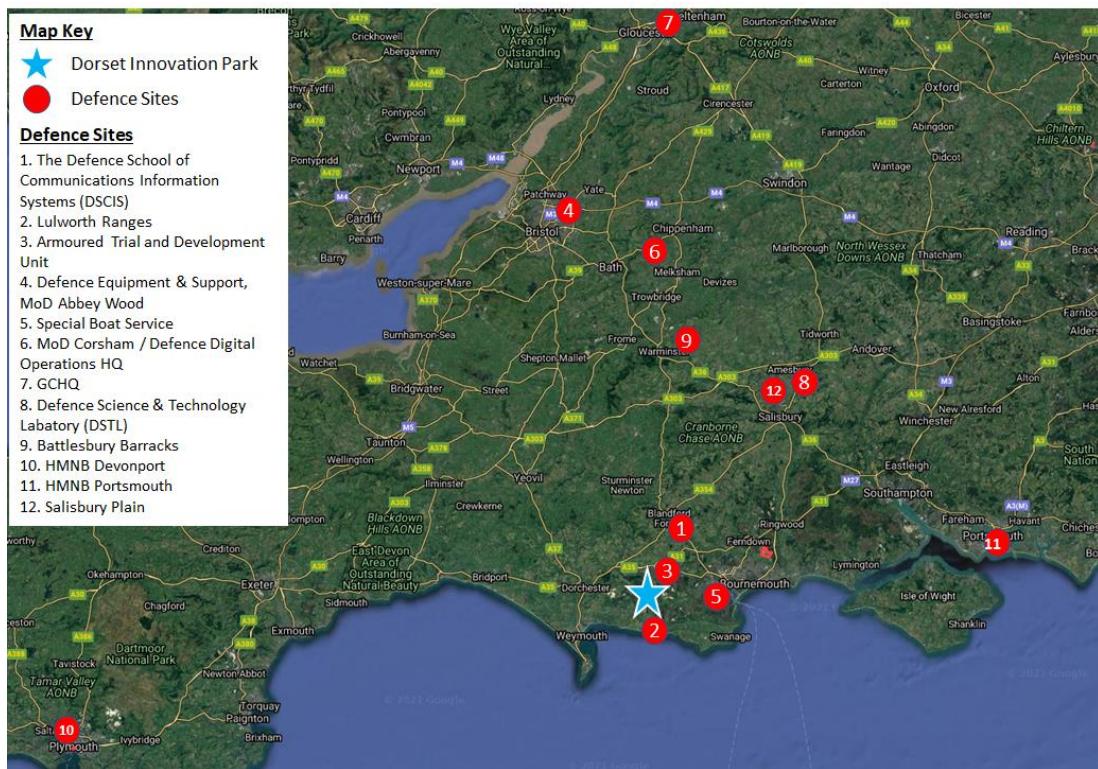
### **Existing DIP defence/security occupiers and site/wider area defence assets**

- 7.19 Prior to understanding the context of the changing national defence sector and the specifics of the Defence Innovation Centre, it is worth understanding the current defence/cyber/security related offer of the Park, including current occupiers in these sectors. Current relevant occupiers either operating in the sector directly or where include:
- Atlas Elektronik – global maritime technology business with its UK HQ on the Park (occupancy pre-dated the EZ designation)
  - QinetiQ – global British defence company headquartered in Farnborough (occupancy pre-dated the EZ designation)

- Zeus UAV Ltd – manufacturer and service provider of Unmanned Aircraft Systems
- Ep 90 Group Ltd – Cyber security consultancy
- Hugslock Systems Ltd – manhole security provider

- 7.20 Norco GRP is a composites manufacturer and not strictly a defence sector business but is the primary composites supplier for Atlas Elektronik UK on its SEA Class workboats project for the Royal Navy, and has been supplying Sunseeker International since 1985. Its DIP facility is purpose built to fulfil its defence and communications contracts. Driftwood Media (based in Chesil House) is a commercial photography business with a distinct defence sector focus.
- 7.21 In total, there are therefore 5 existing private sector businesses on the Park which could be classified as defence/security businesses as well as the Maritime and Coastguard Agency and Dorset Police also being on the wider site. It is evident that there are businesses such as Norco GRP and Driftwood Media also acting as suppliers to the defence sector although are not strictly defence classified businesses in their own right.
- 7.22 From a physical site perspective, it offers a secure site with CPNI (Centre for the Protection of National Infrastructure) accredited perimeter fencing and a manned security gatehouse with 24/7 presence. The adjacent Police HQ is also considered beneficial in this regard. Ultrafast broadband is available as is 5G connectivity with a new outdoor testbed developed as part of the 5G Rural Dorset Programme by the Council as well as a Vodafone 5G indoor network proposed for the Defence Innovation Centre. According to defence businesses, the secluded nature of the site and lack of visibility externally also makes it attractive to defence/security businesses.
- 7.23 Further afield, the Lulworth ranges are only 10 minutes away and offer 15,000 sqft of cleared airspace, a sterile/uncongested sea space, live firing ranges, one of the only areas in the UK for multi-domain integration (across the five domains (maritime, land, air, space, and cyber and electromagnetic), the three levels of warfare, across government and with allies and partners). The Royal Signals and Defence School of Communications Information Systems are based at Blandford, only 30 minutes away and Bovington Army camp is just to the north of the site. The Special Boat Service HQ is based at Poole along wider Royal Marines and Navy based activity. More widely, there is an extensive MOD and defence asset base across Dorset and the wider South West region from Plymouth across to Portsmouth and up to Salisbury Plain, Cheltenham (GCHQ), Corsham (Information Systems and Services) and Bristol (Defence Equipment and Support). There is also the relatively new South West Regional Defence and Security Cluster, the first dedicated defence and security cluster in the UK, which includes the Dorset area. A number of these defence assets are presented in Figure 7 below which clearly identifies the cluster of assets within the South West particularly around the Dorset and Wiltshire sub-regions.

Figure 7: South West Defence Sector Assets



Source: C&W via LandInsight (2021)

- 7.24 More generally across Dorset there are a number of other defence and security related businesses including amongst others, BAE Systems (Christchurch and Bovington) Draken Europe (formerly Cobham, located at Bournemouth Airport), Aish Technologies (Poole) and C3IA (cyber security business, Poole).
- 7.25 In summary, it is evident that the site has a number of existing physical attributes and assets as well as existing occupiers that could assist it to further develop its appeal to defence and security related businesses. However, at the same time, putting Atlas and QinetiQ to one side, there are only 3 other micro/small businesses on the site, all located in small units in the Quadrant, strictly in the defence/security sector. What is evident is the scale of defence and MOD related activity and assets located around the wider SW region and particularly within Dorset from the perspective of army/navy camps and bases.

#### National Government and MOD defence/security policy and strategy

- 7.26 There has been a shift in focus in recent national defence and security policy and strategy published by the Government/MOD which is important to acknowledge and understand as part of understanding the potential defence at the DIP, specifically linked to the Defence Innovation Centre proposition. An overview of the recently published policy/strategy base of relevance is provided below.

##### MOD Integrated Operating Concept 2025

Published in 2020 by the MOD, the Integrated Operating Concept 2025 identifies a transformative new approach to the use of armed force and represents the most significant change in UK military thought in several generations. It refers to the need for a much more integrated approach to the delivery of armed forces activity with a focus on, for example, cloud connectivity, machine learning and artificial intelligence and quantum computing to promote an entirely new way of warfare. The focus is on

integrating the approach across all five Operational Domains - Space, Cyber, Maritime, Air and Land. This ‘multi Domain integration’ is reported to change the way the MOD operates and war fight, and the way it develops capability. The report suggests that “*the pervasiveness of information and the pace of technological change are transforming the character of warfare*” and that “*we need a mindset that magnifies the employment of the military instrument as part of a ‘total’ national enterprise involving industry, academia and civil society*”, placing a distinct focus on innovation and experimentation.

### National Defence and Security Industrial Strategy (DSIS) (March 2021)

Key points from this include:

- In addition to MOD and Armed Forces personnel, Defence alone already supports over 200,000 jobs directly and indirectly and tens of thousands of apprentices. The MOD alone spends around £20bn a year with UK industry.
- The settlement for defence announced as part of Spending Review 2020 provides the MOD with additional funding of over £24bn over the next four years, with at least £6.6bn being spent on R&D. The MOD will invest a total of over £85bn on equipment and support in the next four years.
- The UK is one of the largest defence exporters in the world. Our wider security industry is also a world leader in exports (ranked third globally in 2019), and a hive of innovation, driven by SMEs.
- The pace of global technological change in particular is having a significant impact on the defence and security sectors. The far-reaching consequences of the ‘Fourth Industrial Revolution’, including the significant potential of greater automation, artificial intelligence and the importance of data in maximising capability mean that the UK’s industrial base must adapt faster, ensuring that the UK and its allies are able to maintain advantage.
- Government and industry need to work together to identify the technology with most potential, exploit it and deliver it to the frontline, quicker than our potential adversaries – placing a premium on our shared ability to anticipate and adapt.
- Over the past decade, the UK’s defence and security industrial base has been under pressure from a varied and complex set of challenges and, as a result, is at risk of losing ground to overseas competitors and potential adversaries. The DSIS will see industry, government and academia working ever closer together to drive research, enhance investment and promote innovation.
- Commitments in the DSIS include:
  - Publishing a fresh MOD SME Action Plan to set out how the department will maximise opportunities for SMEs to do business with the MOD. The security sector is highly diverse and made up of a relatively large proportion of SMEs (95%). By contrast, the MOD is often the sole customer for many defence goods produced in the UK and can restrict or prevent companies from selling military and dual-use goods elsewhere. While the MOD has thousands of suppliers for a very wide range of goods and services, many of which would not naturally be considered military capability, the MOD typically procures defence equipment from a smaller number of much larger prime contractors capable of managing the complex financial, technological and engineering demands of delivering highly complex systems, with SMEs typically engaged in their supply chains
  - Enhancing the productivity and competitiveness of the UK’s defence sector. This includes the MOD establishing a Defence Supply Chain Development and Innovation Programme. The increased investment of at least £6.6bn in defence R&D over the next four years will enable

this, and we can build on it with clearer communication between industry and government, as well as the acquisition and procurement reforms mentioned above, to encourage innovation across the Union and stimulate further private and public investment.

- Promoting greater government leadership and communication of future R&D and capability needs. The MOD will publish a new defence science and technology collaboration and engagement strategy
- Developing an ambitious defence Artificial Intelligence (AI) strategy and investing in a defence AI centre
- Investment in Defence and Security Accelerator (DASA) challenges to identify innovative solutions to key challenges. Expanding the Defence Technology Exploitation Programme being piloted in Northern Ireland into a UK-wide initiative to support collaborative projects between SMEs and prime contractors
- Supporting industry and Local Enterprise Partnerships in piloting a network of new Regional Defence and Security Clusters
- Through the National Security Technology and Innovation Exchange (NSTIx), piloting a network of co-creation spaces that will bring together world-class expertise and specialist facilities from government, the private sector and leading academic communities
- There is no exclusive definition of the security sector, but in this document it is taken to include critical national infrastructure protection, cyber security, policing and counter-terrorism, major event security, border security, offender management, and services including consultancy, training, guarding and risk analysis. In 2019/20, MOD paid some 13,000 different suppliers, but the top fifteen suppliers accounted for around half of the total procurement expenditure
- The MOD is exploring ways to involve industry partners earlier in the development and procurement processes, to ensure we benefit from innovation and new technology, with greater industry involvement in the development of requirements and end specifications.
- Refreshing MOD's commitment to SMEs and reducing barriers to entry: the MOD has undertaken a wide-ranging review of its procurement practices to encourage more SME participation in defence procurement
- The imperative to rapidly transform the Armed Forces in particular into an integrated, Information Age force requires a new relationship with our partners in industry and academia - including non-traditional suppliers - focusing efforts to accelerate the research, development and exploitation of new technologies and capabilities. This must start from better communication of defence and security challenges and requirements to enable a deeper and more systematic dialogue with partners in industry (large and small) and academia.
- The Defence and Security Accelerator (DASA) was announced in the 2015 Strategic Defence and Security Review and forms part of the Defence Innovation Initiative. DASA is a cross-government defence and security organisation which aims to find and fund exploitable innovation to support UK defence and security quickly and effectively. It also aims to support UK prosperity through supporting potential suppliers (especially SMEs and start-ups) in the defence and security sectors, leading to a more diverse and innovative market. DASA brings together the Armed Forces, security organisations, and government departments with the best science and technology innovations from a diverse range of business and academia. Over the last 4 years DASA has funded over £130m on innovative projects with industry and academia.
- Government will explore with industry through the Defence Suppliers Forum, and with academic partners, the expertise, facilities and datasets that industry and academia need to access, to

accelerate the development of new defence and security solutions, and to co-develop optimal new partnership models.

