

West of England Investment Board

Full Business Case

Programme

Weston Town Centre Regeneration

Scheme

**Create, Incubate, Inspire: Creative Hub for
Weston-super-Mare town centre**

Executive Summary

As part of the wider Weston Town Centre Regeneration Programme, the proposal is to purchase and develop a new creative hub building in central Weston. The hub, to be known as The Stable, will offer a range of facilities, services and support to enable entrepreneurs in the digital and creative industries to take the first steps in setting up their own businesses within a vibrant collaborative community. Local jobs including apprenticeships will be generated as the businesses grow and move on from the hub. This is a key element in supporting the aims of the wider town centre regeneration programme which is designed to reposition Weston as a well-connected, quality location, identified as a good place to live and work, with a distinct personality based around creative arts and culture.

The funding requested from the LEP towards the cost of the project is projected at £458,562 including –

- Purchase and refurbishment of a building approximately 7,776 sq. ft. (722.4 sq. m.) in size
- The establishment of a Community Interest Company (CIC) to manage and develop the hub
- Recruitment of dedicated hub manager
- Apprentice programme
- New hub brand with distinct name and personality
- Evolve wider partnership working with key existing creative bodies

This is in addition to North Somerset Council's contribution of £67,273 already invested in the project.

Initial outcomes are –

- Phase 1 hub opening summer 2017
- Community Interest Company and Board set up
- Up to 70 service users with micro businesses by end of first full year of operation
- Average daily churn of up to 45 service users by end of first full year of operation
- 1.5 FTE jobs and up to 3 apprenticeship opportunities through managing hub created by end of first full year of operation
- Hub linked to wider regional, national and international networks through partnerships with long established hubs in the region.
- Evidence that thriving creative sector is starting to have a positive effect in town centre contributing to changes in perception of Weston and offering a wider vision of a vibrant town centre with a quality environment and a good place to live, work and enjoy leisure and cultural activities

For further information contact:
Christine Ward
Senior Project Officer
North Somerset Council
Email: Christine.ward@n-somerset.gov.uk
Tel: 01934 426193 (direct line)

Strategic Case

Market failure

Although the long term projections for the hub demonstrate self-funding viability, the concept and operation of this sort of specialised 'shared work space' is still relatively new, which makes the private sector currently reluctant to invest. Evidence from existing hubs across the UK indicates that the private sector can in fact be highly effective as sponsors, champions and partners once hubs are established, especially in larger, more economically active towns/cities. However, local authority intervention is often crucial in other types of areas to develop and start up a creative hub building – examples include The Palace Hub in Redcar, Cleveland and The Guild Hub in Bath. In the case of this project, without North Somerset Council intervention, seed financial investment, initial project management, partnership management and leadership, it is unlikely to happen. The aim is to establish the hub as a CIC (community interest company) so it can be run as an independent organisation with all income generated reinvested into the work of the hub.

Strategic fit

- Economic growth and thriving town centres are key ambitions within the current NSC Corporate Plan, signed off in February 2016. The development of a creative hub is an important element of the new vision for the town centre as a good place to live and work. It will be an important 'early win' as a visible sign of change and regeneration of the central area, and help to maximise the wider economic benefits generated via the creative sector and industries. It will act as a catalyst and incubator for micro enterprises and support the development of new opportunities for growth and expansion.
- The creative hub will support the development of the new residential offer in Weston town centre as a visible sign to prospective residents of the increasing vibrancy and attractiveness of the central area as a place to live. Weston town centre is one of 20 locations outside London to be designated a Housing Zone and a priority area for funding. Over £20m has already been invested via the Homes and Communities Agency.
- Town centre space for entrepreneur and enterprise is a crucial theme of the vision for regenerating Weston town centre as stated in NSC's published 'Prospectus for Change – A Vision for the Future'. A hub will act as a micro business incubator and support the retention of the wealth of creative talent (including young people/graduates from Weston College University Centre) locally who currently

have to leave Weston and North Somerset to establish their business, often not returning.

- Creative and Digital has been identified as a priority sector for the West of England LEP and the region is one of 3 key creative sector centres in England alongside London and Manchester. The West of England Strategic Economic Plan vision includes the aim of “.....making the West of England the place of choice for talented creative workers”.
- The proposal fits within NSC Core Strategy CS15: Delivering Strong and Inclusive Communities. CS20: Delivering a Prosperous Economy and CS29: WSM Town Centre. It also supports the ambitions set out in the North Somerset Local Economy Plan (2013) including increasing the number of local jobs.
- The Government White Paper on Culture published April 2016 states that the cultural sectors are an important part of our economy and society. It goes on to say that of course investment in culture has a wide range of benefits that positively affect many people. It also has “immense economic value”, in terms of generating economic growth and job creation. The White Paper identifies that the number of people employed in the creative and cultural sectors has been increasing since 2011 and currently stands at around 321,000.

Evidence of need and usage

The Guild Hub in Bath offers strong evidence of a successful local working model of a creative hub. It is run by a CIC and located in an area of The Guildhall (council owned premises). It received an initial £500k contribution from BANES plus an additional £20k per year sponsorship. The establishment of the hub supports BANES economic strategy aim to increase employment growth in ICT and the creative industries by 20% by 2026. The Guild hub has been developed to provide the growing community of freelancers particular app designers, coders, copywriters and web developers with shared working space, meeting rooms, training facilities and event space.

