

STRATEGY AND RESOURCES BID 6 2017/18

EPSOM BUSINESS HUB PROJECT

1. Summary

- 1.1 Epsom Business Hub is a project to create a shared work space for entrepreneurs, freelancers and homeworkers from the Epsom and Ewell area. This report sets out further details of a proposal, based on desk research and initial discussions with 'Wimbletech', a Community Interest Company, to run and manage the Hub within Epsom Town Hall.

Capital Member Group on 7 September 2016 was generally supportive of the initial capital bid to develop a Business Hub but wanted more information including robust costings both capital and revenue, along with an indication of possible income streams.

2. Details

- 2.1 An outline proposal has been prepared to set out further detail including:

- The key objectives of the project
- The governance structures the parties will put in place
- The respective roles and responsibilities the parties will have
- Outline costings.

Key objectives

- 2.2 The main objectives of Wimbletech model are to:

- Generate sustainable, new revenue and income generation for host buildings
- Increase footfall and awareness of existing/new services
- Invest into buildings and to improve access to shared space
- Provide flexible, affordable working space for a diverse set of entrepreneurs
- Improve local employment opportunities and spending in the area
- Improve access to innovation, skills and services for existing local organisations
- Deliver free community events to young and old to share skills and knowledge.

- 2.3 It is envisaged that the Council and Hub Operator (Wimbletech or another operator) would develop similar objectives in establishing and running of the Epsom Business Hub (name to be agreed). The Hub will provide flexible and affordable co-working space and start-ups, software developers and other supporting small specialist services such as accountants, business angels and intellectual property specialists.

2.4 Space has been identified within the Old Town Hall for co-working and meeting space. Hub users would have shared access with other Town Hall tenants to toilets and kitchen facilities. Access would be restricted to certain hours (i.e. 9am- 5pm Mon- Fri) and not at all on Saturday and Sunday. This would be controlled by swipe card systems.

2.5 A number of economic ‘outputs’ would be agreed over a five year period including:

	Year 1	Year 2	Year 3	Year 4	Year 5
Members supported					
Businesses supported					
New jobs created					
Apprenticeships					
Community events					

Principles of Collaboration

2.6 The parties will agree to collaborate and co-operate using a governance structure (see below) and to ensure that activities are delivered and actions taken as required. This will entail communicating openly with each other, sharing information, experience, materials and skills as appropriate, adhering to statutory requirements such as data protection and freedom of information and best practice and managing stakeholders effectively.

Governance

2.7 A high level Steering Group would be created to provide overall strategic oversight and direction to the project. It would monitor progress and outputs and make strategic decisions for programme delivery and direction. Representatives from the Council could be co-opted onto the Group in an advisory role.

Roles and Responsibilities

2.8 The Council will be responsible for:

- Preparing the contract, lease and other legal documentation
- Providing the initial capital funding (£30,000) to set up the Hub to cover

broadband installation, redecoration and marketing

- Ensure as landlord that the general fabric of the buildings is 'fit for purpose' in terms of meeting necessary requirements for its use by Hub users.

2.9 Hub operator will be responsible for:

- The day to day running of the Hub
- Appointing and overseeing a "Community Manager"
- Entering into relevant contractual arrangements with occupants
- Ensuring that occupants comply with provisions of the lease
- Establishing robust financial systems and procedures to record and monitor all cost/expenditure and revenue/income and preparing the necessary accounts.

2.10 Both parties will establish:

- Criteria for selecting the start-ups/businesses wishing to take up space (with the Council having a right of veto over all appointments)
- A complaints (and escalation) procedure for Hub users.

Lease

2.11 A lease would need to be drawn up between the parties to protect the Council's interests and covering the following aspects to ensure that:

- Hub operator pay the Council an agreed rental income for the premises over five years, with regular review
- The premises are maintained in a good state of repair and decoration and are kept clean and tidy

- Entry is regulated during the agreed hours of operation for the premises
- The premises are only used for Hub purposes including flexible and affordable co-working space for business start-ups and information technology and related businesses and for no other purpose or use
- That as far as reasonably possible the Business Hub serves residents and small businesses from the Epsom & Ewell Borough or is able to demonstrate a significant economic benefit to the area
- No structural alterations are made to the premises
- No part of the premises are assigned to any other party
- Allocated parking spaces are used appropriately
- The Council is indemnified against all future legal actions, proceedings, costs and claims
- The Council will maintain the exterior, main structure and common areas of the premises in good order
- The Council is able to obtain vacant possession of the premises in the event that rent is not paid or of a serious breach of the lease covenant
- No occupier is granted possession of any area of the premises
- The lease can be terminated at any time by either party upon three months notice being served, with vacant possession given back to the Council.

