

FUNDING OF CENTRE FOR SOCIAL INNOVATION CIC BUSINESS CENTRE, EVERTON

1. INTRODUCTION

- 1.1 This report sets out the case for financially supporting the Centre for Social Innovation Community Interest Company (CIC) Business Centre located on the Otter Nurseries site at Everton.

2. BACKGROUND

- 2.1 The CIC occupies the South Efford House premises which have been vacant since the departure of the National Park Authority in 2011. In addition to bringing a vacant employment site back into economic use, the business centre seeks to provide a range of business facilities including flexible workspace, meeting and conference rooms and business set-up services. These facilities are designed to meet the needs of local, but particularly micro businesses that require short-term office space and/or those who are looking to expand their company from home working.
- 2.2 In its brief period of operation, the building has already attracted 10 micro businesses who are using the flexible office space within. Within the first 3 years of being established there are targets in place to deliver 100 new jobs, create 50 new apprenticeships, take 60 businesses through the innovation growth programme and create 30 new start-ups. The centre will also deliver a 50 seater conference room which is currently lacking in the New Forest. A 10 year lease has been taken on the premises.
- 2.3 Alongside the provision of physical business space, the centre will work to deliver a series of business and training support programmes. These will provide assistance across a variety of programmes including but not limited to:
- Business mentors to help improve the success and survival rate of local micro businesses
 - A Digital Innovation Academy focussing on the development of skills in emerging and disruptive technologies including cyber-security, gaming and App development
 - Development of a Skills and Talent Incubator in collaboration with the partners, including the colleges, to improve skills in key locally strategic sectors.
- 2.4 It is important to note that the Centre for Social Innovation is registered as a Community Interest Company (CIC) and as such is established as not for profit. Therefore any funds generated by the building or its associated activities will be reinvested into its primary objectives as set out in 2.3
- 2.5 In May 2018 Enterprise M3 Local Enterprise Partnership approved a £220,000 capital Growing Enterprise Fund loan (subject to due diligence) to undertake the initial refurbishment work at the South Efford House premises including fitting out the shared and co-working office and meeting conference facilities.

3. ISSUES FOR CONSIDERATION

3.1 New Forest District Council has received a request to joint seed fund with Hampshire County Council, the next phase of development for the project. The total revenue sum sought is £150,000 at £75,000 for each authority.

3.2 With the primary focus on growing local enterprise and skills, there are links with the District Council's own Vision and Corporate Priorities; specifically "Supporting local business to prosper for the benefit of the local community". Furthermore there is notable synergy with the District Council's Economic Development Strategy 2018-23 which highlights amongst its actions to "increase the uptake of apprenticeships within the district", "Continue and further develop a programme to facilitate growth of indigenous business" and "Increase the number of flexible/incubator business units".

3.3 If approved the seed fund will help to deliver:

- Skills and Talent Incubator – A partnership between New Forest District Council, Brockenhurst and Totton College which will seek to deliver sector specific skills and apprenticeships directly in line with the needs of local business. The promotion and development of apprenticeships is seen as an important issue for the New Forest economy. The number of apprentices in the district has notably dropped since 2010 but they are seen as an important route to providing qualifications and work opportunities whilst allowing business to fill vacancies. The New Forest Group Training Association (GTA) established by the CIC will work to overcome the perceived barrier of the levy and provide an 'earn while you learn' alternative to the traditional university route. There will be a direct link between the apprentice opportunities created and the growth of high economic value enterprise enabled through the centre.
- Resource and Facilities – Recruitment of a Director of Innovation to implement work on innovation, technology and research and development strategies. This strongly reflects the ambition for New Forest District Council to encourage business which delivers high economic growth with low environmental impact. Furthermore it will promote the New Forest as a location in which innovative, disruptive and pioneering technologies are being encouraged; this has the potential to attract additional, related businesses with the opportunity for clusters to be formed. The seed funding would also support the initial building costs as the centre establishes.
- Marketing – Implementing of brand development, new website, PR and digital campaigns to attract targeted businesses and sectors

3.4 Having worked closely alongside the District Council's Economic Development Manager in developing this project, it is believed that this project is capable of driving local economic growth, developing skills in high value added sectors and providing much needed flexible employment space.

3.5 It is proposed that a number of caveats are attached to the funding, if approved;

- New Forest District Council should only release its funds at such point which the Enterprise M3 due diligence has been completed
- The funding from New Forest District Council is co-dependent upon agreement from Hampshire County Council agreeing to support the project through their own mechanisms
- Payments will be staged with 50% of the funds issued 'up-front' with the remainder being payable upon completion of agreed milestones

- The centre should deliver its support in conjunction with identified business support networks including but not limited to the local Growth Hubs
- A clawback arrangement would be put in place to ensure that if for any reason the CIC ceased to operate within a short period of time, for example 3 years, each authority would seek to recover a proportion, if not all of the original seed funding
- Funding will only be awarded subject to confirmation either that Planning Permission (reference 11/97250) granted on 11th November 2011 has been implemented or there is regularisation through the grant of a new Planning Permission for the use.

4. CONCLUSIONS

- 4.1 The Centre for Social Innovation project delivers in a number of areas which directly align with the Council's Corporate and Economic Development objectives.
- 4.2 A seed fund award of £75,000 by the District Council would add further value to the £220,000 loan awarded by Enterprise M3 Local Enterprise Partnership and assist with the wider viability of the project.

5. FINANCIAL IMPLICATIONS

- 5.1 Subject to the caveats outlined in section 3.5, if approved there will be a financial commitment of £75,000 to support this project. In accordance with Financial Regulations, the Cabinet can agree to this as a supplementary estimate to the 2018/19 budget.
- 5.2 A clawback mechanism would be established to recover any or all of the seed funding in the scenario of the Centre for Social Innovation no longer operating

6. CRIME & DISORDER, ENVIRONMENTAL AND QUALITY & DIVERSITY IMPLICATIONS

- 6.1 None

7. PORTFOLIO HOLDER COMMENTS

- 7.1 The seed funding of £75,000 from this Council will help to leverage a similar sum from Hampshire County Council, in addition to a £220,000 loan from the Enterprise M3 Local Enterprise Partnership. This is funding totalling £370,000. The Business Centre will provide a dynamic range of 21st Century business facilities and support for micro businesses throughout the New Forest.
- 7.2 Structured as a Community Interest Company this initiative will demonstrate that the New Forest business community matters. I am proud to support this innovative Business Centre which will help to support New Forest District Council's Local Economic Development Strategy and clearly demonstrate that the New Forest is open for business

8. RECOMMENDATIONS

- 8.1 That members of Cabinet approve the seed funding of £75,000 to support the Centre for Social Innovation Community Interest Company and its associated project subject to the caveats set out in 3.5

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Background Papers:

New Forest District Council Economic
Development Strategy 2018-23