Taking this as a template, North Somerset Council conducted a detailed R & D project phase and gathered evidence from a range of sources. The results supported the initial assumptions of a gap in the market for this sort of specialised development and support project –

- Online survey Jan/Feb 2016 with 109 responses received. Of these, 61 expressed an interest in potentially taking space at the hub and gave contact details. Indications are that these respondents are from a broad range of creative businesses from digital to artisan crafts to performing arts as detailed by DCLG 2015 defined creative sector industries. Additional information from the detailed survey report is incorporated into this business plan.
- Focus group with Weston College creative arts graduate final year students run in partnership with the Head of Faculty Creative Arts – January 2016. Strong interest in having such a facility locally and students were clear about what services and facilities would encourage them to take space at the hub.

- Consultation with range of external organisations including the existing local digital/creative business community, Watershed, Spike Island, The Guild Hub (Bath), UWE, Weston College, North Somerset Enterprise Agency, North Somerset Arts. Using NSC Economic Development service links through to local Chambers of Commerce and North Somerset Business Ambassadors group.
- Although general small business advice and support is available locally via North Somerset Enterprise Agency, there is a perceived lack of specialist creative business support. 57% of online survey responses highlighted this as a significant barrier in starting and developing their business. Other organisations consulted including North Somerset Arts, Boom Satsuma CIC, Curzon Cinema & Arts and Theatre Orchard also highlighted this issue.
- It is anticipated that the Weston hub will be a part of and benefit from the creation of the RAIN (Regional Arts Infrastructure Network), which will commence from October 2016. Participation in RAIN has the potential to support specialist creative business support and advice sessions at the Weston hub. According to proposals as they currently stand (April 2016), the Weston hub forms one of the second wave of hubs which would benefit during phase 2 of the RAIN programme. This is anticipated to come in after the initial two years running at RAIN consortium locations. There is no 'double counting' of funds in relation to the hub initial outcomes and the wider ambitions of the RAIN programme as figures relate to initial phases of hub only. It is impossible at this time to calculate what the specific outputs from the hubs potential future involvement in RAIN could be.

1.0 Promoter and Delivery Arrangements

Promoting organisation

North Somerset Council (NSC) are the promoter and owner of this project and will be responsible for all procurement and project work (including purchase and refurbishment of hub building) until such time as a lease is granted to the hub CIC.

Proposed partnership/joint working arrangements

- Hub CIC
- Boom Satsuma CIC will operate and manage the hub apprenticeship programme
- Weston College – potential for some flexibility in some tenant packages for recent creative arts graduates
- Regional Arts Infrastructure Network (RAIN) – opportunities for collaborative working and support in the form of specialised mentoring from the commencement of the second phase of the RAIN regional programme

Clarification of the organisation who will procure and ownership of assets.

NSC will retain the freehold of the building and own all assets including plant, machinery, fixtures and fittings within the hub. The assets of the hub CIC will be the hub CIC bank account into which rental monies and other generated sources of income will be paid, together with furniture and specific items of equipment they

decide they wish to purchase to facilitate greater hub usage. The CIC will be responsible for the ongoing maintenance and replacement of any furniture and equipment they purchase.

2.0 Project Description

As part of the wider Weston Town Centre Regeneration Programme, the proposal is to purchase and develop a new creative hub building in central Weston. The hub will offer a range of facilities, services and support to enable entrepreneurs in the creative industries to take the first steps in setting up their own businesses within a vibrant collaborative community. Local jobs including apprenticeships will be generated as the businesses grow and move on from the hub. This is a key element in supporting the aims of the wider town centre regeneration programme which is designed to reposition Weston as a well-connected, quality location, identified as a good place to live and work, with a distinct personality based around creative arts and culture.

The total cost of the project is projected at £458,562 including –

- Purchase and refurbishment of the Badger Centre, 3 – 6 Wadham Street, Weston-super-Mare, BS23 1JY. The building is approximately 7,776 sq. ft. (722.4 sq. m.) in size.
- The establishment of a Community Interest Company (CIC) to manage and develop the hub
- Recruitment of dedicated hub manager
- Apprentice programme
- New hub brand with distinct name and personality
- Evolve wider partnership working with key existing creative bodies

Initial outcomes are –

- Phase 1 hub opening autumn 2016
- Community Interest Company and Board set up
- Up to 70 service users with micro businesses by end of first full year of operation
- Average daily churn of up to 45 service users by end of first full year of operation
- 1.5 FTE jobs and up to 3 apprenticeship opportunities through managing hub created by end of first full year of operation
- Hub linked to wider regional, national and international networks through partnerships with long established hubs in the region.
- Evidence that thriving creative sector is starting to have a positive effect in town centre contributing to changes in perception of Weston and offering a wider vision of a vibrant town centre with a quality environment and a good place to live, work and enjoy leisure and cultural activities

Project phases

The project has been designed to take place over several phases. This allows options for the creative hub to be set up incrementally so as to both reduce risk levels financially and also to allow for the initial practical opening of the building to act as a 'test bed' prior to the opening of the whole building.