- Through the Defence Suppliers Forum, MOD is supporting industry and Local Enterprise Partnerships (LEPs) in piloting a network of new Regional Defence and Security Clusters (RDSCs), starting with the South West of England. These clusters, which may be physical or virtual, will allow industry and government to share ideas, promoting collaboration and commercialisation. They are intended to develop innovative regional industrial capabilities to contribute to UK military capability by creating collaborative pathways for SMEs as a route into the defence supply chain.
- In addition to a Director for Innovation in MOD's Head Office, the Royal Navy, Army, RAF and Strategic Command all have Innovation Hubs which either run competitions through DASA or reach out to suppliers on specific challenges, to accelerate exploitation of new technology. ***These Innovation Hubs are establishing their own defence co-creation centres, such as the Army/Defence BattleLab.***

#### **Global Britain in a competitive age – The Integrated Review of Security, Defence, Development and Foreign Policy (March 2021)**

Published in March 2021, this outlines the findings and recommendations of the Government's Integrated Review which commenced in early 2020 (following the previous review in 2015). It is recognised by many to be one of the most radical changes to defence policy for a number of years with a change of approach to adapt the likely future defence and security challenges ahead for the UK. Key relevant points from this are summarised below in relation to the DIP opportunity.

- the UK must take an active approach to building and sustaining a durable competitive edge in Science & Technology (S&T). This needs to be elevated to the highest importance as a component of national security, with a particular emphasis on growing our cyber power
- achieving this objective requires a whole-of-UK effort, in which the Government's primary role is to create the enabling environment for a thriving S&T ecosystem of scientists, researchers, inventors and innovators, across academia, the private sector, regulators and standards bodies, working alongside the manufacturing base to take innovations through to markets. There is a need to cement the UK's position as a responsible and democratic cyber power and sustaining this competitive edge in cyber will be a fundamental component of strategic advantage through S&T
- Building a durable competitive edge in S&T depends on ensuring that the success of our research base translates into influence over the design and use of critical and emerging technologies. This requires the creation of a favourable environment – ranging from a talented workforce and strong science infrastructure, to speed of commercialisation
- We will invest at least £800 million to set up an independent body for high-risk, high-reward research: the Advanced Research and Invention Agency (ARIA), which will back breakthrough technologies and basic research through experimentation
- A network of MOD innovation hubs within UK technology clusters and investment in Defence and Security Accelerator challenges will improve the 'pull through' of this R&D investment into cutting-edge equipment.
- Through the National Security Technology and Innovation Exchange (NSTIx), we are taking a coordinated and systematic approach to technology development, including by establishing a cross-government network of co-creation spaces to bring together expertise and specialist facilities from across government partners, the private sector and leading academic S&T communities. This

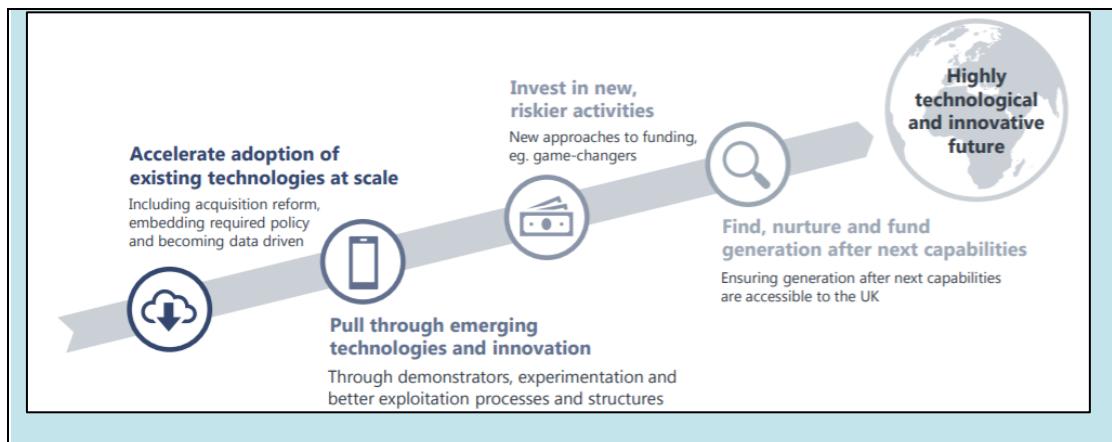
will support the development of effective, user-driven technology at pace and at scale in areas that are critical to national security, including data science, AI and protective security.

- The Government will also develop its partnership with academia and industry in supporting the technological innovation integral to the UK's national security. The Government funds roughly 85% of military R&D, delivering both essential capabilities and strengthening the wider S&T ecosystem.
- The Government's role in delivering the framework is as an enabler of the private sector and wider S&T community, including as a user and acquirer of technology. The Government's action may include: for 'own' – better funding, regulation and incentives for academia and businesses, from research to commercialisation; for 'collaborate' – identifying strategic partners and creating the market and regulatory conditions for international collaboration; and for 'access' – schemes for investment in S&T companies.
- To strengthen the UK's cyber ecosystem, enabling a whole-of-nation approach to cyber and deepening the partnership between government, academia and industry. We will take a more coherent approach to skills, recruitment, R&D, exercising and innovation across defensive and offensive cyber: investing in an integrated education and training system to grow diverse talent; supporting a UK research base that can compete with allies and adversaries, as well as an industrial base that delivers innovative and effective cyber security products and services that help everyone stay safe in cyberspace.

### **MOD Science and Technology (S&T) 2020**

Key relevant points from this include:

- In Defence, we have collectively recognised that we must change how we invest in and develop capability to avoid falling behind our adversaries.
- Through S&T we can seize opportunities and pre-empt future threats. We must act differently in order to meet these challenges and pursue a highly technological and innovative future to realise our ambition of becoming an integrated high-tech armed force.
- We will work closely with UK industry and academia, recognising the crucial role that they play in innovating, delivering and exploiting S&T.
- Historically, innovation in many sectors was the preserve of large, well-established companies, often with close ties to the states in which they resided. Today, immense multinational corporations absorb and assimilate innovations produced by multiple small enterprises, accruing science, technology and data capabilities that rival some states.
- A capability challenge pull (from the top) will set challenges and then allow innovators to find solutions, including those we would not have thought of. This avoids us presupposing all the potential solutions that might be relevant. But we will also bet on certain technologies – a complementary technology push (from the bottom) will find, nurture and encourage the most promising innovations. We intend to emphasise the pull over the push – allowing space for innovators to find novel solutions to the problems Defence sets out. The diagram below summarises the proposed streamlined approach to science, technology and innovation to ensure the MOD continues to deliver valuable incremental innovation while pursuing truly new, game changing capabilities:



### ***Summary of the policy/strategy position and implications***

- 7.27 It is evident from this plethora of recent Government/MOD strategy and policy development that there is a fundamental refresh underway/proposed in relation to the delivery of defence and national security activity. This is primarily predicated on a need to transform current operations to align with a rapidly changing defence and security landscape, largely brought about through a trend of significant technological change at a global level which is changing the face of warfare. There is an accepted and widespread recognition of the fact that there is a need for the UK industrial base more generally to adapt faster to the impacts of the 4<sup>th</sup> industrial revolution to ensure that we remain a competitive and resilient economy with a leading defence and security offer that reduces threats and the risk of us falling behind our allies and potential overseas adversaries. We are now facing challenges but also opportunities based on technological advancements in subject areas such as cloud connectivity, machine learning and artificial intelligence and quantum computing and the DSIS recognises that we are risk of losing ground on a global front if we do not enhance the productivity and competitiveness of the UK's defence sector, embrace innovation and respond to the pace of technological change.
- 7.28 It is acknowledged that Government, academia and industry need to work together more collaboratively and that in the past the MOD has typically procured services from a select number of large prime contractors and has lacked transparency in this to create a barrier to new supply chain entrants, particularly in the SME market. The new focus is on breaking down these barriers to SME market entry to involve industry partners earlier in the development and procurement processes, to ensure that the MOD benefits from innovation and new technology, with greater industry involvement in the development of requirements and end specifications. The DSIS recognises that the scale of transformation required to deliver the desired multi domain integration requires a new relationship with the MOD's partners in industry and academia - including non-traditional suppliers - focusing efforts to accelerate the research, development and exploitation of new technologies and capabilities. It is stated that this must start from better communication of defence and security challenges and requirements "*to enable a deeper and more systematic dialogue with partners in industry (large and small) and academia*".
- 7.29 In conjunction with this, Government is committing to additional funding for the MOD of over £24bn over the next four years, with at least £6.6bn being spent on R&D, with a total MOD investment of over £85bn on equipment and support in the next four years. There is a clear policy/strategy focus on technological innovation and experimentation/trialling of new concepts to meet future MOD needs and demands. This is in parallel with the identified need to break down silos with innovators in SME businesses and academia to reverse the current/historic trends of dealing with large prime defence contractors only, as well as promoting early engagement with innovators to ensure that they understand the challenges and have

time/space/freedoms to identify innovative solutions. This is a major change to the current and historic MOD ways of doing things and it is evident that this will therefore change the face of MOD procurement and purchasing and indeed create new opportunities for businesses across a whole wide spectrum of business sectors to directly engage with the MOD when historically they would have either not had the chance to get involved at all or have had to have done this indirectly as part of a prime contractor supply chain. It is evident that there is a significant focus on and investment commitment to R&D and Science & Technology activities and that the breadth of the defence sector's needs and challenges will open the door to opportunities for a whole host of business types including tech firms, scientists, health professionals, engineers and those with specialist skills in cyber/AI/data security as well as many more.

- 7.30 Government has committed to a network of MOD innovation hubs and through its National Security Technology and Innovation Exchange (NSTIx) it is establishing a cross-government network of co-creation spaces to bring together expertise across Government, academia and industry. The object is that this will support the development of effective, user-driven technology at pace and at scale. The DSIS specifically reference the Dorset Defence Innovation Centre as a defence related co-creation facility of national significance and based on discussions we have had with MOD representatives behind the Innovation Centre, it is officially designated as the 5<sup>th</sup> national co-creation facility with a broad defence focus as opposed to a specific theme such as cyber or AI which others have been allocated.
- 7.31 All of the above wholly supports and aligns with the principles and objectives of the Defence Innovation Centre at the DIP and it is evident how this fits into the wider national defence ecosystem and the proposed changes to the this will function going forward, particularly from the perspective of driving innovation. The MOD's intention for the Centre is to provide a 'blank canvas' facility with office/R&D/workshop functionality to act as a physical space to promote the interaction of MOD, industry and academia, as well as other Government departments as required. It will provide a low tech solution to enable the MOD to fulfil its aims of engaging with non-traditional SME based suppliers to discuss current and future defence challenges and to provide a physical platform for businesses and innovators to then work alongside the MOD (which will have a full time physical presence in the building through its innovation teams and also the Army Research Innovation & Experimentation Laboratory (ARIEL) which will be based there). This fully aligns with the wider national changing defence agenda in terms of providing a non-List X facility to encourage open collaboration and ideation between the public and private sectors, without having to do this through the traditional prime defence cluster businesses every time.

#### **Overall summary of the defence and security related market opportunity**

- 7.32 Based on the above, it is evident that there is a potentially significant defence and wider security related market opportunity for the DIP. However, in our view this is almost entirely predicated on the emerging Defence Innovation Centre proposition and the ultimate success of this. In the absence of this, the defence sector opportunity becomes a much more small scale and localised one and it is difficult to see how the DIP can promote itself as a national defence cluster in the absence of the success of the Defence Innovation Centre. In our view, it is this which would provide it with the USP that is needed and without this it is very difficult to understand what the site's offer as a defence cluster really is and therefore how it can attract further investment in this sector. Whilst, there are existing defence sector businesses located on the DIP already, in practice this is dominated by the presence of Atlas Elektronik and QinetiQ, with the other 3 being small businesses. We understand that whilst Atlas and QinetiQ are major global players in defence, they do very little business of any significance with local businesses generally and interestingly, many of, for example, Atlas Elektronik's main customers

from the DIP site are located further afield across the region and beyond, including the MOD in Bristol and Thales in Templecombe.

