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## EXCERPT FROM THE MINUTES OF THE ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL HELD ON 17 JANUARY 2013

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### **EEOSP.06/13 BUSINESS INTERACTION CENTRE**

The Director of Economic Development submitted Report ED.04/13 that provided details on the proposal to set up a Business Interaction Centre (BIC) and the proposed contribution from Carlisle City Council of £100,000 towards capital costs.

Report ED.37/12 on the Business interaction Centre had been considered by the Executive at their meeting on 17 December 2012. The Executive had resolved:

“That the Executive approved:

1. A programme of works agreed with the University to deal with the dilapidations identified at Paternoster Row and Castle Street.
2. That the City Council should contribute a maximum of £100,000 as partnership funding towards the Business Interaction Centre, subject to:
3. The BIC being delivered within a timescale agreed with the Portfolio Holder in conjunction with the Director of Economic Development.
4. That the Portfolio Holder, in conjunction with the Director of Economic Development and the Director of Resources, be given delegated authority to approve the works necessary to deliver the BIC.”

The Director of Economic Development outlined the background to the matter, and emphasised that supporting economic growth was a key priority for the Council. In order to do that, Carlisle needed to attract new investment to the City, develop an enterprising culture and raise skills levels. She added that the Carlisle Economic Partnership had identified skills as a particular issue which needed to be addressed if the City was to attract inward investment.

The University of Cumbria was a key partner. The University’s Corporate Strategy had four core themes: Sustainability, Creativity, Employability and Enterprise, and the University wished to establish a BIC as part of that Strategy.

The Economy and Enterprise Portfolio Holder explained that the University was proposing that a BIC should be established in the City which would form the base of the University of Cumbria Business School in Carlisle, details of which were provided. It was projected as a high profile entry point for businesses and employees seeking to access University expertise,

particularly Business School and Arts, and Business and Science. He explained that the University was working with a number of partners to deliver the BIC.

The University had also been in discussion with the Council for some time as to where the BIC should be located and had given consideration to one of its campuses i.e. Fusehill Street or Brampton Road. However, a base in the city centre would be more advantageous and it was proposed that the BIC should be located at Paternoster Row which the University currently leased from the City Council. Paternoster Row was considered to be an ideal location as it would bring the BIC closer to its customers, enabling the business and student worlds to merge, raise its visibility, provide an attractive venue for business start-ups and contribute to the regeneration of the “cultural quarter”.

If the building was to provide a modern, fit for purpose facility necessary for a BIC approximately £160,000 capital expenditure would be required. That would include the refurbishment of the building and provision of IT software and infrastructure. The University had asked for a contribution from the City council of £100,000 towards the capital costs of the refurbishment of the building.

The operating costs of the BIC, which would be covered by the University, would be £180,000 in the first year, rising 5% per annum as indicated in Appendix 2.

Both buildings required maintenance improvement work to remediate the impact of dilapidations at the end of the current lease period, and it was anticipated that a programme of remedial improvement works would be prepared, funded and implemented throughout the remainder of the lease period.

The Economy and Enterprise Portfolio Holder also highlighted the comments of the Director of Resources, as detailed within the report.

He stressed that the development of a BIC was fundamental to a City with ‘growth’ aspirations. It would send a clear message to businesses both in the area and those looking to invest that Carlisle supported business. In addition, a BIC would help to address an identified need in the area, by helping to raise skill levels and supporting small and medium sized businesses (SMEs), as well as providing opportunities for large businesses to liaise with the University on research and development.

The properties on Paternoster Row and Castle Street were situated in the Heritage and Cultural quarter of the City Centre and the development of the BIC in the area would make a valuable contribution to the vitality of the area.

The Director of Economic Development introduced Dr Stephen Bulman from the University of Cumbria who advised that the University had been in discussions with the Council and partners and were taking the study into the economic potential of Carlisle into account. The proposed building would provide a multi-dimensional space and courses for business, higher skills and work placements would be provided as well as consultancy and research. The Business Interaction Centre would also provide incubation for new businesses. The centre would provide advice and guidance and there would be access to expertise. It was anticipated that the businesses would be in the media/creative area.