Phase	Deliverables	Approximate timescales
Pre building	Research/ information from existing hubs//surveys/focus groups/evidence of need/identifying services and facilities required/building assessments & visits/outreach with existing creative businesses and other organisations/preparation of outline then full business case including legal position re state aid compliance.	September 2015 – June 2016
Virtual hub community and creation of hub CIC	Establish advisory group made up of organisations and local people who have expressed interest in the hub via (a) web/social media and (b) hold event/s at proposed hub building. Apply for creation and registration of CIC to the	June – September 2016
Purchase and refurbishment of building	All due diligence and legal relating to purchase Brief, tendering, specifications, appoint contractors, refurbishment work carried out	TBC from September 2016
Opening Phase 1	Communal areas/reception/café/Phase 1 incubation spaces: 1,998 sq. ft.	TBC from August/September 2016
Opening Phase 2	Phase 2 incubation spaces/meeting rooms/secure storage space: 3,239 sq. ft.	TBC depending on Phase 1 opening and end of current tenant leases
Hub apprenticeship programme	Launch of programme in conjunction with Boom Satsuma and recruitment of first three hub apprenticeships	TBC – anticipated early 2017
Opening Phase 3	Phase 3 incubation spaces/secure storage space: 2,539 sq. ft.	TBC depending on Phases 1 & 2 openings and end of current tenant leases

Scope and scale of the project

- This is a relatively small scale project in terms of capital works involving the external and internal refurbishment, retro fitting and upgrading of an existing building. No new major redevelopment works are anticipated at this site. The location is within one of the oldest historic cores of Weston town centre and the building, although not listed, has significant character and occupies a prominent position in the immediate streetscape. Its own back history contributes to the story of the development of this part of Weston.

- Revenue costs have been kept at the minimum deemed necessary to ensure a successful project start up. The business model for the hub has been designed to enable it to generate its own income from several sources from the start, and other income streams have been projected to come in as each phase of the hub develops. The overall success of the project depends on two essential elements – (a) long term financial viability through a range of different income generation activities and (b) the development of a collaborative, supportive and successful creative community within the building.
- Although a relatively small project in capital and revenue terms, its impact as a catalyst within the wider Weston town centre regeneration programme is very significant. Utilised correctly, the project will not only fulfil its own outcomes but also attract and encourage additional inward investment into the town centre and contribute to new perceptions of Weston as a great place to live and work.
- Drawings and plans are held by NSC and include -
 - Land Registry official copies of x 3 title plans and maps
 - Plan of current internal ground floor layout
 - Plan of current internal first floor layout
 - Plan of current internal second floor layout

Current stage of design

- Preliminary consultations and discussions about the proposed redesign of the internal layout of the building are currently taking place. A detailed assessment and action plan will be prepared once the building has been acquired. The layout will be reconfigured to maximise the use of space, maximise income generation levels, build in flexibility and multi-use features and encourage the development of a collaborative community.
- NSC appropriately qualified and experienced officers will take the lead in the internal redesign with additional support from specialist space planning consultants and advice from successful existing creative hub organisations within the West of England.
- A competition will be held to generate innovative ideas for the overall design style, logo and branding of the hub. The scope of the competition will be agreed by NSC senior managers, elected members and CIC members but the plan is that it is open to as wide a range of local people as possible including Weston College students.

3.0 Project Objectives and Case for Change

The case for change

Weston-super-Mare town centre is embarking on a significant period of investment and reinvigoration. North Somerset Council has promoted a 'Prospectus for Change' setting out the objectives of Living, Learning and Lifestyles as a means of stimulating economic development in the town. The town centre has also been designated a Housing Zone. To this end, NSC has purchased a significant site in the town centre and is bringing forward development proposals for contemporary high quality new residential and some commercial use. It is also working in partnership with the HCA to bring forward several other significant brownfield sites for predominantly residential uses. In all these will accommodate over 1,200 new homes.

With regard to the 'Learning' strand NSC has been working with the very successful Weston College University Centre and the LEP, to establish a new Legal and Professional Services Academy in the town centre. Work is also underway to expand school provision in the town.

Leisure and cultural activities are also developing. Construction of the new leisure complex at Dolphin Square (multiplex cinema/restaurants/gym/climbing wall/indoor play) and the Tropicana is reinventing itself as an arts and cultural destination post Dismaland.

While the above also bring significant new employment opportunities to the town we are also seeking to address the needs of the growing creative and digital sector in the region. There are significant numbers¹ of self employed in North Somerset including the Weston area, and we are also aware that the town loses, particularly young, talent from the town due to the lack of appropriate facilities and the supportive environment that can be found in London and other large cities. We believe that a Creative Hub will offer both the facilities/environment and networking necessary to secure some of this talent in the town but also is important in the wider promotion of the changing nature of the town.

¹ Source: North Somerset Economic Profile 2015 – majority share of businesses in North Somerset (88.9%) are micro businesses employing under 10 people. The rate of self-employment in North Somerset is 9.1%

