

REPORT TO CABINET

REPORT OF: Portfolio Holder for Economic Development

REPORT NO: EDTC0082

DATE: 6th July 2009

TITLE:	Deepings Incubation Centre	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	<i>Key Decision</i>	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	<i>Councillor Frances Cartwright Portfolio Holder for Economic Development</i>	
CONTACT OFFICER:	<i>Mr Neil David Cuttell; Service Manager, Economic Development and Town Centre Management</i>	
INITIAL IMPACT ASSESSMENT:	<i>Not required</i>	<i>Full impact assessment Required: No</i>
Equality and Diversity		
FREEDOM OF INFORMATION ACT:	<i>This report is publicly available via the Local Democracy link on the Council's website: www.southkesteven.gov.uk</i>	
BACKGROUND PAPERS	<i>Deepings Incubation Centre Study 2008</i>	

1. RECOMMENDATIONS

It is recommended that Cabinet note the continued progress of this project and agree to grant funding of £300,000 from the capital budget as the South Kesteven District Council contribution towards the overall costs of the project.

2. PURPOSE OF THE REPORT/DECISION REQUIRED

The report sets out to request a financial contribution to the delivery of an incubation centre in the Deepings that will achieve the actions highlighted within the 'Good for Business' Priority Plan 2009 of –

- 1) *Address low and slow economic growth by attracting and creating new business sectors that will provide high value jobs to increase wage.*
- 2) *Enable development of new high value office accommodation for up to 50 businesses*

3. DETAILS OF REPORT (SUMMARY – USE APPENDICES FOR DETAILED INFORMATION)

This report aims to inform and update on recent key developments concerning the Deepings Incubation Centre Project.

The Deepings Incubation Centre will provide a focal point to drive the growth of enterprise in the town and across the south of the District, providing a real alternative to Peterborough, and also complementing its offer.

Greenborough Consultants were awarded the feasibility study and business plan tender. They had previously undertaken work for similar projects in Market Harborough and Hinckley. This study was funded jointly by South Kesteven and Lincolnshire County Council to evaluate the demand and prepare a business plan for the sustainable development of an incubation centre in Market Deeping with consideration to its optimum focus and style of operation.

Their report, delivered in winter 2008, affirmed that there is sufficient and sustainable demand for the provision of additional workspace to meet the needs of the current and future business population within the Deepings' catchment area. An appropriate site, already under the ownership of Lincolnshire County Council was identified at the Northfields Estate.

The funding will be used to support the development of a mixed use centre will combine enterprise, innovation and incubation facilities. Key features include:

- *8,500 square feet of flexibly configured smaller office (and/or clean workshop/studio) space aimed at smaller/start-up businesses*
- *Larger offices for growing businesses, and for local business people wishing to relocate from existing property commitments elsewhere (Peterborough, for example)*
- *“social” business space for home workers to be able to mix with other businesses and for sole traders to be able to access*
- *Meeting rooms & open space, hot desking and virtual tenancies*
- *Wifi enabled café/ bistro area*
- *Fast broad band access enabled, audio visual and ICT systems*
- *On-site business & innovation support*
- *Mentoring support via links to Business Champions*
- *Business Advisory Support from Business Link with weekly drop-in surgeries*
- *Enterprise Showcase exhibition and trading area*
- *Links to academia, training and education to create access to specialised support, technology, and advice*
- *A link to the wider network of innovation, enterprise and business centres*

The Centre is likely support up to 143 jobs when full and lead to the creation of 40 jobs. To mitigate any early year risks on occupancy rates, a significant pre-let to an “anchor tenant” for a fixed term will be sought. This will produce rental incomes from the outset, create a “busy” atmosphere, encouraging other potential tenants to locate and provide early critical mass for the cafe to operate within.

Chief anticipated outcomes are:

- Driving up the Gross Value Added Income through higher value jobs
- Fostering enterprise and innovation within the South Kesteven District
- Establishment and growth of a diverse, organic and local employment base
- Creation of new jobs and safeguarding of existing ones – addressing leakage to Peterborough and “dormitory” effect.
- Strengthen the local economy, in terms of new and safeguarded employment opportunities within an appropriate environment.

The outcomes above are complimentary to South Kesteven District Council Economic Development Strategy for 2009-2014 and Priority Plan for ‘Good for Business’. This project will directly show South Kesteven District Council assisting local business growth and development.

This is part of a 5 year “hub and spoke” approach to incubation centres in Lincolnshire. The hub is based at Brayford, Lincoln and “spoke” centres are already operational in Gainsborough, Louth, Boston, Mablethorpe and Skegness. A further centre is planned for Grantham in due course, likely to involve the Grantham Growth Point team and Station Point has already been suggested as an appropriate site.

