

Economic Growth Scrutiny Panel

Agenda
Item:
A.3

Meeting Date: 19/10/2017
Portfolio: Economy, Enterprise and Housing
Key Decision: No
Within Policy and Budget Framework NO
Public / Private Public

Title: Carlisle Business Interaction Centre (CBIC)
Report of: Corporate Director of Economic Development
Report Number: ED 36/17

Purpose / Summary:

Provide Members of the Panel with an update on the developments at the Business Interaction Centre (BIC).

Recommendations:

That Members of the Panel note the current position of the BIC and provide constructive feedback on the proposed future direction outlined in the report.

Tracking

Executive:	
Scrutiny:	19 th October 2017
Council:	

1. BACKGROUND

1.1 The University of Cumbria has occupied accommodation at 4, 6 and 8 Paternoster Row by way of a lease from Carlisle City Council since 1992. The buildings have been used for teaching accommodation and latterly as a Business Interaction Centre (BIC). The BIC was established in November 2013 via a partnership between the City Council, and the University of Cumbria (UoC). It cost £160,000 to deliver, with the City Council

contributing £100,000 towards the capital costs of refurbishing the building and the provision of ICT facilities. The UoC contributed the remaining £60,000.

1.2 From the City Council's perspective, supporting the BIC was a response to the need to attract new investment into the City, foster a culture of enterprise in the city and stimulate growth in the emerging creative and digital sectors. From the UoC's perspective, the BIC was part of the strategy to improve the future prospects of students leaving university, focussing on developing enterprise and entrepreneurship – rather than just providing good quality education.

1.3 The BIC had three strategic aims:

- a) Act as high profile entry point within the city centre for businesses seeking to access University expertise and business skills training courses.
- b) Providing accommodation, study areas and meeting space for the Centre for Regional Economic Development (CRED) and academics and students from the UoC Business School.
- c) Provide incubation space and support for business start-ups in the creative industry sector to develop a vibrant and entrepreneurial environment and community.

2. CURRENT POSITION

2.1 The UoC's lease has expired and they have served notice to vacate the premises on 22 December 2017 and they are currently in the process of withdrawing from the Building. The Council's Asset Investment Services team are dealing with the lease expiry issues to ensure the UoC have complied with all lease obligations especially in relation to dilapidations issues to ensure that the Council's position is protected. Transitional arrangements are being implemented to allow the facility to continue operating post UoC control.

2.2 The Regeneration team has been tasked with identifying a sustainable future use for the BIC and along with colleagues from the Policy & Investment team, have undertaken stakeholder engagement in order to determine what types of use would be appropriate.

2.3 A series of meetings have been held with the current and previous tenants of the BIC, culminating with an 'open day' event, to ascertain whether there is still demand for the building as an incubator space for individuals and businesses within the creative, cultural and digital sector. Essentially whether strategic aim c) still remains relevant.

2.4 The outcome of this engagement has confirmed that there is substantial demand from individuals, micro and small business for incubator and shared workspace within the city. Therefore the Council's original concept for the BIC and strategic aim c) remain relevant.

2.5 What we have learned through stakeholder engagement is that strategic aim c) has not been fully realised. This appears to have been a result of a lack of understanding of the specific and unique needs to businesses in the creative, cultural and digital sectors. The feedback that we have received is that the environment in the building did not cultivate the liberal and innovative culture that is essential.

3. PROPOSED FUTURE DIRECTION

3.1 Stakeholder engagement has also identified a number of individuals and businesses that would return/relocate to the BIC if the right culture/environment was created. Additionally, the Regeneris report recently commissioned by the Council, which focusses on future economic growth opportunities states that '[...] the public sector has a role to play in developing Carlisle's competitive position through facilitating technology entrepreneurship and start-ups and the adequacy of supporting infrastructure to facilitate this should be a consideration of the Economic Development Strategy' (p53).

3.2 On this basis, refurbishing and relaunching the BIC, to provide workspaces that meet the diverse and identified needs of the cultural, creative and digital sectors that operate across Carlisle and the wider Borderlands area would be a positive step. Using the BIC in this way would encourage 'clustering' of cultural, creative and digital businesses. Clustering is now commonly regarded as a key element of economic development and growth as it increases the potential for collaborations and inter-trading between businesses. Crucially it would enable tenants to network, share costs and services and bid for larger projects collectively.

4. NEXT STEPS

4.1 The next steps will be to:

- a) Ensure a smooth transfer from UoC control to the Council
- b) Enlist suitable resources to manage the facility in the short term whilst proposals for the future operation of the facility are developed
- c) Establish the capital costs of refurbishing the BIC
- d) Explore options for negating long term dependency on the Council in terms of:
 - Making the BIC self-sustaining and self-financing in the long term
 - Options for the future management arrangements of the BIC
- e) Produce a fully-costed project programme, with the necessary funding package assembled to deliver the project.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 The refurbishment of the BIC - to provide workspaces that meet the needs of the cultural, creative and digital sectors - contributes directly towards achieving the Vision of the Carlisle Plan 2015-201: "To improve the...economic prosperity of the people of Carlisle", and "further establish our position as the regional centre and focus for investment". It also contributes towards its Priority to "Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle".

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**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

Community Services -

Corporate Support and Resources – The property at Paternoster Row currently generates an annual income of £54,900 which is assumed in the MTFP, therefore this will be lost to the Council if a future tenant is not found. The dilapidation costs, which are currently being quantified, will have to fund any required refurbishment work as no budget provision currently exists to finance this work. The business plan for the property will have to address these financial considerations as well as any requirement for the BIS to be self-financing in the longer term. The future management arrangement should also address the capacity for officers to manage the asset in-house, in the short and longer term, if that is the agreed way forward.