In considering the report Members raised the following questions and comments:

*Where did the initial idea for the Business Interaction Centre come from?*

Dr Bulman explained that the idea followed discussions between John Stevenson MP, the Chamber of Commerce and some private companies who were in the area of offering incubation support and advice as well as the Carlisle Economic Partnership. The idea had been tested on partners. The Director of Economic Development advised that there were similar facilities in other areas such as Preston and Lancaster. The project would be an indication to other areas that the Council was working with the University to support businesses in the area.

*There had been issues in the past with partner bodies including the University. What diligence had been taken on the project so far and how could the Scrutiny Panel have input?*

The Director of Economic Development acknowledged that there had been difficulties in the past but confirmed that the University had looked at those issues and believed that they were now able to work with partners. She had spoken with the Senior Management Team of the University who assured her that things were now in place to ensure they were now on a sound footing.

The Economy and Enterprise Portfolio Holder explained that the Council would ensure that the risk management was good and believed that the risk was relatively low. He believed that if the Business Interaction Centre was not developed the worst case scenario would be that the Council would be left with a building that was in a better condition than at present with IT equipment that could be used by other partners. The University had given a clear commitment to business growth and the retention of graduates.

The Portfolio Holder advised that he would wish to see input from the Scrutiny Panel and point out potential pitfalls.

The Deputy Chief Executive explained that as a result of the recommendations made to the Executive the Council had had a survey carried out on the buildings and a programme of works had been agreed to improve the facilities. With regard to revenue the Council had not asked for revenue with regard to the activities of the Centre as that would be the responsibility of the university. The Council had agreed a sum of £100,000 to ensure that the project would be delivered on time and progress made. With regard to the Council's reputation the Deputy Chief Executive believed that the project was a robust partnership, both of whom were keen that the project was successful.

*Could the Panel have an assurance that the Council's £100,000 would not be used to offset the cost of dilapidation repairs for which the University was liable under the terms of the lease?*

The Director of Economic Development confirmed that the money would be used to upgrade the building but it was the Universities responsibility to deal with the dilapidation of the buildings in Paternoster Row and Castle Street. She stated that there would be a contract and the recommendations from the Executive would be incorporated. The Director confirmed

that at present there was no City Council representative on the University's Board. Dr Bulman agreed to take the matter back to the University.

*If the proposed works amounted to less than the £185,000 which was the University's outstanding liability for disrepair, would the City Council receive the difference?*

The Deputy Chief Executive advised that the recommendation stated "...to a maximum of £100,000..." and it was not expected that the University would need to pay the full amount if the costs were lower than that sum.

*What were the timescales for the project?*

The Director of Economic Development advised that discussions had been ongoing for 18 months and that it had been hoped to open the Centre in September 2012. However it was now anticipated that the Centre would open in the late spring of 2013.

*The report refers to the Centre being in the cultural quarter. Had the title of the area been changed from historical quarter?*

The Deputy Chief Executive confirmed that the area would be known as the historic quarter.

*The University had moved the Business School to Lancaster. Would that cause difficulty or would the Centre work in another way?*

Dr Bulman advised that only the full-time undergraduate business courses had been re-located to Lancaster. The Business Interaction Centre would be used for businesses in Carlisle in response to discussions regarding resources in the City. The Centre would focus on business support and start-up in Carlisle.

*How would the Council monitor the process to ensure their reputation was sound?*

The Deputy Chief Executive advised that the University had a Business Plan with stated outcomes, as well as business partners. The University would inform the Carlisle Economic Partnerships on progress and could report back to the Council periodically if required.

*When was approval given for the £100,000 towards capital costs?*

The Deputy Chief Executive reminded Members that the Executive had approved the recommendations before Christmas 2012 and gave approval for the Portfolio Holder to take the project forward. The lease with the University was active until 2017 and it was hoped that, if the Centre was successful, that could be extended into the future.

RESOLVED – 1) That Report ED.04/13 - Business Interaction Centre be noted.

2) That the Panel ask the Executive to ensure that the £100,000 was used to develop the Business Interaction Centre and not to offset the cost of dilapidation repairs for which the University was liable under the terms of the lease.

3) That to enable closer working with the Council a formal request be made to the University for a City Council representative to sit on the University's Board.