- 7.33 It is evident that the site is at the heart of a major cluster of MOD related activity across Dorset and the wider South West region and this underpins a clear rationale as to why the MOD are progressing the Innovation Centre here, particularly given the adjacency to the likes of Lulworth and Blandford as well as the cleared airspace and seospace in close proximity to support live prototype testing and experimentation. The fact that Dorset is part of the South West Regional Defence and Security Cluster, the first pan-defence and security cluster nationally is also an important consideration.
- 7.34 It is also evident that the recent shifts in national defence and security policy and strategy support the Defence Innovation Centre proposition and the fact that the DSIS specifically references this as a case study example of best practice stands testament to this. It is clear that the MOD is proposing to fundamentally change the way it engages with the “outside world” towards a much more collaborative and ideation based approach in recognition of the need for transformative innovation at pace in order to maintain the UK’s position on the global defence and security stage. There is a distinct recognition that a status quo position could result in increased threats to national security which is not an option.
- 7.35 In practice therefore, what is apparent is a new and evolving policy and strategy landscape at a national level which is wholly supportive of the Defence Innovation Centre proposition and the need for the development of clusters of defence innovation expertise across multiple stakeholders to support wider national defence sector objectives. At the same time, Dorset itself is a long established military centre, with distinct nationally important military bases and specialisms from the HQ of the Special Boat Service through to the Royal Signals HQ at Blandford. Across the wider South West region, this expands further to include the national defence assets of Portsmouth, Plymouth, Corsham (ISS), Bristol (Defence Equipment & Support), Porton Down and Salisbury Plain amongst others.
- 7.36 The strategic rationale for a Defence Innovation Centre and for locating it in Dorset is therefore understood and acknowledged. However, beyond the c.16,000 sqft building itself, the concept of what is proposed to take place in the facility is a new one for all, not least the MOD as anchor tenant of the facility for the next 15 years. It is in effect an R&D prototype in its own right and with this clearly comes some degree of uncertainty and risk. Whilst, it is evident that the MOD is fully behind this as is the Council and LEP and indeed a whole host of other key stakeholders, some of which have been engaged with as part of this commission, it is clear that at this stage it is difficult/impossible to be definitive at this stage as to the likely success of the facility (and indeed how this is measured) and intrinsically related to this, scale and nature of the profile it could generate for the wider DIP/Dorset and indeed how this translates into occupational requirements for the wider park.
- 7.37 We understand that the MOD’s webinars on the Innovation Centre proposals have attracted in excess of 250 attendees and that the MOD is in discussions with a number of potentially interested SME businesses on the back of the publicity and profile it is developing. However, at this stage it remains purposefully an entirely speculative facility with no known occupier commitments beyond the MOD lease, reflecting the way in which the MOD want to use the space (i.e. as a collaborative, flexible space, albeit likely with some semi-permanent project related business presence). Furthermore, given the secretive nature of MOD operations, it is not as simple as being able to request a list of potentially interested tenants nor indeed businesses it would like to target to inform this commission.
- 7.38 At this point there remain a number of unknowns as below in terms of:

- who is likely to use the building (i.e. types of business, academics, others)
- exactly how the building will be utilised (in terms of the interaction between the MOD/business/academia)
- how the building will be occupied/used/sub-let to users and the extent to which users will be required to have a physical presence in the building for periods of time as part of MOD R&D contracts
- the potential demand it could create for both the use of the building and importantly for the wider DIP, if trials/experimentation are successful and lead to the need for product development/manufacturing at scale. For example, the risk could be that businesses collaborate with the MOD in the facility and use it as more of a “touchdown” space with the R&D and manufacturing activity taking place elsewhere such as where the SME business is based or using existing supply chain businesses elsewhere.

- 7.39 What this means is that it is difficult to be definitive as to the likely spin off demands for space across the wider DIP at this stage and this needs to be acknowledged. In our view, the Defence Innovation Centre and the national defence strategy context within which this sites alongside a firm Government commitment to invest in defence R&D and to progress a radical “shake-up” of defence procurement, could provide the DIP and wider Dorset area with a distinct USP on the back of which, if successful, there are the potential ingredients for a significant defence cluster growth opportunity. In our view, this should not be seen as a “defence sector” business only opportunity but a much broader opportunity in principle for a wide range of innovative data, digital, technology, science, arts and engineering based businesses across a whole host of different sectors, to work in collaboration with the MOD across the breadth of its future challenges and technological demands as well as with key customers/partners/stakeholders.
- 7.40 The DIP could provide the solution to the MOD’s identified need for “rapid” innovation to enable the national defence offer to maintain a globally competitive position. The Defence Innovation Centre has been identified as a nationally significant MOD innovation asset for the purpose of undertaking this rapid innovation and this could provide the Park with a distinct USP. It is acknowledged that the market opportunity for the Park is less about large scale manufacturing and production and more about innovation and prototype development and testing. That is not to say that manufacturing will not take place on the Park but it will not likely be the location of choice for large scale volume manufacturing.
- 7.41 In a similar vein, the likelihood is that much of the new testing and trialling activity of new prototypes will take place in nearby locations such as Lulworth Ranges and at sea off Portland if linked to Navy/Marine innovation activity. The opportunity for the Park is for it to become a location for defence innovation whereby SMEs and larger businesses can work with the MOD to develop new technologies and prototypes, possibly following a sequence of events akin to the below based on our understanding of how it could function in practice (acknowledging this is somewhat hypothetical at this stage until the operational arrangements for the Defence Innovation Centre have been further developed) :
- MOD identifies an operational issues, challenge or need or technological requirement
  - Private sector businesses (SMEs/Tier 1s/academia) (the “innovators”) (aiming to encourage non-traditional suppliers) work with the MOD to discuss the problems/needs with the MOD end users, brainstorm ideas, develop concepts and “innovate” within the Defence Innovation Centre with the MOD “end users” – it becomes the physical bridge

between the innovators and the MOD end user with direct physical interaction between the two.

- The “innovators” develop the concepts and prototypes in offices/labs/workshops within the Defence Innovation Centre but could also require separate private commercial space on a short term, flexible basis on the wider Park. It could be important that they are on-site and able to work closely with the MOD on a regular basis.
- Trialling/testing could take place in the Innovation Centre/wider DIP or more likely at nearby Lulworth Ranges and at sea off Portland to take advantage of cleared airspace and seospace in a secure and “real life” battlefield environment.
- MOD places an order if approved/successful and the “innovator” either directly manufactures or more likely appoints a manufacturer under licence to produce (depending on volume/scale of requirement). Large orders may need to go to established Tier 1 manufacturers/integrators. Smaller scale manufacturing could take place on the Park (i.e. and drive demand for additional floorspace) but equally could take place elsewhere in Dorset/wider UK. It could drive demand for employment land/floorspace across the wider Dorset area.

7.42 Clearly this is wholly hypothetical but has been discussed with several key stakeholders as part of this commission. What this could infer is the potential demand for additional R&D/workshop space on the Park to be available to “innovators” on a very flexible basis to meet their short term innovation contract R&D requirements. Space could be required on a project by project basis for example with no certainty as to the likely duration of the tenancy from the outset. There could also be demand for more permanent manufacturing/production space on the Park at a relatively small scale depending on the outcome of the R&D activity and the type/scale of the prototypes being developed. This suggests a need for flexible light industrial/R&D type space as a result.

7.43 However, if the Innovation Centre fails or indeed does not materialise as envisaged and for example, ends up being a “closed shop” space for existing primes to meet with the MOD, the DIP’s defence cluster USP falls away and this could have a significant impact on the wider site delivery prospects. In this scenario, the market demand position falls back to one of the site catering for local SME demand from within existing Dorset based businesses and a site delivery profile that probably reflects something akin to the trajectory seen to date although even this will require a pro-active approach from the Council with a do nothing “no intervention” scenario potentially risking a reduced level of occupier demand than that seen to date.

7.44 As noted in the next sections of this report, the delivery of the circa 16,000 sqft Innovation Centre as a physical building is not likely to be enough if the above transformational opportunity is to be realised and it is critical that the wider supporting infrastructure is put in place in the short term to capitalise upon the “window of opportunity” that exists with the opening of the innovation Centre later in 2021. Without this, the Innovation Centre opportunity won’t be fully realised and the wider DIP and EZ opportunity could fall away.

#### **Wider non-defence related data and digital market opportunity**

7.45 Linked to the defence sector, albeit not necessarily exclusively, is the wider data and digital sector opportunity for the site. Whilst there is a cyber security angle including one linked to defence (MOD and civilian/national security related), there is also a broader data/digital opportunity linked to the fibre connectivity and emerging 5G capabilities of the site as well as the focus of some of the existing site tenants/occupiers. It offers ultrafast broadband fibre

connectivity to occupiers within a secure and relatively private/secluded physical setting. Furthermore, as part of the DCMS funded 5G Rural Dorset Programme, an outdoor 5G testbed is being built that will be made available to occupiers (in addition to the emerging Vodafone 5G indoor network in the Defence Innovation Centre). This 5G network will also extend from the Park to Blandford and Lulworth to further enhance the defence sector opportunity, particularly through connecting the site digitally to the Royal Signals operations at Blandford. This on site 5G capability will enable innovative businesses to trial and test new products and technologies using the 5G network in the secure environment the site provides. This could enhance the site's appeal to innovative businesses within the field of robotics/automation as well as smart technologies, possibly linked to the Army's proposals for the Defence Innovation Centre to accommodate a robotics "centre of excellence" and the extent of the space the site offers within a relatively secure and secluded environment could enhance its appeal as a "test bed" location for new technologies.

- 7.46 The site is already home to tenants such as Kimcell, an IT/data business on the site occupying two units at the Quadrant with proposals to expand. Kimcell is involved with a number of civilian defence/national security related commissions as well as providing secure cloud hosting capabilities for a range of central government bodies. Kimcell is also delivering the roll out of the outdoor 5G network on the Park as part of the DCMS/Dorset Council funded programme.
- 7.47 There is a major cluster of digital expertise located around Bournemouth and Poole and Dorset as a whole is seeking to lead the way nationally and beyond as a "Smart Place" pilot exploring the development of public WiFi, gigabit fibre connectivity, Internet of Things (IoT), Artificial Intelligence (AI) and augmented/virtual reality. With this Smart Place ambition now firmly being delivered and digital infrastructure identified as a key component of the Council's Economic Growth Strategy, this creates a distinct USP for Dorset and for this site specifically as a pilot 5G testbed location as part of this. Covid-19 has resulted in an increased focus on the importance of digital connectivity and if Dorset can lead the way in this it will significantly enhance the appeal of the area as a business destination, particularly in more rural locations such as the DIP. Therefore, it is considered that the leading fibre and 5G capabilities on offer at the DIP could provide it with a USP over other employment sites which could add to its occupier appeal, particularly for tech, data and digital based innovators. However, it must be noted that Dorset and the DIP is not the only 5G location and other locations are also pushing ahead with progressing their digital capabilities. From a defence perspective, there are also competing cyber and information/data security centres of excellence at for example GCHQ in Cheltenham and ISS in Corsham, with a drive to promote the cyber security sector around in this spatial area as a key national specialism.
- 7.48 In summary, therefore there is an acknowledged potential digital/data driven sector opportunity for the Park to capitalise upon given the wider Dorset asset base and prioritisation of this, particularly linked to its smart place agenda and initiatives such as the Dorset Smart Place Investment Plan and Smart Place Research & Development Consortium and the rollout of 5G capabilities as part of smart place trials. The Consortium includes major private sector technology partners, local authorities, local universities, the LEP, Dorset Clinical Commissioning Group and Public Health Dorset. The fact that the Park is able to offer ultrafast broadband and 5G capabilities within a secure environment means that it could appeal to certain data/technology based occupiers, able to capitalise upon the wider digital asset base of the sub-region and the cluster around Bournemouth and Poole particularly from a talent perspective. However, it needs to be acknowledged that there are a whole host of other locations nationally promoting their offer in this space, many of which are in more urban locations with better access to R&D assets/academia and access to talent/labour. Whilst there are major opportunities for growth in this market, there is also a lot of competition and as other areas advance their 5G capabilities for example, the USP that Dorset and the DIP has could

be eroded unless it manages to establish itself in the short term as an established key centre for this type of activity.