Project objectives

Objective	Outcome	How achieved	How progress monitored
Hub acts as a catalyst for wider Weston town centre regeneration programme	<ul style="list-style-type: none"> • Phase 1 of the hub opens late summer/early autumn 2016 • Publicity surrounding hub used as part of promotion and marketing for new town centre high quality residential/commercial development projects 	<ul style="list-style-type: none"> • Sustainable business case made • acquisition of building • CIC set up to manage & develop hub • Recruitment of hub manager • First intake of service users • Consultancy agreement in place between hub and existing experienced creative hub for specialist start up creative support for first six months of operation. 	<ul style="list-style-type: none"> • Purchase of building within projected timeframe and for agreed consideration • Confirmation of CIC set up by Office of the Regulator of Community Interest Companies • CIC board appointed and date for first board meeting set • Successful recruitment of hub manager with agreed start date to commence employment • Opening date of Phase 1 of hub within projected timeframe • Successful launch event • Regular meetings with creative hub consultant to fully develop detailed management, operational and marketing strategies
Opportunities for more local jobs and training in Weston town centre	<ul style="list-style-type: none"> • Two thirds occupancy achieved, including initial users developed and ready to move on by end of first full year of operation. • 1.5 FTE (x 1 f/t & x 1 p/t) jobs from managing hub created by end of first year of operation • 2/3 creative apprentice opportunities created by end of first full year of operation. 	<ul style="list-style-type: none"> • Follow up on the over 60 expressions of interest in potentially taking space at the hub already received via January/February 2016 online survey • Marketing and promotion campaign to attract potential users of the hub • Recruit x 1 f/t hub manager & x 1 p/t assistant • Creative apprentice programme developed and put in place 	<ul style="list-style-type: none"> • Hub manager will monitor hub usage as part of general management and reporting responsibilities. Regular updates to CIC board will form part of hub manager regular reporting process. Progress will be assessed using an agreed set of KPIs including- <ol style="list-style-type: none"> i. Number of service users and types of spaces/services rented ii. Service user profile e.g. Weston College graduate, existing business wanting to expand, new business setting up, service user from central

			<p>Weston/wider Weston area/wider North Somerset area/outside NS</p> <p>iii. Number of businesses within hub</p> <p>iv. Number of additional employment/training opportunities created</p> <p>v. Number of apprentices working via hub</p>
<p>Keeping, developing & nurturing entrepreneurship & creative talent in Weston and the wider North Somerset area</p>	<p>By the end of the first full year of operation -</p> <ul style="list-style-type: none"> • Hub is first option for local entrepreneurs in the creative sector and industries for business start up and options for collaborative working • Hub community has distinct identity and high profile • First wave of hub users have developed their business and moved on from the hub – have now become hub ambassadors with a mentoring and support role to newer hub users • First creative hub apprentices have completed their appointments and have either found permanent employment in the creative sector or gone on to additional training • By the end of second year of operation – additional support and mentoring from the 2nd phase of the wider regional RAIN programme (Regional Arts Infrastructure Network) 	<ul style="list-style-type: none"> • Hub CIC Board as ambassadors actively promoting the hub across their wide range of internal and external networks • Ongoing development of range of partnerships with organisations including Weston College, NSEA, members of the RAIN regional consortium, local chambers of commerce, North Somerset Arts, Boom Satsuma and others • Engagement programme developed with local private sector to identify and bring in opportunities for sponsorship and other forms of support • Promotion and marketing campaign including use of all appropriate social medial platforms • Hub alumni programme established to which all former hub users 	<ul style="list-style-type: none"> • Hub CIC Board to host x 2 events at hub to showcase hub users and their creative businesses and so continue to raise hub profile. Local businesses to be invites to develop links/opportunities for sponsorship and other forms of support • Hub manager will develop and implement alumni programme – will measure number of former users who take part in activities including number of mentoring and support sessions and feedback from these • During first six months of operation – hub manager/CIC Board will work with creative hub consultant to devise ongoing strategies • By the end of the second year of operation – mentoring arrangements established with experienced existing hub as part of the 2nd phase of the wider regional RAIN programme

		<p>automatically become a member</p> <ul style="list-style-type: none"> • By the end of the second year of operation - Partnership established with RAIN mentoring hub (as part of 2nd phase of the wider regional RAIN programme) 	
<p>To support the work of changing the perception of Weston as a town – not just a seaside resort (which is still important) but also as a contemporary, quirky and individual location. A place which has taken forward the ‘Dismaland’ legacy from 2015 and has repositioned itself as a centre for the creative sector and arts business start up and enterprise.</p>	<ul style="list-style-type: none"> • Successful marketing of the hub as a tangible legacy from Dismaland as it is incorporated as a key element of the wider Weston town centre regeneration programme • Recognition of the part played by NSC in developing the creative hub, as part of its recognition of the employment and economic opportunities the creative sector and industries can bring to an area. • Hub ‘brand’ expanded into other locations in Weston town centre e.g. in developing a performing arts creative hub (music/dance/drama) • By the end of second year of operation – additional support and mentoring from the 2nd phase of the wider regional RAIN programme (Regional Arts Infrastructure Network) 	<ul style="list-style-type: none"> • 2017/18 – remaining two phases of hub opening as additional building space becomes vacant • Hub on course to increase generation of won income streams including - incubator space rents, meeting/conference room hire, hire of specialist equipment, use of retail space, catering and other services. • Hub linked to wider regional, national and international networks through mentoring partnership with long established existing hub in region (via the RAIN regional programme) 	<ul style="list-style-type: none"> • Feedback via other strands of wider regeneration programme re did profile and identity of hub raise interest in Weston as a good place to live and work • Opportunities to use hub as flagship case study to support longer term inward investment & grant funding into Weston town centre. • Longer term planning to incorporate existing hub building with additional performing arts hub location – with the same creative Weston identity and branding.

4.0 Strategic Fit

1. Economic growth and thriving town centres are key ambitions within the current NSC Corporate Plan, signed off in February 2016. The development of a creative hub is an important element of the new vision for the town centre as a good place to live and work. It will be an important ‘early win’ as a visible sign of change and regeneration of the central area, and help to maximise the wider economic benefits

generated via the creative sector and industries. It will act as a catalyst and incubator for micro enterprises and support the development of new opportunities for growth and expansion.

