

# Opinion

by Professor Richard Scase



## Innovation Centre a waste of money

ONE OF the first public announcements of the coalition government last year was the closure of SEEDA (South East England Development Agency).

Its operations are to be phased out by 2012. It was supposed to encourage entrepreneurship, inward regional investment and spark economic regeneration.

They have failed on every score. More than that, they have been a huge waste of taxpayers' money.

Take the Canterbury Innovation Centre, for example. In my view this is a splendid building.

It has striking design and incorporates state-of-the-art features in relation to environmental and sustainable targets.

But it cost £7.3m primarily funded by SEEDA. The justification for this investment was that it would encourage the growth of leading-edge, high-technology and science-based businesses. The intention was this would be an incubator for businesses that would contribute to the UK's global competitive advantage.

But what is the outcome of this major capital investment in terms of the number and types of businesses presently located in this facility?

As of today, bearing in mind it is difficult to get reliable information from those in charge of the centre, the present occupancy rate is about two-thirds.

This says something about earlier claims there was pent-up demand for such a facility in Canterbury.

More to the point, the greater majority of the businesses currently located in the innovation centre hardly match up to the criteria of being high-tech, state-of-the-art businesses.

There is a recruitment agency, a cleaning services company, some web design businesses, a student let agency and so on.

According to my calculations, there are presently 59 units occupied and paying business rates.

Since the facility cost £7.3m this means each of these is receiving a capital taxpayers' subsidy of almost £125,000.

I am sure it is superb to be located in the

centre because of the support services, facilities and even the view.

But these are the kind of businesses that can operate from garages and bedrooms in Canterbury and as they certainly do in Seattle, London or Beijing.

Quite simply, the investment is a waste of public money and it could be better used for other public purposes.

Sometimes the market is better at doing things than the state.

If Canterbury really had potential as a hi-tech hub, isn't it reasonable to assume a private developer would have caught on to the idea?

I know some really sharp entrepreneurs in the Canterbury area and not one of them would put a penny into such a facility because there is not the demand.

According to some pundits, Canterbury was going to boom with the high-speed rail link.

Suddenly there would be a rush of businesses choosing to relocate to the area.

There is, indeed, a rush but in the opposite direction.

Kentish Gazette

19<sup>th</sup> May 2011

Reproduced with the kind permission of the KM group.