Project timetable

2.12 An outline sequence of events is proposed:

- **March 2017**- soft marketing and advertising of space and community manager role
- **April 2017**- Lease/contract to be mutually agreed and signed, start up funding released to Hub Operator, Steering Group formed. All the key operational works will be carried out including broadband installation, furnishings and fittings installed, community manager appointed, member sign up and operating systems in place
- **May 2017**- first member occupation of Hub and further recruitment of partners/volunteers to run community events
- **May 2017- Dec 2017**- Monitoring of the operation via quarterly Steering Group meetings. Consider future growth of Hub to other Council assets as demand/occupancy for Town Hall increases.

Project costs

- 2.13 The Council would provide a one-off capital sum of £30,000 that will contribute towards the total costs of setting up in Year 1 including furnishings, furniture and broadband as well as for operations and marketing. The Hub operator would also be expected to invest in Year 1 to cover managerial and financial support including the community manager, together with branding, advertising and web site costs.
- 2.14 The project aim is that it should be cost neutral to the Council. This means that that the day to day running costs (excluding capital investment and landlord responsibilities for the maintenance of the fabric of the buildings) should be recovered in full from the income generated by the project over the five year cycle.
- 2.16 The contract with a Hub provider would likely need to include provision for a rent and rate free period in Year 1 in order for the Hub to set up and become established. The contract and lease would include provisions to enable the rent/rates to be reviewed on an annual basis, taking into account factors such as occupancy, performance and meeting of economic outputs and community obligations as set out in paragraph 2.5 above. The Council, via its representation on the Steering Group, would also have access to the accounts and will be able to monitor the overall performance of the operation.

Initial Works required for Old Town Hall

- 2.18 In addition to the set up costs, works will be required to re-locate existing staff and tenants from the accommodation identified for the Hub.

This could include :

Minor internal and external repairs/redecoration

- Additional security improvements to be made to the finance office
- Programming of swipe card system

- 2.19 The total costs of these works are not yet known as options have not been sufficiently developed and agreed. However any expenditure will need to be met from the capital funding for the Business Hub. A proposed budget of £4k has been included in the bid.

- 2.20 In taking this project forward, the Council, as landlord, would continue to maintain the fabric of the building, as presently. In view of the age of the building there is likely to be further on-going works that will need to be carried out and equipment installed in future, some of which may be necessary over the lifetime of the project, i.e. over the next five years.

Broadband connection

- 2.21 Separate connections from the Council network for the Hub will be needed for Public Service Network (PSN) compliance. It is likely that the

Hub operator would arrange for the installation of a dedicated broadband line and Wi-Fi. Set up costs would come from the Council's capital funding, running costs would be met by the operator.

Parking

- 2.22 It is anticipated that many Hub users will live in the local area and will fairly easily be able to get to Epsom town centre on foot or by cycle, bus or train. However as part of the lease Hub users could be offered the opportunity to purchase business permits for nearby car parks.

Furniture and Equipment

- 2.23 Some budget has been allocated for furniture and equipment. It may be possible to utilise some existing desks, chairs, filing cabinets and IT equipment. A full inventory of furniture and equipment would need to be undertaken to establish Council furnishing is good working order and any furniture or equipment that is not needed.

3. Options/Reasons for Proposal

- 3.1 The key benefits of a Wimbletech (or similar) proposal are that it offers a relatively low investment/low risk to the Council, it can be started off quickly on a small scale and can grow organically over time, it uses a tried and tested model which is working elsewhere with other councils and there is potentially a significant amount of community gain.
- 3.2 The proposal would be in line with the Council's Economic Development Strategy and a key priority in the Corporate Plan 2016/20.