2. The creative hub will support the development of the new residential offer in Weston town centre as a visible sign to prospective residents of the increasing vibrancy and attractiveness of the central area as a place to live. Weston town centre is one of 20 locations outside London to be designated a Housing Zone and a priority area for funding. £20m has already been invested via the Homes and Communities Agency.

3. Town centre space for entrepreneur and enterprise is a crucial theme of the vision for regenerating Weston town centre as stated in NSC's published 'Prospectus for Change – A Vision for the Future'. A hub will act as a micro business incubator and support the retention of the wealth of creative talent (including young people/graduates from Weston College) locally who currently have to leave Weston and North Somerset to establish their business, often not returning.

4. Creative and Digital has been identified as a priority sector for the West of England LEP and the region is one of 3 key creative sector centres in England alongside London and Manchester. The West of England Strategic Economic Plan vision includes the aim of ".....making the West of England the place of choice for talented creative workers".

5. The proposal fits within NSC Core Strategy CS15: Delivering Strong and Inclusive Communities. CS20: Delivering a Prosperous Economy and CS29: WSM Town Centre.

6. The proposal supports the ambitions set out in the North Somerset Local Economy Plan (2013) including increasing the number of local jobs.

7. Evidence from a local working model of established creative hub: The Guild Hub in Bath is run by a CIC and is set up in an area of The Guildhall (council owned premises). It received an initial £500k contribution from BANES plus an additional £20k per year sponsorship. The establishment of the hub supports BANES economic strategy aim to increase employment growth in ICT and the creative industries by 20% by 2026. The Guild hub has been developed to provide the growing community of freelancers particular app designers, coders, copywriters and web developers with shared working space, meeting rooms, training facilities and event space.

8. Evidence of need in North Somerset: gathered from a range of sources -

- Online survey Jan/Feb 2016 with 109 responses received. Of these, 61 expressed an interest in potentially taking space at the hub and gave contact details. Indications are that these respondents are from a broad range of creative businesses from digital to artisan crafts to performing arts as detailed by DCLG 2015 defined creative sector industries. Additional information from the detailed survey report is incorporated into this business plan.

- Focus group with Weston College creative arts graduate final year students run in partnership with the Head of Faculty Creative Arts – January 2016. Strong interest in having such a facility locally and students were clear about what services and facilities would encourage them to take space at the hub.
- Consultation with range of external organisations including the existing local digital/creative business community, Watershed, Spike Island, The Guild Hub (Bath), UWE, Weston College, North Somerset Enterprise Agency, North Somerset Arts. Using NSC Economic Development service links through to local Chambers of Commerce and North Somerset Business Ambassadors group.

9. Identified gap in provision: Although general small business advice and support is available locally via North Somerset Enterprise Agency, there is a perceived lack of specialist creative business support. 57% of online survey responses highlighted this as a significant barrier in starting and developing their business. Other organisations consulted including North Somerset Arts, Boom Satsuma CIC, Curzon Cinema & Arts and Theatre Orchard also highlighted this issue. It is anticipated that the Weston hub will be a part of and benefit from the creation of the RAIN (Regional Arts Infrastructure Network), which will commence from October 2016, if funding bid is successful. Participation in RAIN will help to close this gap in provision and has the potential to support specialist creative business support and advice sessions at the Weston hub. According to proposals as they currently stand (April 2016), the Weston hub forms one of the second wave of hubs which would benefit during phase 2 of the RAIN programme. This is anticipated to come in after the initial two years running at RAIN consortium locations. Projected business creation and job numbers via the Weston hub project for the first two years can therefore be read as stand alone and not double counted as part of the RAIN figures. It should also be noted that the RAIN figures cover the whole West of England region with currently no breakdown of allocation into the participating local authority areas. In addition, there is also a random element which is impossible to quantify i.e. it is assumed that the RAIN assessment panel will select projects to support on merit and not necessarily on geographical spread.

5.0 Rationale for Public Intervention

Evidence from existing hubs across the UK indicates that the private sector can be highly effective as sponsors, champions and partners once hubs are established, especially in larger, more economically active towns/cities. In other areas such as Cleveland (The Palace Hub, Redcar), local authority intervention has been crucial both for start up and attracting additional external investment. In Bath city centre, The Guild Hub, run as a CIC and supported by BANES, local companies and Bath Spa University has been running since July 2013 and is proving extremely popular with a waiting list for tenancies. Without North Somerset Council intervention, seed financial investment, initial project management, partnership management and leadership, it is unlikely that this project will happen. The aim is to establish the hub as a CIC (community interest company) so it can be run as an independent organisation with all income generated reinvested into the work of the hub

North Somerset Council is committed to its lead role as a key influencer and enabler across local society and its communities and is in a unique position to do so. By positioning this project as a catalyst for the wider Weston town centre regeneration programme, it is able to demonstrate that commitment in a highly visible way. Economic growth and thriving town centres are central in the current NSC Corporate Plan (February 2016) the creative hub will be a tangible sign of change and regeneration.