### **Summary of the potential market opportunities**

- 7.49 As identified from the outset of this section, the market opportunities for the site can be categorised into two main segments, with a potential third that overlaps with these. These include:

#### **Local Dorset-based SME demand**

- 7.50 We consider that the Park will continue to have a role to play in providing an attractive business location for Dorset-based SME businesses within the advanced manufacturing/engineering sector as well as to a lesser extent more broadly across other LDO sectors such as marine and energy. This is assuming it can offer short-term, flexible leasehold light industrial floorspace opportunities as well as long-leasehold plot sale options and also that the Park is able to continue to have the necessary occupier appeal compared with other employment sites within the wider Dorset area.
- 7.51 There is likely to be demand for freehold and leasehold units ranging in size from 500 sqft through to perhaps up to 30-40,000 sqft at the upper end by exception, to meet the needs of predominantly local advanced manufacturing and engineering businesses seeking either larger, more modern/new or freehold/owner occupier based premises. It would not be unreasonable to assume a scale of indigenous demand of up to around 20,000 sqft per annum going forward. The focus of this will very much be on industrial/light industrial uses with some small scale office demand. Clearly, it could be argued that these last 4 years have been a position of maturity for the Park in so far that it has taken some time to get going and extend its reach and offer to the market. This level of demand could therefore increase over the next 4-5 years and the growth needs reported by existing tenants over the short-medium term could further support this. However, at the same time, there are other competing and arguably better located employment sites located around Poole and Bournemouth particularly that could impact on this. It is evident that in order to maintain and increase this level of local occupier demand, a base case “do nothing, no further investment in the Park” option is not a feasible option for the Council.

#### **Defence and security related market opportunities**

- 7.52 The defence market opportunity is almost entirely predicated on the emerging Defence Innovation Centre proposition and the ultimate success of this. In the absence of this, the defence sector opportunity becomes a much more small scale and localised one and it is difficult to see how the DIP can promote itself as a national defence cluster in the absence of the success of the Defence Innovation Centre. In our view, it is this which would provide it with the USP that is needed and without this it is very difficult to understand what the site's offer as a defence cluster really is and therefore how it can attract further investment in this sector.
- 7.53 In our view, the Defence Innovation Centre offers a unique opportunity to establish the DIP as a leading national centre of defence innovation excellence. Dorset is a long established military centre, with distinct nationally important military bases and specialisms and the strategic rationale for a Defence Innovation Centre and for locating it in Dorset is therefore understood and acknowledged. However, the Centre is still under construction and is in the words of the MOD, still very much (and purposefully so) a speculative “blank canvas”. It is therefore difficult to be definitive at this stage as to the potential catalytic benefits this could bring to the wider DIP in terms of profile and spin off occupier demand. If successful, there are the potential ingredients for a significant defence cluster growth opportunity for a wide range of innovative

data, digital, technology, science, arts and engineering based businesses across a whole host of different sectors, to work in collaboration with the MOD across the breadth of its future challenges and technological demands as well as with key customers/partners/stakeholders.

- 7.54 There could be potential demand for additional R&D/workshop space on the Park to be available to “innovators” on a very flexible basis to meet their short term innovation contract R&D requirements. Space could be required on a project by project basis for example with no certainty as to the likely duration of the tenancy from the outset. There could also be demand for more permanent manufacturing/production space on the Park at a relatively small scale depending on the outcome of the R&D activity and the type/scale of the prototypes being developed.
- 7.55 However, if the Innovation Centre fails or indeed does not materialise as envisaged and for example, ends up being a “closed shop” space for existing primes to meet with the MOD, the DIP’s defence cluster USP falls away and this could have a significant impact on the wider site delivery prospects. It is critical that the wider supporting infrastructure is put in place in the short term to capitalise upon the “window of opportunity” that exists with the opening of the innovation Centre later in 2021. Without this, the Innovation Centre opportunity won’t be fully realised and the wider DIP and EZ opportunity could fall away.

#### **Wider non-defence related data and digital market opportunity**

- 7.56 Linked to the defence sector, albeit not necessarily exclusively, is the wider data and digital sector opportunity for the site. Whilst there is a cyber security angle including one linked to defence (MOD and civilian/national security related), there is also a broader data/digital opportunity linked to the fibre connectivity and emerging 5G capabilities of the site as well as the focus of some of the existing site tenants/occupiers. There is a major cluster of digital expertise located around Bournemouth and Poole and Dorset as a whole is seeking to lead the way nationally and beyond as a “Smart Place” pilot. There is an acknowledged potential digital/data driven sector opportunity for the Park and the fact that it is able to offer ultrafast broadband and 5G capabilities within a secure environment means that it could appeal to certain data/technology based occupiers, able to capitalise upon the wider digital asset base of the sub-region and the cluster around Bournemouth and Poole particularly from a talent perspective. However, it needs to be acknowledged that there are a whole host of other locations nationally promoting their offer in this space, many of which are in more urban locations with better access to R&D assets/academia and access to talent/labour. Whilst there are major opportunities for growth in this market, there is also a lot of competition and as other areas advance their 5G capabilities for example, the USP that Dorset and the DIP has could be eroded unless it manages to establish itself in the short term as an established key centre for this type of activity.

## 8. Site investment/intervention needs and opportunities

- 8.1 This section presents an overview of the key site investment needs/opportunities that are considered relevant in the context of maximising the DIP opportunity. These have arisen through the range of consultations that we have undertaken, our knowledge of the site and its operations as well as our understanding and experience of key success factors elsewhere based on an understanding of current and likely future occupier trends and requirements. It should be noted that others have been discussed/flagged and the below reflects a more considered and prioritised “shortlist” as opposed to detailing every single intervention opportunity.
- 8.2 We have summarised below the key investments/interventions that we have identified. For each we have presented:
- Type of investment/intervention
  - Brief rationale for and description of investment/intervention
  - Whether they are “critical” (i.e. must-do interventions and without them the site’s delivery prospects and impacts or timeframes for delivery could be severely compromised) or “desired” (i.e. they could make a positive impact to the occupier appeal of the site but are not considered absolutely essential).
  - Extent to which they are considered short (0-12 months), medium (1-3 years) or long (3 years plus) interventions based on the scale of need and likely delivery timeframes.

| Investment/Intervention  | Rationale/Description   | “Critical” or<br>“Desired” | Short/Medium/ Long Term |
|--|---|----------------------------|-------------------------|
| <b>New DIP website with its own dedicated URL independent of the Council/LEP. This should include a dedicated page for the Defence Innovation Centre (or potentially a hyperlink to a standalone web page)</b> | To re-brand the DIP opportunity and to enhance first impressions of the Park. To enhance its innovation park/commercial reach with additional and clear details on the opportunity, costs/benefits of occupation, regular availability updates and news feed. Links to social media feeds which could include a dedicated DIP Twitter profile                           | Critical                   | Short                   |
| <b>New marketing brochures for the DIP and also a separate one for the Defence Innovation Centre</b>   | Linked to the above, there is a need for a “glossy” and professionally developed sales pitch based information pack to sell the DIP opportunity and importantly how this links into a wider “Dorset” pitch in a post Covid world (e.g. focused on quality of life, access to coast, wellbeing etc). We understand the MOD has commenced this for the Innovation Centre. | Critical                   | Short                   |

|   |  |          |       |
|---|--|----------|-------|
| <b>Appointment of specialist marketing consultant with track record in the defence sector</b> | For a period of at least 12 months (and then on a rolling basis as required) from the outset to raise the profile of the Defence Innovation Centre opportunity and to undertake targeted and dedicated engagement with SME businesses, academics and others. Recognition that this is beyond the scope/skills/expertise of the Council and current marketing agents. Will need to engage with SMEs, corporates, Government, academia, DASA, DE&S, ISS and others. It would be beneficial to have defence related experience although with a focus on technology related activity and with SME business connections and relationships which is just as important.   | Critical | Short |
| <b>Refresh of site agency support</b>   | It is understood that the current joint agency approach is a legacy appointment from Homes England/HCA and we question whether this remains fit for purpose and whether you are getting maximum value for money from this, linked into the above suggested intervention. Local/regional agency input seems to be working and remains valid. Question over role and value added of national agent and the above marketing support should replace this with a more targeted and effective approach in the short-medium term.   | Critical | Short |
| <b>Refresh of site management arrangements</b>  | There appear to some mixed views from existing occupiers on the current management arrangements. There has been positive feedback on the experience with the Council from an existing tenant perspective and mixed views on the CBRE role. Suggest a continued need for professional site management but a need for this to be more proactive to drive a sense of community at the Park with regular networking events/newsletters/uploads etc. Needs a dedicated single point of contact (within or external to the Council) to deal with all enquiries and to ensure the customer journey is efficient and professional with a “one stop shop” offer from start to finish. This is likely to require a full time/nearly full time DIP Manager. | Critical | Short |
| <b>Agreement of business rate pooling mechanisms</b>  | At present there is no formally agreed mechanism for the pooling/redistribution of business rates additionality. The Council needs to have a formal agreed position on this with DLEP to enable it to make financial borrowing commitments to be repaid through business rate incomes. This needs agreeing with the LEP to provide certainty on this and it is suggested the Council should be entitled to 100% of the uplift until the point at which any borrowing for investment in the Park is repaid with incomes over and above this shared say 50/50 with the LEP for reinvestment into other economic development priorities.  | Critical | Short |

|  |   |          |        |
|--|---|----------|--------|
| <b>Completion of site survey work to enable a full understanding of all plot abnormalities and constraints and associated costs to address these</b> | Occupiers want/need to know this from the outset to have full cost certainty with no unknowns. It is understood that there are drainage/foul water constraints that are not understood at a site wide level and only get explored on a plot level each time a scheme goes through planning  | Critical | Short  |
| <b>Direct development of further flexible leasehold hybrid industrial/office/R&amp;D floorspace</b>  | There is currently no availability at the Quadrant with a waiting list and existing tenants with likely future growth needs. There is no other available leasehold light industrial stock and the market will not fund multi-occupancy easy in easy out units of this nature speculatively. Role for the Council to directly develop/underwrite the risk through PWLB repaid through business rate/rental income. Could comprise a further circa 25,000-30,000 sqft scheme with divisible, leasehold light industrial (possibly small scale office) units on flexible terms. Potential to consider unit sizes of 500 sqft up to 5,000 sqft with the potential for full sub-divisibility.  | Critical | Medium |
| <b>New site amenity hub to provide a F&amp;B offer, shared meeting/collaboration space</b>   | <p>There are a number of options as to how this could be delivered:</p> <ul style="list-style-type: none"> <li>• could form part of the above “phase 2” quadrant scheme</li> <li>• could form a stand-alone new build development</li> <li>• could occupy part of Chesil House</li> <li>• could be developed through a modular build (either stand alone or with other uses)</li> </ul> <p>Under all options, it will likely require a public sector funded/led approach to delivery. This would address the lack of any amenity offer on site or within close proximity of the site – something that is becoming an increasingly important consideration for occupiers particularly in out of town locations such as this.</p>                                       | Critical | Medium |
| <b>Provision of occupier based fiscal incentives</b>   | Extension of the EZ business rate discount to eligible occupiers beyond March 2022 when this expires or provision of other forms of inward investment based fiscal incentives to encourage business occupation and aid start-up/high growth businesses. The business rate discount currently provided under the EZ designation expires in March 2022 and there is the potential to extend this albeit this would need to be funded locally as opposed to being funded by Central Government. In effect, this would reduce local business rate incomes by up to £55k pa (for a 5 year period up to the State Aid De Minimis level) if the same approach was followed but could serve as an attractive incentive to prospective occupiers to encourage site occupation. | Desired  | Short  |