Project Cost, Funding & Partners

At this time, exact cost implications are yet to be finalised. Research shows that the build cost is likely to be in the region of £3,900,000-£4,500,000 based on consultant research and the previous construction costs of comparable buildings.

EMDA

An expression of interest has been made to EMDA and Lincolnshire Enterprise. To date £1.1m single programme funding contribution from Lincolnshire Enterprise has been secured for Lincolnshire County Council as accountable body, this is matched against £2.4m allocated within the County Council Capital Programme. A further £500,000 is been awarded in principle to Lincolnshire County Council from the East Midlands Development Agency.

LCC

Lincolnshire County Council has set aside funding within their budgets of £2.4m, on the basis that South Kesteven District Council will support fund with £300,000 towards the construction costs. This will evidence good partnership working to deliver outcomes within the Lincolnshire Economic Strategy and South Kesteven District Council Economic Development Strategy 2009-2014. Lincolnshire County Council will act as the Accountable Body and will continue to provide dedicated Officer support. LCC has recruited a Principal Infrastructure Officer to lead on this project and has secured the services of Mouchel to prepare designs and secure planning permission.

SKDC

Cabinet is asked to note that at the recent CAMG meeting, the Deepings Incubation Centre project scored highest of the major projects put forward, and that funding of £500,000 has been allocated within the capital budget for Incubation Centres in 2009-2010, towards this expenditure should it be endorsed by them.

Other partners are:

*Deepings Management Partnership - overseeing body for local stakeholders
Deepings Business Club - Provider of various information and access to businesses at*

local level

The Building, Planning Application & Construction Timescales

Mouchel Business Services were appointed by Lincolnshire County Council to undertake the architectural design and planning submission work. Floor layout plans, concept and elevated drawing have also been prepared and sounded out at a pre-planning meeting. No serious issues were highlighted at the meeting.

Key building features are:

- *3 storeys high.*
- *Ground floor - Anchor tenant / café / plant*
- *Floors 1 – reception level – incubation offices & flexible meeting/conference rooms*
- *Floor 2 – incubation offices & flexible meeting/conference rooms*
- *Flexible subdivisible space – could be used for R&D should circumstances permit.*
- *Aiming for BREAM excellent rating and low carbon footprint.*
- *Natural light through the building and from above.*
- *Central ventilation system.*
- *Modelled on Gainsborough centre*
- *Permanent full time site management*

There is outline B1/2/8 permission on the site which adjoins the new Ampy site. Formal planning submission is expected early in the New Year. Detailed timescales are not available at this time. It is anticipated that the build of the centre will commence in late 2009/early 2010, subject to securing necessary funding, appropriate permissions etc.

Lincolnshire County Council highways team has also been consulted on this project from the outset. A full environmental assessment was carried out 2005 with a transport analysis.

Lincolnshire County Council would be the accountable body for the project and responsible for the maintenance and sustainability upon end use.

4. OTHER OPTIONS CONSIDERED

South Kesteven District Council could undertake not to support the project, however this may mean that the project will not go ahead when clear demand has been shown. South Kesteven District Council could offer less funding, this may mean that certain aspects of the build may be reduced or cut lessening the likelihood of achieving the proposed objectives. South Kesteven District Council could contribute further funding in aiming to support the development of this incubation centre with further facilities than those outlined.

5. RESOURCE IMPLICATIONS

South Kesteven District Council is not the lead partner in this project. Lincolnshire County Council will be responsible for the build, however the Economic Development Team would also market the site and liaise with existing businesses in the area and

regions to fill the office space provided, thus creating more jobs and businesses and a more prosperous local economy.

6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

The risk for this project is small, as Lincolnshire County Council are the project lead and accountable body. The risks for construction and usage are the responsibility of the County Council and not South Kesteven District Council. However South Kesteven District Council will assist in promoting the facilities through the Economic Development Team.

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

There are no equality impact assessment recommendations, other than insuring that Lincolnshire County Council as accountable body will promote positive equality through allowing access for all to use the facilities.

8. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications with this project

9. COMMENTS OF SECTION 151 OFFICER

The Council approved the capital programme at its meeting on 2 March 2009 which included an amount of £500k under the heading of 'innovation and enterprise centre projects'. If the recommendation in the report is approved then an amount of £200k will be available to support any other innovation projects schemes that may come forward for consideration

10. COMMENTS OF MONITORING OFFICER

The report proposes a contribution of £300,000 from this Council to Lincolnshire County Council (LCC) towards the provision of accommodation on LCC land for start up businesses in the Deepings.

Any proposed contribution must be made with a clear understanding of how that contribution will be used, when the contribution will be required and the benefit which can be derived for the district. Any conditions which the Council may wish to impose on the proposed grant should also be considered.

11. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

None

12. APPENDICES: None