6.0 Options Appraisal

Options considered	Positives	Negatives	Outcomes
(1) Do nothing	<ul style="list-style-type: none"> • No cost • No requirement for additional in kind project resources 	<ul style="list-style-type: none"> • Window of opportunity to develop innovative project within wider Weston town centre regeneration programme missed • No tangible benefit seen from 2015 Dismaland event 	<ul style="list-style-type: none"> • Current low levels of creative sector infrastructure and support remains in place • Entrepreneurs wishing to set up own creative business will relocate outside Weston and wider North Somerset area in order to access specialist facilities and support structures • Negative impact in terms of perception – Weston not seen as maximising benefits and legacy from 2015 Dismaland event
(2) Set up a standard managed workspace	<ul style="list-style-type: none"> • Tried and tested product and management requirements 	<ul style="list-style-type: none"> • Adequate provision already exists locally, including via the private sector • This model of co-working does not provide all the flexibility and specialist advice and support required by the creative sector and industries • Physical environment is based on standard office type spaces which although useful, does not provide the range of flexible use space required by the full range of creative sector businesses • Lack of opportunities to create a fully collaborative working community all in one location 	<ul style="list-style-type: none"> • Low take up as available space not specifically designed for creative sector and industries • Less opportunity to bring together a creative community so as to generate opportunities for collaborative working

		<ul style="list-style-type: none"> • Still significant start up costs and would need strong case for public sector intervention as this sort of facility is already provided by the private sector 	
(3) Link into existing shared/managed workspace	<ul style="list-style-type: none"> • Minimise risk and expenditure by joining existing management structure • Building, services/facilities and staff already in place 	<p>As (2) above plus -</p> <ul style="list-style-type: none"> • No opportunities to create a distinctive creative brand and name for creative hub as would be merged into existing identity • Less opportunity to develop stand alone policies and planning for future phases of the hub 	As (2) above
(4) Preferred option: Set up creative hub building in town centre location	<ul style="list-style-type: none"> • Timing is right for opportunity to develop innovative project to act as a catalyst within wider Weston town centre regeneration • Current external funding opportunities • NSC currently has some resources including staff expertise to dedicate to project • NSC has already committed £ financial resources to bring project to full business case stage • A resourced and detailed R&D and planning phase has focused on mitigating risk and demonstrating the requirements for financial viability of project • Hub will be a 	<ul style="list-style-type: none"> • Risks of a new project: The proposed project is for an innovative new centre which supports new ways of working and generating income. Although there are other arts based initiatives locally, this sort of creative hub building has not existed before. 	<ul style="list-style-type: none"> • Quality provision of flexible infrastructure specifically designed for creative sector and industries • A range of tailored support and advice packages specifically designed to support creative sector & industries as part of generating economic growth in the local economy • Entrepreneurs and micro enterprises wishing to set up own creative business located in Weston town centre, rather than going out of the area. • An established creative community able to generate other opportunities through collaborative working • Identified creative 'brand' within Weston, which is able to be adapted and transferred to other projects as they develop e.g. ongoing future discussions and engagement re former Tropicana site • Perceived as a tangible legacy from 2015 Dismaland event

	<p>tangible legacy from Dismaland 2015 and will demonstrate commitment to the regeneration of town centre area and the focus on supporting creative entrepreneurs, business start ups and local jobs.</p> <ul style="list-style-type: none"> • Strong potential for hub to be first 'link' of wider creative sector physical infrastructure in Weston town centre – i.e. can support ongoing new ideas and thinking for development of former Tropicana site 		
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Other funding options considered

Funding option considered	Outcome/Why not progressed	Any future potential
NSC own funding	Already committed significant own funding and resources into the research, development and planning stages of the project which shows clear commitment, however the Council has very limited resources to invest in projects.	It is not likely that the Councils investment position will improve in the foreseeable future. .
Other external funding sources	<p>1. Coastal Communities Fund (CCF): At the start of the hub project (September 2015), CCF was closed. Although CCF Round 4 has opened for submission of Expressions of Interest for a six week period from 23/05/2016, NSC intends to submit a bid for a separate project which will form another part of the wider Weston town centre regeneration programme.</p> <p>2. Local charitable foundations: Although NSC has good links</p>	<p>1. The Government has announced (23/05/2016) that CCF funding will be available for the next four years. Once the hub is established and running, it will be in a position to work up a bid for submission to CCF round 5 and subsequent funding rounds. This grant source has been heavily oversubscribed in the past so there is no level of certainly with this source.</p> <p>2. There may be future potential for joint working</p>

	with these organisations, they are going through a period of significant change and revaluation of their own structures and policies and are not in a position at this time to be approached	with charitable foundations to approach some specific philanthropy funders to see if they would be interested in investing in the hub into specific employment generating programmes
Private sector funding/sponsorship	Through our Economic Development Service, we are not aware of any current opportunities for this level of establishment start up funding from within the private sector.	Within the limited timescales and staff resources available, there has already been some initial contact with local businesses including some whose manufacturing businesses supply global organisations. Part of the role of the hub manager will be to work with NSC's Economic Development Service including the North Somerset Ambassador programme to develop and expand on these links and put forward opportunities for sponsorship and funding.
Crowd funding	Insufficient time to develop, authorise and put in place NSC procedures to instigate a fundraising initiative of this type.	The hub CIC will seek information from projects that have run successful crowd funding campaigns including locally Clevedon Pier and also elsewhere in England such as Hastings Pier in East Sussex and the Wood Street Studios in Walthamstow, London E17. Options for a crowd funding 'offer' will then be developed and assessed, as part of the wider hub fundraising strategy.

7.0 State Aid Considerations

NSC has obtained specialist external legal advice regarding State Aid considerations and the full advice note is included at **Appendix 1**. The advice can be summarised as follows -

Overview

1.1 The Council is applying to the West of England LEP (LEP) for revolving infrastructure funding to support the development of a creative hub in Weston-super-Mare's centre. .