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|--|---|---------|--------|
|  | As an alternative, there could be a pot set aside for business investment grants/loans to enable occupiers access to funding/low cost finance to contribute towards the costs of fit out new units for example.   |         |        |
| <b>Appointment of a local developer/contractor (framework)</b>                       | At present whilst the site offers effective freehold plots for design and build opportunities, there is no standing stock and the only available leasehold space are some office units in Chesil House. Prospective occupiers seeking space aside from Chesil House units are responsible for identifying and procuring their own design/professional team and contractor and for managing the process of designing a building through to securing planning and delivery the buildings. A typical occupier probably has no prior experience of this and as a result could be put off by having to go through this process which can also take some time. Occupiers often require space reasonably quickly to meet business growth needs or to tie into forthcoming lease breaks or expiries. A competing site which can either offer standing stock or at the very least an appointed developer/contractor on hand to progress the delivery of a new building at pace is likely to therefore be more favourable. It could therefore be advantageous for the Council to appoint a development/contractor partner with design /professional team (or perhaps say 2 partners to offer some degree of choice/competition) to be able to provide a one stop shop service to prospective tenants. We consider it unlikely that this would appeal to the national development market but there could be an opportunity for the Council to explore interest at a regional/Dorset level. It is considered unlikely that developers would be interested in developing any speculative floorspace but they could respond to pre-let/D&B opportunities, thereby effectively not being exposed to any letting risks. | Desired | Short  |
| <b>Provision of wider business support facilities/functions on the site</b>          | There is currently no business support function for businesses on the Park although it is acknowledged there is the wider Dorset Growth Hub administered by DLEP. Could the Growth Hub relocate from its current BizSpace home in Poole or occupy a satellite function from a unit in Chesil House to specifically service the Park and current/future occupiers? Business support functions could be a key aspect of the wider offer to SME businesses, particularly new innovative businesses locating on site on the back of the Innovation Centre. As an absolute minimum, the Growth Hub offer needs to form part of the DIP offer to prospective tenants.   | Desired | Medium |
| <b>Securing Academic/HEI/FE/skills and R&amp;D physical/virtual presence on site</b> | Most successful innovation parks have some form of academic/skills presence in one form or another. It would be highly advantageous for the   | Desired | Medium |

|   |  |         |        |
|---|--|---------|--------|
|   | Council to seek to secure some form of academic links for the DIP even if these are virtual in nature to start with linked to the Defence Innovation Centre activity. This should focus further afield than just Bournemouth and Poole establishments (e.g. we are aware that the University of Exeter would be potentially interested). Need to develop the skills/training links of the site and the links back to skills/training providers to access talent – e.g. apprenticeships/graduates/T-Levels etc.   |         |        |
| <b>New/improved sustainable/public transport links to Wool Rail Station (possibly as part of a wider sustainable travel plan for the site)</b>        | Possibly through a dedicated shuttle bus service (electric?) or through the extension of any existing local services to improve connectivity to the Station and onto Poole/Bournemouth and beyond. Could include a potential cycle hire scheme as an alternative as well as improved walking/cycling routes to and from the station to reduce car commuting and promote wellbeing and reduced carbon emissions.  | Desired | Medium |
| <b>Demolition of life-expired gatehouse and replacement with new build facility to enhance the arrival experience</b>                                 | There appears to be mixed views on the necessity of this across the stakeholders we engaged with. It is evident that it is essential to maintain sufficient access control and 24/7 manned security seems to be a prerequisite. There is a shared view amongst many that the existing gatehouse creates a poor first impression of the DIP in its efforts to be a leading innovation park and we recognise the importance of having a good arrival experience particularly for prospective occupiers but also clients/customers of these. If it was to be replaced it could be done so with a relatively modest building to keep costs minimal or at the other end of the spectrum the Teesworks gatehouse funded by the Tees Valley CA is understood to have costed £2.5m all in with parking and provides a full training and conference facility within this <a href="https://teesvalley-ca.gov.uk/mayor-launches-1million-teesworks-gatehouse-and-new-jobs-site/">https://teesvalley-ca.gov.uk/mayor-launches-1million-teesworks-gatehouse-and-new-jobs-site/</a> . In practice, in our view given the relative lack of visibility of the site anyway, a more modest gatehouse would probably be a more realistic and affordable preferred option. | Desired | Medium |
| <b>Consideration of site wide sustainability attributes and opportunities to enhance these (e.g. EV charging points, renewable energy generation)</b> | All stakeholders (Local Authority, MOD, occupiers, employees, customers, clients) are becoming increasingly interested in the ESG agenda and as part of this environmental sustainability and contribution to net zero carbon and clean growth agendas. Dorset Council declared a climate emergency in May 2019 and strives to be a net zero carbon Council by 2040 and a net zero carbon County by 2050. As a Council owned business park, there is therefore a need to consider how the DIP can assist the Council to meet this target. Moreover, environmental sustainability attributes are becoming an  | Desired | Medium |

|  |  |         |             |
|--|--|---------|-------------|
|  | increasingly prevalent factor in occupier location decision making and it is important that the DIP is able to appeal to existing and prospective occupiers on this front. Its location means that many have no choice but to drive to the site and there is a question therefore as to whether the site needs to provide EV charging points to respond to the changing shape of the automotive industry and to ensure that people have the ability to charge hybrid/electric vehicles. We understand that the Council has recently committed to invest in updating the HV switchgear to improve the site's power capacity via the grid, but there could be further opportunities to consider renewable energy sources going forward to meet the site's power needs and reverse its reliance on non-renewable sources. Given energy is a key sector focus of the Park/LDO, the Council could seek to encourage new energy based innovations on the site working with external partners for example, to give it a further USP.  |         |             |
| <b>Potential to consider applying for Catapult Network designation as the UK's first defence and security catapult</b>   | The UK Catapult Network brings together nine leading technology and innovation centres spanning over 40 locations across the UK. It is a Government backed initiative (UKRI/Innovate UK) transforming the UK's capability for innovation in sectors of strength. Catapults are physical centres with cutting-edge R&D infrastructures including hubs, laboratories, testbeds, factories and offices, as well as technical experts that prove and adopt breakthrough products, processes, services and technologies. There is currently no defence/security related catapult and there is only one catapult main base in the South West (National Composites High Value Manufacturing Centre in Bristol). There are satellite application "satellite" centres in Portsmouth and Cornwall as well. We have not explored this any further at this stage but question the extent to which Catapult Centre "designation" could be explored around defence/security for the site on the back of the Defence Innovation Centre. Linked to the above point, this could require a firm HEI academic commitment as part of this. This could assist to promote the wider cluster development and role and profile of the DIP and Dorset more generally. | Desired | Medium      |
| <b>Improved cycleways/footpaths on/around the site as part of a wider improved public realm and landscaping strategy</b> | The Park sits within an attractive wider environmental setting and landscape with the ability for those using the Park to benefit from this. However, the on-site public realm and landscaping is rather tired and could be improved. With an increased focus on quality of place, environmental attributes, green business park environments and staff wellbeing, there is the potential to improve the physical environs of the Park to enhance its overall occupier and employee appeal and experience. Outdoor walking/cycling trails could  | Desired | Medium-Long |

|  |   |  |  |
|--|---|--|--|
|  | provide fitness opportunities for people and an improved quality of landscaping could immediately enhance prospective occupier impressions of the site. |  |  |
|--|---|--|--|

- 8.3 Further detail on the key interventions above along with key responsibilities for these is provided in the final section of this report which summarises the key actions and next steps arising from this Strategy.

## 9. Summary and Action Plan

- 9.1 This section provides a summary of the key findings of this report, drawing out the key current challenges and market opportunities of the DIP and providing a forward plan for maximising the financial and economic opportunity of the site as a key strategic employment site and economic asset for Dorset.

### Summary

#### DIP activity to date

- The LDO masterplan originally identified the potential for 580,000 sqft of new commercial floorspace within the EZ boundary and seeks to create over 2,000 new jobs by 2040.
- There has been 100,820 sqft of new floorspace (including 5,000 sqft of refurbished floorspace) delivered on the EZ since going live (average of 25,205 sqft pa over 4 years).
- By the end of 2021 there will be 125,297 sqft of new floorspace on the EZ site. This is an average of 25,000 sqft of new floorspace per annum across the 5 year period from April 2017 to March 2022. There are no other confirmed pipeline schemes due to commence construction this year that we are aware of at this stage. 25,000 sqft of this relates to the LEP funded Quadrant building and a further 16,000 sqft to the LEP/MOD/Council funded Defence Innovation Centre, totalling 36,000 sqft of publicly funded and delivered buildings. This results in c.90,000 sqft of privately funded and delivered floorspace over 5 years or c.18,000 sqft per annum (albeit the Quadrant is fully occupied and so this still represents occupier take up).

#### Local Industrial and Office Market Overview

- The office market across the Dorset area is relatively small and localised, certainly compared with other parts of the UK and is centred around the Bournemouth and Poole conurbation. No new office accommodation of any scale has been delivered in Purbeck since 2010, meaning the introduction of new build Grade A office space is largely untested.
- Like offices, distribution/storage and large scale industrial units are also relatively untested in the immediate market area as the majority of occupier interest is absorbed by the established Christchurch and East Dorset submarkets to the East with much stronger transport connectivity to the arterial road network and proximity to larger populations from both a workforce and supply chain/customer base perspectives. In practice, the DIP will not be able to compete with sites such as Ferndown and Aviation Business Park and the DIP prospects for securing large B2/B8 occupiers are considered to be very limited due to the locational and accessibility attributes of the site.
- It is more likely that smaller SMEs, which currently make up the majority of occupiers within the rural submarkets, are more likely to be drivers of occupier demand for the Park, taking smaller floorplates with the option to expand as the companies expand. The focus of the demand going forward at the Park is likely to be on local SME based industrial requirements to cater for business growth and expansion needs and businesses seeking either modern premises or opportunities for bespoke design and build solutions on an effective freehold basis which the Park is able to provide.
- Across Dorset in 2020, the average industrial unit size let was 3,800sqft with deal volumes centring around the smaller size bands of 1,000-4,000sqft. In the Purbeck submarket in 2020 approximately 36,000sqft of industrial accommodation was leased. This is a good indicator of the small scale attributes of the local industrial market which is dominated by local 'churn' requirements.

- There are no competing business parks/industrial sites in the immediate proximity of the site – the nearest are employment sites such as Holton Heath in Poole and Granby Industrial Estate at Weymouth as well as Poundbury West which are well established industrial sites. However, these are very typical industrial estates with no sector nor “innovation” focus which is where the DIP could seek to capitalise from a market opportunity perspective.

### **Lessons and best practice from elsewhere – case studies**

- An analysis of other comparable strategic employment sites with Enterprise Zone designation which are focusing on specific sector-based cluster development within England was undertaken. This focused on:
  - Solent Enterprise Zone at Daedalus
  - Skylon Park Enterprise Zone, Hereford
  - Samlesbury Aerospace Enterprise Zone, Lancashire
- This identified that DIP has a number of core characteristics which are consistent with these other EZ sites, however, there are a number of features/characteristics of the 3 case study examples which are not in place/available at the DIP and which could therefore be a weakness within its offer and competitiveness. These include the below which the other sites generally offer and which are lacking on the DIP site at present:
  - Innovation centre/assets on site and operational (although arguably this will be addressed to some extent by the Defence Innovation Centre due to reach PC later in 2021)
  - Physical university/HE presence on site
  - Specialist site marketing campaign in place
  - Skills/training facility on site
  - Business support offer provided on site
  - Site amenity offer to include e.g. meeting rooms, conferencing, food/drink/ gym
  - Good access to public transport
  - Tenant/community portal

### **Defining the Market Opportunities**

- 9.2 The market opportunities for the site can be categorised into two main segments, with a potential third that overlaps with these. These include:

#### ***Local Dorset-based SME demand***

- We consider that the Park will continue to have a role to play in providing an attractive business location for Dorset-based SME businesses within the advanced manufacturing/engineering sector as well as to a lesser extent more broadly across other LDO sectors such as marine and energy. This is assuming it can offer short-term, flexible leasehold light industrial floorspace opportunities as well as long-leasehold plot sale options and also that the Park is able to continue to have the necessary occupier appeal compared with other employment sites within the wider Dorset area.

- There is likely to be demand for freehold and leasehold units ranging in size from 500 sqft through to perhaps up to 30-40,000 sqft at the upper end by exception, to meet the needs of predominantly local advanced manufacturing and engineering businesses seeking either larger, more modern/new or freehold/owner occupier based premises. It would not be unreasonable to assume a scale of indigenous demand of up to around 20,000 sqft per annum going forward. The focus of this will very much be on industrial/light industrial uses with some small scale office demand. Clearly, it could be argued that these last 4 years have been a position of maturity for the Park in so far that it has taken some time to get going and extend its reach and offer to the market. This level of demand could therefore increase over the next 4-5 years and the growth needs reported by existing tenants over the short-medium term could further support this. However, at the same time, there are other competing and arguably better located employment sites located around Poole and Bournemouth particularly that could impact on this. It is evident that in order to maintain and increase this level of local occupier demand, a base case “do nothing, no further investment in the Park” option is not a feasible option for the Council.