Conclusion

2.1 State aid could potentially exist in the creative hub project on three levels: 1) Council 2) SME users and 3) contractors, including the community interest company (CIC) who will manage the hub.

2.2 In our view, potential aid at each level will comply with the rules because:

- 2.2.1 The Council intends to pass through any benefit that it would otherwise receive;
- 2.2.2 The SMEs and the contractors (excluding the CIC) will be charged market rates;
- 2.2.3 The Council intends to structure the arrangement so that the CIC will retain no benefit that might otherwise overcompensate it. This will be achieved, for example, by compelling it to reinvest any surplus revenue or profit into the hub and the services offered, and preventing it distributing its income by dividend

How the hub project will demonstrate it is complying with EU state aid rules

NSC has obtained specialist legal advice (section 7 above) and will be relying on the authority laid down by the European Commission on 3 May 2005, commonly known as the 'German Incubator' case². It was acknowledged in the summing up of this case that existing state aid rules may not fully cover cases where incubator hubs are being developed which concern several levels of operators and offer space and services for innovative activities. The Commission is currently seeking to address these issues in future State aid rules but there is no published timescale at time of submission of this full business case.

NSC will not make any profit from the state aid. Specific authority and legal advice will be obtained, whether to insert specific charges onto the title of any property

² The 'German Incubator' case: The European Commission authorised an aid scheme in Germany amounting to approximately € 120 Million per year for newly created or technology-oriented small and medium-sized enterprises using the services of technology centres, incubators and industrial centres. Although the project provides public support for the creation or development of such centres, companies using their services are in fact the sole beneficiaries of the aid. As Germany committed itself to respect all the requirements of Commission Regulations on de minimis aid and on aid to small and medium-sized enterprises, the Commission considered that the aid does not threaten to distort competition in the single market and is therefore compatible with the EC Treaty (Article 87).

purchased. This will make clear the procedure that must be followed at such time in the future if the building is sold.

The project will be designed to demonstrate compliance at each of the three levels of economic operators that sit within the project –

Economic operator	Level	How state aid compliance demonstrated
North Somerset Council	Initial recipients of funding as project originators and developers	<ul style="list-style-type: none"> • NSC will act as ‘a vehicle of state aid’, by acting as the accountable body, ring fencing and holding the funding separately. Separate internal procedures and authorisations including identified budget codes will be set up and monitored so as able to be reported back to the LEP. • When the building is purchased, specific legal charges will be placed on the title. • The hub CIC will be set up to include all relevant compliance clauses within its statement of community benefit and asset lock. These will be submitted to the Office of the Regulator of Community Interest Companies for approval as part of the company creation process
Creative hub community interest company (CIC)	Existing as a separate organisation from the initial recipient (NSC). Responsible for the management of the hub building and day to day organisation and co-ordination of hub activities	<ul style="list-style-type: none"> • The hub CIC will be set up to include all relevant compliance clauses within its statement of community benefit and asset lock. • The CIC will operate the hub on a cost neutral basis. Any profit generated over and above standard day to day running costs will be reinvested back into the hub. • Responsibility and accountability for the management of the hub will rest with the CIC Board which will meet on a monthly basis and receive reports and updates from the hub manager and representatives from the hub users group. • NSC will have one representative on the CIC Board. This will either be an elected member or a senior officer • The hub CIC will submit annual accounts for audit and prepare an annual report which will be presented at their AGM.
Hub tenants and users		<ul style="list-style-type: none"> • Rental space will be calculated at rates comparable to that of similar premises, while taking into

		<p>account specific local conditions.</p> <ul style="list-style-type: none"> • Opportunities to develop a range of packages within which may be a time limited small offer will also be compared with other premises • Additional separate costs will apply for use of or hire of a range of specialist equipment and services – these will be compared to similar offers from existing hubs, while taking into account specific local conditions. In some cases these may be included into a one price rental package, but would still constitute a separate element of the overall rental package.
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8.0 Equality and Diversity Impact Assessment

An Equality and Diversity impact assessment and plan has been prepared for the project which is attached at **Appendix 2** below. This has been designed as a working document to be reviewed and updated on an annual basis. The requirements will also form part of the hub manager’s regular monthly monitoring and evaluation of hub operations which will be reported to the hub board CIC meetings under an equality and diversity heading standing item on the agenda.

9.0 Environmental Sustainability Considerations

The project is designed to maximise all practicable environmental sustainability considerations. The aim is to use it as an exemplar of best practice for using retrofit principles in an existing building on a limited budget. It will showcase how inexpensive interventions can make a difference and also how environmental sustainability can form part of the day to day management and organisation of the building.

An environmental sustainability plan will be developed by the hub manager following advice from NSC’s sustainability co-ordinator – the plan will be designed as an ongoing working document which can be adapted and updated as required.