#### ***Defence and security related market opportunities***

- The defence market opportunity is almost entirely predicated on the emerging Defence Innovation Centre proposition and the ultimate success of this. In the absence of this, the defence sector opportunity becomes a much more small scale and localised one and it is difficult to see how the DIP can promote itself as a national defence cluster in the absence of the success of the Defence Innovation Centre. In our view, it is this which would provide it with the USP that is needed and without this it is very difficult to understand what the site's offer as a defence cluster really is and therefore how it can attract further investment in this sector.
- In our view, the Defence Innovation Centre offers a unique opportunity to establish the DIP as a leading national centre of defence innovation excellence. Dorset is a long established military centre, with distinct nationally important military bases and specialisms and the strategic rationale for a Defence Innovation Centre and for locating it in Dorset is therefore understood and acknowledged. However, the Centre is still under construction and is in the words of the MOD, still very much (and purposefully so) a speculative “blank canvas”. It is therefore difficult to be definitive at this stage as to the potential catalytic benefits this could bring to the wider DIP in terms of profile and spin off occupier demand. If successful, there are the potential ingredients for a significant defence cluster growth opportunity for a wide range of innovative data, digital, technology, science, arts and engineering based businesses across a whole host of different sectors, to work in collaboration with the MOD across the breadth of its future challenges and technological demands as well as with key customers/partners/stakeholders.
- There could be potential demand for additional R&D/workshop space on the Park to be available to “innovators” on a very flexible basis to meet their short term innovation contract R&D requirements. Space could be required on a project by project basis for example with no certainty as to the likely duration of the tenancy from the outset. There could also be demand for more permanent manufacturing/production space on the Park at a relatively small scale depending on the outcome of the R&D activity and the type/scale of the prototypes being developed.
- However, if the Innovation Centre fails or indeed does not materialise as envisaged and for example, ends up being a “closed shop” space for existing primes to meet with the MOD, the DIP's defence cluster USP falls away and this could have a significant impact on the wider site delivery prospects. It is critical that the wider supporting infrastructure is put in place in the short term to capitalise upon the “window of opportunity” that exists with the

opening of the innovation Centre later in 2021. Without this, the Innovation Centre opportunity won't be fully realised and the wider DIP and EZ opportunity could fall away.

#### ***Wider non-defence related data and digital market opportunity***

- Linked to the defence sector, albeit not necessarily exclusively, is the wider data and digital sector opportunity for the site. Whilst there is a cyber security angle including one linked to defence (MOD and civilian/national security related), there is also a broader data/digital opportunity linked to the fibre connectivity and emerging 5G capabilities of the site as well as the focus of some of the existing site tenants/occupiers. There is a major cluster of digital expertise located around Bournemouth and Poole and Dorset as a whole is seeking to lead the way nationally and beyond as a "Smart Place" pilot. There is an acknowledged potential digital/data driven sector opportunity for the Park and the fact that it is able to offer ultrafast broadband and 5G capabilities within a secure environment means that it could appeal to certain data/technology based occupiers, able to capitalise upon the wider digital asset base of the sub-region and the cluster around Bournemouth and Poole particularly from a talent perspective.
- However, it needs to be acknowledged that there are a whole host of other locations nationally promoting their offer in this space, many of which are in more urban locations with better access to R&D assets/academia and access to talent/labour. Whilst there are major opportunities for growth in this market, there is also a lot of competition and as other areas advance their 5G capabilities for example, the USP that Dorset and the DIP has could be eroded unless it manages to establish itself in the short term as an established key centre for this type of activity.

#### **Site Investment Needs**

- 9.3 As per the previous section, through this commission a number of key site investment/intervention needs and opportunities have been identified as summarised below:

| Investment/Intervention   | "Critical" or "Desired" | Short/Medium/Long Term |
|---|-------------------------|------------------------|
| New DIP website with its own dedicated URL independent of the Council/LEP. This should include a dedicated page for the Defence Innovation Centre (or potentially a hyperlink to a standalone web page) | Critical                | Short                  |
| New marketing brochures for the DIP and also a separate one for the Defence Innovation Centre   | Critical                | Short                  |
| Appointment of specialist marketing consultant with track record in the defence sector  | Critical                | Short                  |
| Refresh of site agency support  | Critical                | Short                  |
| Refresh of site management arrangements   | Critical                | Short                  |
| Agreement of business rate pooling mechanisms   | Critical                | Short                  |
| Completion of site survey work to enable a full understanding of all plot abnormalities and constraints and associated costs to address these   | Critical                | Short                  |
| Direct development of further flexible leasehold hybrid industrial/office/R&D floorspace  | Critical                | Medium                 |
| New site amenity hub to provide a F&B offer, shared meeting/collaboration space   | Critical                | Medium                 |

|  |         |        |
|--|---------|--------|
| Provision of occupier based fiscal incentives  | Desired | Short  |
| Appointment of a local developer/contractor (framework)  | Desired | Short  |
| Provision of wider business support facilities/functions on the site   | Desired | Medium |
| Securing Academic/HEI/FE/skills and R&D physical/virtual presence on site  | Desired | Medium |
| New/improved sustainable/public transport links to Wool Rail Station (possibly as part of a wider sustainable travel plan for the site)        | Desired | Medium |
| Demolition of life-expired gatehouse and replacement with new build facility to enhance the arrival experience                                 | Desired | Medium |
| Consideration of site wide sustainability attributes and opportunities to enhance these (e.g. EV charging points, renewable energy generation) | Desired | Medium |
| Potential to consider applying for Catapult Network designation as the UK's first defence and security catapult                                | Desired | Medium |
| Improved cycleways/footpaths on/around the site as part of a wider improved public realm and landscaping strategy                              | Desired | Medium |

### Action Plan

- 9.4 Based on the above, the below action plan has been developed to assist the Council, its partners and stakeholders to progress delivery of this key strategic employment site for the Dorset economy. This is based on the evidence base established as part of this commission and the action plan should be updated and reviewed at regular intervals to deliver maximum impact and ensure that the most effective and efficient approach to site delivery is undertaken. It is presented in a tabular format for ease of presenting the key actions.

| <b>Dorset Innovation Park Action Plan</b>   |                       |  |              |
|---|-----------------------|--|--------------|
| <b>Critical short term interventions (0-12 months)</b>  | <b>Responsibility</b> | <b>Resource requirements</b>   | <b>Risks</b> |
| <p><b>New DIP website with its own dedicated URL independent of the Council/LEP.</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• To enhance the profile, brand and marketing reach of the Park through a professional dedicated web page that disassociates the DIP from the Council/LEP (albeit should still have a link on the LEP/Council websites to it).</li> <li>• To provide further details of the site's attributes and offer and costs/benefits of occupation with up to date availability/schedule and news feed/links to social media feeds including a DIP Twitter profile for example. Needs to sell the DIP in the context of the wider Dorset/SW offer as a priority location for inward investment. Needs to provide a clear single point of contact and present the wider package of wrap around support on offer.</li> <li>• This should include a dedicated page for the Defence Innovation Centre (or potentially a hyperlink to a standalone web page) which could be led by the MOD</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>• Council to commission an external website designer to build a dedicated site and to ensure that it has the ability to be able to make regular updates and upload content/new stories to this. This could be best undertaken in conjunction with the below marketing consultant appointment.</li> </ul> | Dorset Council/MOD    | <p>Capital funding to fund an external website designer and to acquire a domain name</p> <p>Potential revenue funding to maintain and update this (internally or externally)</p> | None noted   |
| <p><b>New marketing brochures for the DIP and also a separate one for the Defence Innovation Centre</b></p> <p><b>Purpose</b></p>   | Dorset Council/MOD    | Budget to fund an external design/marketing agency to develop this, possibly in  | None noted   |

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|---|--------------------|--|---|
| <ul style="list-style-type: none"> <li>To sell the DIP and wider Dorset opportunity to potential occupiers. The current DIP brochure is very bland and unimpressive and only focuses on plot sale opportunities.</li> <li>A brochure is often the first thing prospective tenants reach for, possibly through agents/Council or through the website – it needs to sell the site and provide a wow factor.</li> <li>This could be used to sell the site at specific industry events and shared on social media and via email to all prospective interested parties</li> <li>We are aware of a separate Defence Innovation Centre brochure being prepared by designers on behalf of the MOD at <a href="https://spark.adobe.com/page/HWO2JxeqlgaYu/">https://spark.adobe.com/page/HWO2JxeqlgaYu/</a>. There is a need to link to this and embed this within the wider DIP sell.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>Council to commission an external professional design/marketing agency to develop this in conjunction with the MOD. This could be best undertaken in conjunction with the below marketing consultant appointment.</li> </ul> |                    | conjunction with the website above as a single requirement as they need to align with one another.   |   |
| <p><b>Appointment of specialist marketing consultant with track record in the defence and SME technology sectors for an initial period of at least 12 months</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>To drive demand for the DIP on the back of the Defence Innovation Centre and to promote the DIP as a defence innovation hub/cluster of national significance.</li> <li>To focus on the marketing of the defence sector opportunity and target specific SME innovators, businesses, academics and public/private sector R&amp;D institutions. Will need to engage with SMEs, corporates, Central Government, academia, DASA, DE&amp;S, ISS and others. Will represent the DIP along with the MOD at events such as Defence and Security Equipment International (DSEI), a bi-annual international arms fair held in London (scheduled for 14-17<sup>th</sup> September 2021), possibly on the BEIS exhibition stand if the costs of having an individual stand are prohibitive.</li> </ul>   | Dorset Council/MOD | Revenue budget to fund this role for at least an initial 12 month period (potential to extend on a rolling basis beyond this). There is the potential to consider a part-incentivised/success related approach to this although this may over-complicate it. It should not be wholly success related given the upfront | Risk that this approach does not generate the desired leads but with the right advisors with SME contacts this should be minimal. |

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| <p><b>Action</b></p> <ul style="list-style-type: none"> <li>• Council/MOD to go out to the market to procure a specialist marketing/PR consultant with a jointly agreed brief with the MOD. Consultant will need to have a technology background and strong SME contacts with an understanding of the defence sector and its changing landscape. See Appendix I for some illustrative examples of the types of businesses that could potentially fulfil this role based on very initial C&amp;W web based research.</li> <li>• This will be likely to require: <ul style="list-style-type: none"> <li>○ defence sector and innovation mapping to understand the target occupiers including non-traditional MOD suppliers</li> <li>○ increasing awareness of the DIP opportunity through all forms of media and attendance/presentation at key industry/sector events, workshop facilitation etc</li> <li>○ being the voice of the DIP and marketing MOD contract opportunities</li> <li>○ Promoting the DIP as part of the wider SW Defence and Security Cluster, encouraging pan-LEP collaboration with the Heart of the South West LEP and Swindon &amp; Wiltshire LEP for example.</li> <li>○ direct engagement with the MOD, SME innovators, academia, Tier 1 businesses, Government departments, trade bodies (e.g. DIT, TechUK, ADS) and defence departments (DIO, DIU, DSTL, DE&amp;S etc)</li> <li>○ Seeking to secure wider investment in supply chain support initiatives that are seen as critical enablers for MOD contracting businesses</li> <li>○ potential for further business and innovation support to SME businesses (linked to point below relating to Growth Hub)</li> </ul> </li> </ul> |                |  |   |
| <p><b>Refresh of site agency/marketing support – removal of national property agent role</b></p> <p><b>Purpose:</b></p>  | Dorset Council | Replacing the roles is likely to result in an increased cost to the Council in the first instance (given | None noted given the lack of activity/success stemming from the |

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| <ul style="list-style-type: none"> <li>To refresh the current approach to site marketing and agency (linked to the above) to provide a much more proactive, bespoke and targeted approach orientated heavily towards the defence sector opportunities in the first instance on the back of the emerging Defence Innovation Centre</li> <li>To ensure that the site marketing is fit for purpose and generates occupational requirements for the DIP from businesses that fit within the target sector entry criteria</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>To reconsider the need for the current joint property agent approach and to instead focus on the replacement of the national property agent with the above marketing/PR consultant. It is evident that little value has stemmed from having a national property agent on board and in our view, the value of this approach is likely to be limited with any other national agent not likely to offer much more. There could be an alternative approach to provide a fixed “retainer fee” to further incentivise a national agent to push the site and its offer rather than them relying on solely a “deal fee”. However, we consider the above defence related marketing expert to have the potential to deliver a more significant impact and in reality beyond the defence opportunity, the national appeal of the site to businesses in other sectors is likely to remain limited. We therefore suggest replacing the national property agent role with the more specialist marketing/PR role in the short term.</li> <li>To continue to employ a local property agent to deal with “on the ground” transactions and to promote the site as a key opportunity for Dorset based SME businesses. Feedback suggests that the current local agent is generally fulfilling its brief in this regard.</li> </ul> |                | the limited fees it has paid to the national agent to date)<br><br>Continued budget to fund the local property agent on a transaction related basis only.   | national agency role to date  |
| <p><b>Refresh of site management arrangements</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>Site, estate and tenant management will remain an important aspect of the overall innovation park success going forward and any successful innovation park relies on being professionally managed. There are mixed views from existing occupiers on the existing arrangements and the clear message is one of a lack of clarity as to the distinct roles of the Council and its appointed managing agent. Occupiers would like a more proactive approach to management to see it managed more akin to an innovation park than a typical out of town business park site.</li> </ul>  | Dorset Council | Potential additional revenue costs associated with funding additional external management support or even creating a new Council post to fulfil the role of | Risk that the continuing current operations may fail to create the desired outcomes for the Park given the wider responsibilities of the EZ Project Manager. Financial affordability risks associated with funding additional |

|  |                     |                          |                                    |
|--|---------------------|--------------------------|------------------------------------|
| <ul style="list-style-type: none"> <li>This could require a more intensive and hands-on management approach to create the desired innovation community and ecosystem. Needs a dedicated single point of contact (within or external to the Council) to deal with all enquiries and to ensure the customer journey is efficient and professional with a “one stop shop” offer from start to finish. This is likely to require a full time/nearly full time DIP Manager.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>The Council needs to determine the extent to which it is able to provide the required level of dedicated park management resource ‘in house’. We understand that the current EZ project manager within the Council has and will be likely to continue to have additional wider responsibilities across other sites although is likely to move into more of a property management role. It is critical that as site owner and promoter, the Council is able to provide a dedicated Innovation Park Manager to act as a single point of contact, follow up leads, be the conduit between the Council and wider consultants/agents and lead the park management operations. The Council needs to therefore determine the extent to which it can do this and whether there is a case to either bring all of the property management function ‘in house’ or whether to continue (or even expand) the current external managing agent role to ensure that the Council has sufficient time and resource to actively manage and promote an innovation park as opposed to simply dealing with day to day tenant enquiries and rental payments.</li> </ul> <p>We understand the Council is currently going through an internal restructure and we cannot therefore be definitive on this at the point. We do fully advocate the need for a dedicated (possibly more than just part-time) single point of contact to act as Innovation Park Manager to promote the networking and innovation ecosystem that is desired and this should sit within the Council as site owner. This could mean continuing with the current external managing agent arrangements to deal with day to day rent/service charge/maintenance issues to enable the Park Manager to be more proactive and forward facing dealing with new leads, proactively managing the marketing consultant and promoting it at local, regional and national events. Other successful innovation parks have recruited specialist and experienced Innovation Park Directors to do this full time but clearly there is a cost associated with this that may not be affordable to the Council.</p> |                     | Innovation Park Manager. | outsourced work or in-house roles. |
| <b>Agreement of business rate pooling mechanisms</b>   | Dorset Council/DLEP | No costs to the Council  | None noted                         |

|   |                |   |            |
|---|----------------|---|------------|
| <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>At present there is no formally agreed mechanism for the pooling/redistribution of business rates additionality. The Council needs to have a formal agreed position on this with DLEP to enable it to make financial borrowing commitments through the Public Works Loan Board (PWLB) to be repaid through business rate incomes as part of the EZ mechanisms agreed with Government. This needs formally agreeing with the LEP to provide certainty on this and it is suggested the Council should be entitled to 100% of the uplift until the point at which any borrowing for investment in the Park is repaid with incomes over and above this shared say 50/50 with the LEP for reinvestment into other economic development priorities.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>To formally agree a position on this with the LEP from a legal perspective to provide the Council with the financial certainty to invest in the site.</li> </ul>  |                |   |            |
| <p><b>Completion of site survey work to enable a full understanding of all plot abnormalities and constraints and associated costs to address these</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>It is understood that there are potential drainage/foul water constraints that are not understood at a site wide level and only get fully surveyed and resolved on a plot level each time a scheme goes through the LDO process. This means that there is a degree of cost uncertainty for prospective occupiers at the point of agreeing heads of terms on plot acquisitions which is not helpful from an occupier perspective. Occupiers will want to know the full costs of development from the outset and this could deter them from the site if there are other site options providing fully serviced plots.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>The site is largely serviced and it would seem appropriate for the Council where it can to resolve these outstanding gaps in survey information to ensure that it has a full understanding of all potential plot abnormalities. This will enable it to provide occupiers with a definitive plot cost from the outset as opposed to a gross cost subject to further surveys, to provide occupiers with</li> </ul> | Dorset Council | Potential site investigation/survey costs | None noted |

|  |                        |  |  |
|--|------------------------|--|--|
| certainty. We understand that the Council has recently committed to invest in upgrading the electrical switchgear to improve power capacity which is a positive resolution.  |                        |  |  |
| <b>Critical medium term interventions (1-3 years)</b>  |                        |  |  |
| <p><b>Direct development of further flexible leasehold hybrid industrial/office/R&amp;D floorspace</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>There is currently no availability at the Quadrant which operates a waiting list and the site has existing tenants with likely future growth needs across the short-medium term. There are no other available leasehold light industrial units on the site and the market will not fund multi-occupancy “easy in easy out” units of this nature speculatively. The only option to prospective occupiers at present is low grade office units in Chesil House or effective freehold plots on a 999 year basis. Occupiers requiring short term, flexible light industrial/industrial/R&amp;D units have no options on the Park.</li> <li>The Quadrant accommodates some businesses which are seeking larger grow on premises but which are not available. Atlas and QinetiQ also rent 3 units within it. A “Quadrant phase 2” building providing slightly larger units could enable expanding businesses to move into this, thereby freeing up space for others in the Quadrant.</li> <li>The Defence Innovation Centre could give rise to additional demand for flexible workshop type/R&amp;D space for defence SMEs to develop and modify prototypes etc. They may require this on a project by project basis. At present there is no available floorspace to accommodate this.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>The Council should consider directly developing a phase 2 Quadrant type facility comprising additional light industrial/workshop/R&amp;D based units with some larger units than currently provided in the Quadrant to cater for grow on requirements. These would be self-contained with roller shutter door access (some hybrid office space upstairs possibly on a mezzanine floor). This could comprise a circa 25,000-30,000 sqft scheme (GIA) with divisible, leasehold units on fully flexible terms. Potential to consider unit sizes of 500 sqft up to 5,000 sqft with the potential for full sub-divisibility. This could incorporate a café/amenity unit as part of this (see below). This would meet the needs of both local SME “churn” and start up businesses, the growth needs of</li> </ul> | Dorset Council/(DLEP?) | Capital borrowing costs of say £2.75m (very high level estimate based on the Quadrant) | Market and void risks associated with the speculative delivery of floorspace |

|   |                |                             |                               |
|---|----------------|-----------------------------|-------------------------------|
| <p>existing Quadrant occupiers and potential defence related businesses linked to the Defence Innovation Centre.</p> <ul style="list-style-type: none"> <li>This could be funded through Council borrowing repaid through a combination of retained business rates (through the TIF approach) and rental income and the financial viability of this would need to be explored and understood as part of a Council capital business case. In theory, assuming say a capital build cost (excluding land) of say £2.75m (based on inflated Quadrant build costs), once fully let the building could a rental income to the Council of c.£175,000 pa (£7 psfx 25,000 sqft). Assuming at least say, a further c.£25,000 of business rate income in addition to this (assuming the Council can retain 100% of business rates although we acknowledge further work would be needed to understand the extent of small/business rates relief that would apply – see below point on this as well) we estimate that it could generate in theory a gross income of c.£200,000 per annum. This would enable the capital costs to be recovered within circa 14 years in theory. However, this assumes 100% occupancy from day 1 and excludes borrowing costs. In practice therefore, this would take longer to repay this as there would be void periods as well as ongoing management and operational costs. However, this is the principle of how this could work.</li> </ul> |                |                             |                               |
| <p><b>New site amenity hub to provide a F&amp;B offer, shared meeting/collaboration space</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>There is no such offer on the Park at present (nor in the immediate vicinity) and increasingly site amenity is becoming a key occupier requirement linked to talent attraction and the development of business communities and networks. For an Innovation Park where networking is key, it is considered essential. This could also accommodate sector events and DIP community events to encourage increased tenant interaction and knowledge exchange.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>It will likely require a Council led approach to funding and delivery and it may then be possible to secure a private sector operator on a concession/licence basis. The Council needs to develop a plan for this as a priority to enable a preferred solution to be worked up. It would be advantageous to have a café facility with shared meeting/collaboration space. Some tenants expressed a desire for conferencing space but we do not consider there to be a demand case for this scale of investment at present.</li> </ul>   | Dorset Council | Capital funding requirement | Risks of no operator interest |

|   |                |   |   |
|---|----------------|---|---|
| <ul style="list-style-type: none"> <li>• There are a number of options as to how this could be delivered each with different capital cost implications: <ul style="list-style-type: none"> <li>◦ could form part of the above “phase 2” quadrant scheme</li> <li>◦ could form a stand-alone new build development</li> <li>◦ could occupy part of Chesil House</li> <li>◦ could be developed through a modular build (either stand alone or with other uses)</li> </ul> </li> <li>• In the short term there could even be the option for the Council to attract a mobile/pop-up catering operation/unit to test the demand.</li> </ul>  |                |   |   |
| <b>Desired short term interventions (0-12 months)</b>   |                |   |   |
| <p><b>Provision of occupier based fiscal incentives</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• The current EZ rates relief occupier incentive is due to end in March 2022 with no current Government intent to extend this. The Council could seek to fund the extension of this locally to enable the continuation of this fiscal incentive to enhance the site’s appeal to prospective new occupiers.</li> <li>• In effect, this would reduce local business rate incomes by up to £55k pa (for a 5 year period up to the State Aid De Minimis level) if the same approach was followed but could serve as an attractive incentive to prospective occupiers to encourage site occupation.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>• Council to consider the merits and disadvantages of this further. In our view it could contribute to enhanced occupier appeal particularly to new and young SME businesses but is unlikely to be a “showstopper” for them if it was not extended – our experience tells us this is often more of a “sweetener” or “nice to have” from an occupier perspective and it is difficult to directly link this to enhanced floorspace delivery/take-up. It could, however, add to the site’s competitive advantage compared with other sites not able to offer this. We know that other EZ sites nationally are considering this. It would represent a cost to the Council by way of forgone business rate</li> </ul> | Dorset Council | Revenue cost to the Council by way of forgone rates income (and potential impact on viability of other investment proposals relying on this to repay borrowing) | Risk that the rates relief has no material impact on occupier demand trajectory |

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| <p>income and this could impact on the viability of wider Council investment proposals reliant on rates income to repay capital investment/borrowing.</p> <ul style="list-style-type: none"> <li>As an alternative, there could be a pot set aside for business investment grants/loans to enable occupiers access to funding/low cost finance to contribute towards the costs of fit out new units for example.</li> </ul>  |                |                                      |   |
| <p><b>Appointment of a local developer/contractor (framework)</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>At present whilst the site offers effective freehold plots for design and build opportunities, there is no standing stock and the only available leasehold space are some office units in Chesil House. Prospective occupiers seeking space aside from Chesil House units are responsible for identifying and procuring their own design/professional team and contractor and for managing the process of designing a building through to securing planning and delivery the buildings. A typical occupier probably has no prior experience of this and as a result could be put off by having to go through this process which can also take some time. Occupiers often require space reasonably quickly to meet business growth needs or to tie into forthcoming lease breaks or expiries. A competing site which can either offer standing stock or at the very least an appointed developer/contractor on hand to progress the delivery of a new building at pace is likely to therefore be more favourable.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>The Council could appoint a development/contractor partner with design /professional team (or perhaps say 2 partners on a mini-framework to offer some degree of choice/competition) to be able to provide a one stop shop service to prospective tenants. We consider it unlikely that this would appeal to the national development market but there could be an opportunity for the Council to explore interest at a regional/Dorset level. It is considered unlikely that developers would be interested in developing any speculative floorspace but they could respond to pre-let/D&amp;B opportunities, thereby effectively not being exposed to any letting risks.</li> </ul> | Dorset Council | Legal/procurement costs/implications | Risk of no developer/contractor interest as speculative proposition at this stage. Management risk. |
| <b>Desired medium term interventions (1-3 years)</b>   |                |                                      |   |

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| <p><b>Provision of wider business support facilities/functions on the site</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>There is currently no business support function for businesses on the Park. Other successful innovation parks offer this. New defence related businesses responding to MOD requirements in the innovation Centre could see this is a beneficial part of the wider site offer.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>Council/LEP to consider how best to address this. Options could include: <ul style="list-style-type: none"> <li>Could the Growth Hub relocate from its current BizSpace home in Poole or occupy a satellite function from a unit in Chesil House to specifically service the Park and current/future occupiers?</li> <li>Dedicated DIP specific business support function provided by the LEP/Council/external party</li> <li>As an absolute minimum, the Growth Hub offer needs to form part of the DIP offer to prospective tenants.</li> </ul> </li> </ul> | Dorset Council/DLEP       | Depend on the preferred Council/LEP option for this. Could be a very low cost option to ensure the Growth Hub offer extends to occupiers of the Park and to ensure it is included as part of the package on offer to prospective occupiers. | Non noted  |
| <p><b>Securing Academic/HEI/FE/skills and R&amp;D physical/virtual presence on site</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>There is no academic or skills/R&amp;D related facility on the site at present. Most successful innovation parks have some form of academic/skills facility presence in one form or another. It would be highly advantageous for the Council to seek to secure some form of academic links for the DIP even if these are virtual in nature to start with linked to the Defence Innovation Centre activity. This should focus further afield than just Bournemouth and Poole establishments (e.g. we are aware that the University of Exeter would be potentially interested). Need to develop the skills/training links of the site and the links back to skills/training providers to access talent – e.g. apprenticeships/graduates/T-Levels etc.</li> </ul>  | Dorset Council/HEI sector | Unknown at this stage – potentially no Council cost   | None noted |

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| <p><b>Action</b></p> <ul style="list-style-type: none"> <li>• Council to explore the potential for a physical/virtual HE/FE presence on the site: <ul style="list-style-type: none"> <li>◦ B&amp;P College has specialisms in Marine and Advanced Engineering and is keen to do more with businesses on the Park (e.g. apprenticeships) and engage with any innovation proposals. College not seeking an off-site presence at the Park and lacks capital.</li> <li>◦ Ambition for Bournemouth University to work more consistently with businesses on the Park - strong faculties of cyber security, engineering, digital, science and technology, media and sustainability. Agreed that Business School students and academics will work with the Defence Innovation Centre from September 2021. The University would consider being a partner in an innovation project at the Park.</li> <li>◦ University of Exeter has specific research and innovation expertise and capabilities and is the founding member of the South West Regional Defence and Security Cluster. Specific research strengths in advanced materials, bio-capabilities, human performance/psychology, data science and Artificial Intelligence, marine dynamics, computer science/cyber security and also have a Strategy &amp; Security Institute. Also has a College of Engineering, Science &amp; Maths which has strong links to MOD activity. Would be keen to explore collaboration opportunities further.</li> </ul> </li> </ul> |                |                       |  |
| <p><b>New/improved sustainable/public transport links to Wool Rail Station (possibly as part of a wider sustainable travel plan for the site)</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• The site is located c.1.5 miles from Wool Rail Station which has direct regular services to Poole and Bournemouth (and beyond to the national rail network including London stations). There are no public transport options to access the station from the site at present and this results in high levels of private car based commuting. Access to the station is key to ensure occupiers can access Bournemouth and Poole based workforces.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>• Council to consider a dedicated shuttle bus service (electric?) or through the extension of any existing local services to improve connectivity to the Station and onto Poole/Bournemouth and beyond.</li> </ul>   | Dorset Council | Unknown at this stage | Unknown levels of demand for this and rail usage at present. Might not be passenger numbers to support a case. |

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| <ul style="list-style-type: none"> <li>Could include a potential cycle hire scheme (electric bikes?) as an alternative as well as improved walking/cycling routes to and from the station to reduce car commuting and promote wellbeing and reduced carbon emissions.</li> </ul>   |                |                       |   |
| <p><b>Demolition of life-expired gatehouse and replacement with new build facility to enhance the arrival experience</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>There appears to be mixed views on the necessity of this across the stakeholders we engaged with. It is evident that it is essential to maintain sufficient access control and 24/7 manned security seems to be a prerequisite. There is a shared view amongst many that the existing gatehouse creates a poor first impression of the DIP in its efforts to be a leading innovation park and we recognise the importance of having a good arrival experience particularly for prospective occupiers but also clients/customers of these. If it was to be replaced it could be done so with a relatively modest building to keep costs minimal or at the other end of the spectrum the Teesworks gatehouse funded by the Tees Valley CA is understood to have costed £2.5m all in with parking and provides a full training and conference facility within this <a href="https://teesvalley-ca.gov.uk/mayor-launches-1million-teesworks-gatehouse-and-new-jobs-site/">https://teesvalley-ca.gov.uk/mayor-launches-1million-teesworks-gatehouse-and-new-jobs-site/</a>. In practice, in our view given the relative lack of visibility of the site anyway, a more modest gatehouse would probably be a more realistic and affordable preferred option.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>As a medium term project and subject to funding availability, the Council could consider the demolition of the existing gatehouse and replacement with a small scale, modest but modern facility to improve the site arrival experience and first impressions.</li> </ul> | Dorset Council | Unknown at this stage | None noted – although the link between a new gatehouse and increased occupier demand is difficult to quantify and it could have minimal impact in practice. |
| <p><b>Consideration of site wide sustainability attributes and opportunities to enhance these (e.g. EV charging points, renewable energy generation)</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>All stakeholders (Local Authority, MOD, occupiers, employees, customers, clients) are becoming increasingly interested in the ESG agenda. Dorset Council declared a climate emergency in May 2019 and strives to be a net zero carbon Council by 2040 and a net zero carbon County by 2050.</li> </ul>   | Dorset Council | Unknown at this stage | None noted  |

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| <p>As a Council owned business park, there is therefore a need to consider how the DIP can assist the Council to meet this target. Moreover, environmental sustainability attributes are becoming an increasingly prevalent factor in occupier location decision making and it is important that the DIP is able to appeal to existing and prospective occupiers on this front. Its location means that many have no choice but to drive to the site.</p> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>Consideration of provision of EV charging points to respond to the changing shape of the automotive industry and to ensure that people have the ability to charge hybrid/electric vehicles. Could this be done in conjunction with occupiers with them contributing to the costs?</li> <li>There could be further opportunities to consider renewable energy sources going forward to meet the site's power needs and reverse its reliance on non-renewable sources. Given energy is a key sector focus of the Park/LDO, the Council could seek to encourage new energy based innovations on the site working with external partners for example, to give it a further USP.</li> </ul> |                    |                       |            |
| <p><b>Potential to consider applying for Catapult Network designation as the UK's first defence and security catapult</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>The UK Catapult Network brings together nine leading technology and innovation centres spanning over 40 locations across the UK. It is a Government backed initiative (UKRI/Innovate UK) transforming the UK's capability for innovation in sectors of strength.</li> <li>There is currently no defence/security related catapult and there is only one catapult main base in the South West. Catapult status could really enhance the profile, reach and funding opportunities for the Park and develop its defence sector attributes further.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>Council to explore this, possibly with an HEI</li> </ul>   | Dorset Council/MOD | Unknown at this stage | None noted |

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| <p><b>Improved cycleways/footpaths on/around the site as part of a wider improved public realm and landscaping strategy</b></p> <p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>The Park sits within an attractive wider environmental setting and landscape with the ability for those using the Park to benefit from this. However, the on-site public realm and landscaping is rather tired and could be improved.</li> <li>Occupiers are increasingly focused on quality of place and there is a “flight to quality” from an occupier perspective in terms of their expectations and requirements for out of town business parks such as this.</li> </ul> <p><b>Action</b></p> <ul style="list-style-type: none"> <li>With an increased focus on quality of place, environmental attributes, green business park environments and staff wellbeing, there is the potential to improve the physical environs of the Park to enhance its overall occupier and employee appeal and experience. This could involve simple interventions such as improved signage and greenery, picnic tables and recreational opportunities.</li> <li>Outdoor walking/cycling trails could provide fitness opportunities for people and an improved quality of landscaping could immediately enhance prospective occupier impressions of the site.</li> </ul> | Dorset Council | Unknown at this stage – could be some low cost “quick wins” | None noted |
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## **Appendix I – Illustrative marketing consultant options**

In terms of the marketing agency role, there are several options for the Council to consider. In our view, on the back of the Defence Innovation Centre opportunity in the short term, it is considered that certainly for an initial 12 month period, there could be an option to appoint a marketing consultant who brings more than just generic marketing/PR skill sets but also an understanding of and potential leads into the defence sector and its SME based tech supply chains. There could be an opportunity for a consultant to work alongside the Council, MOD and other stakeholders to not only promote media campaigns and to “sell” the opportunity, but to directly target businesses, academia, Government and other potential end users to generate new leads and occupier interest/enquiries relating to both the Innovation Centre and the wider offer of the Park.

There are different categories of marketing business that the Council could consider:

1. Generic marketing/PR consultants
2. Marketing/PR consultants with a tech focus
3. Marketing/PR consultants with specific science/innovation park experience
4. Marketing/PR consultants with specific focus on or extensive experience of the defence sector
5. More strategic defence sector consultants with marketing/cluster development experience (or the potential for them to complement their offer with external marketing support).

We consider that a generic approach would not be best suited to the immediate needs of this opportunity and that the Council should appoint an organisation with an understanding of the defence and tech related sectors, ideally with similar experience but certainly with demonstrable relationships across the sector. This would steer the solution more to categories 4) or 5) above or indeed a combination of these (ideally with some experience of 3) but this may not be possible). We set out below some examples of some different types of marketing and other businesses that the Council may want to explore and discuss this with further at the next stage. It should be noted that this long listing exercise is based solely on a web search and is not based on any C&W relationships/prior knowledge of these businesses (note we have spoken to BAR Associates as part of this commission as the MD is the Chair of the South West Regional Defence & Security Cluster). We are not therefore recommending any of the below and cannot endorse them, they are simply an illustration of the types of business that exist that the Council may want to explore further through research and potential market testing/procurement. It is suggested that in practice the Council should develop a brief/specification (in conjunction with the MOD) and test the market on a competitive basis (perhaps going out to a shortlist), evaluating the bids against agreed criteria. There will undoubtedly be others as well that are not identified below. In no particular order:

### ***Defence related marketing specialists:***

<http://www.maryanngriffiths.com/p/biography.html>

<https://barassociates.co.uk/#whatWeDo> (more of a defence consultant than marketing consultant and the MD (Robin King) is the Chair of the SW Defence/Security Cluster – they could partner with a marketing specialist if they didn't bring this in-house)

<https://www.cmsstrategic.com/market-sectors/>

<https://www.chamois-consulting.com/about-us/>

<https://oxygenagency.co.uk/marketing-communications-marine-aerospace-defence/>

<https://www.defence-media.com/defence-industry>

<https://www.clearb2b.com/Industries/Aerospace>

<https://www.beattiegroup.com/industries/aerospace-defence/>

<https://www.marontech.co.uk/>

***Science/Innovation park marketing experience:***

<https://brookscomm.com/our-work-in-action/surrey-research-park/>

<https://www.spacecraftconsulting.com/> (developed marketing plan for Oxford Science park)

Cushman & Wakefield  
St Paul's House  
23 Park Square South  
Leeds LS1 2ND

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