The plan will be incorporated as best practice into both into the initial redesign, refurbishment and regeneration phase and the ongoing maintenance and management of the building. The key headings forming the plan will include -

- EPC certification to the highest standard possible for specific type and age of building
- Heating, lighting and ventilation – low energy usage options
- Water and options for grey water recycling
- Internal materials used for redesign
- Recycling/bin provision for different materials e.g. paper, glass, plastic, cardboard & landfill

- Biodegradable consumables and refillables where possible and where represent best value
- All possibilities for retrofitting measures including energy and water efficiency will be investigated and implemented where practical, offering best value and where these can be installed whilst safeguarding any heritage characteristics within the building
- Encouraging walking, cycling, bus and train to hub by producing green travel leaflet as part of marketing and promotion and also included with new tenant/new user welcome pack.
- Within limits of the building and the immediate outside streetscape – encourage biodiversity by taking simple steps such as erecting nesting boxes, bug & bee ‘hotels’ and developing ambition for ‘green wall’ infrastructure in later phases of the project

These and other headings will be used to set targets to be achieved by the end of the first three full years of hub operation. Environmental sustainability monitoring and evaluation will be built into the job description of the hub manager who will be required to submit a yearly progress report to the hub CIC board. This will form part of the CIC annual report and AGM.

Economic Case

10.0 Economic Appraisal

The economic case for the hub project has been prepared following a detailed research and development phase. As there is no equivalent locally of the type of building, organisation, governance and management structure that the project will create, a wide range of creative hub type enterprises have been examined across the UK. Site visits have also been made to hubs in Bristol and Bath, together with meetings with their senior management teams.

By analysing the data across all aspects of how creative hubs are run and financed, and then projecting this across local market conditions, an overall financial viability assessment has been produced and scrutinised.

A complete list of R&D data sources used in analysis is included at **Appendix 3**.

There is currently a window of opportunity to develop a creative hub in central Weston because of the synergy with other projects, programmes and initiatives that fall within the Weston town centre regeneration programme –

- NSC: New living, learning, employment and leisure opportunities to the town, including the areas around the railway station and the development of the former magistrate’s court building and current police station location plus significant other brownfield sites into a high quality, contemporary residential/business quarter.

- NSC: Building on the 'Dismaland legacy': This global event started to shift the wider perception of Weston's identity as a town i.e. not just a traditional seaside resort but a more edgy, individualist persona framed around creativity, contemporary art and culture. These perceptions are invaluable as support to wider town centre regeneration initiatives and demonstrate the dynamic nature of Weston and the high quality of life offered by the area. This year, Dismaland received a nomination in the visual arts category for the prestigious South Bank Sky Arts Awards.³
- Leading designer Wayne Hemingway and his company Hemingway Design, have been commissioned to work with local people and creative industries in the West of England to identify potential future sustainable uses for the Tropicana site.
- Weston College: New University Centre/Legal and Professional Service Academy: It is hoped that there will be a broad working relationship between the creative hub and the college such as recent creative sector graduates wishing to take space, wider advisory group pre setting up of hub CIC and hub opening, other opportunities for college students to get involved with hub initiatives and training
- Creative hub apprentices: potential to develop a creative apprenticeship programme working with local social enterprise organisations that have experience of running these programmes.
- Regional Arts Infrastructure Network (RAIN): Opportunities for involvement from second phase of the RAIN programme
- Private sector opportunities for sponsorship and support: Work has already started on attracting local businesses to support the hub project in a number of ways. Initial visits have been made to local companies expressing an interest and contacts have also been generated via the online survey which ran during January/February 2016.
- Dolphin Square: New leisure complex including multiplex cinema, gym, climbing wall and restaurants currently under construction and due to open Spring 2017. This is a significant addition to the leisure offer of the town and which will also assist in changing the image and attractiveness of the town to a wide audience.

Although the hub project is an individual element, it has a stronger economic basis than a project being carried out in isolation because it is part of the wider programme. The hub project is seen by NSC as a key part of the wider programme and has already made a significant investment both financial and use of staff time and expertise in the initial R&D phase to bring up to full business case.

³ [South Bank Sky Arts Awards 2016](#)

Projected outputs

Output	How calculated
Up to 70 service users by end of first full year of hub operation	Based on over 60 expressions of interest in potentially taking space at the hub already received via NSC online survey conducted in January/February 2016. Assuming that the total average length of time at the hub per user is six months, anticipated total number of service users/tenants by the end of the first full year of operation between 70 – 80 with average daily usage (at different times during the day/evening) between 45 – 65. These figures should increase as each phase of the hub building opens and more space becomes available for use. Detailed analysis of existing creative hubs – number of service users compared to size of hub and facilities and services available. Also occupancy levels and range of £ rental packages available
1.5 f/t & p/t jobs within hub by end of first six months of operation	1 x full time hub manager x1 p/t hub assistant
2/3 creative apprentices completed programme by end of first year of hub operation	Research has not identified any similar apprenticeship programme where apprentices are specifically attached to a creative hub building. 2 – 3 apprentices after first full year of hub operation is an estimate based on discussions with an existing experienced creative social enterprise and an analysis of a range of business, administration and technical/digital apprenticeship programmes across UK looking at – <ul style="list-style-type: none"> • Length of apprenticeship • Work and activities covered • Types of external placements • Management of apprenticeship programme

Projected outcomes

- Three phased opening of hub building: Phase 1 late summer/early autumn 2016, with remaining two phases opening as additional building space becomes vacant.
- Community Interest Company set up to manage and develop hub. The CIC would be established in such a way so as to be capable of expanding to take on other aspects of creative sector support/management work in the future.
- Generating local jobs and employment opportunities: Up to 70 services users moving through hub during first full year of operation, accessing specialist services and support to help them grow and develop their businesses. As they move on from the hub this will create more local jobs as these businesses expand and provide employment not only for the individual but also by any additional staff and apprentices they can take on as their business increases. These figures should increase as each phase of the hub building opens and more space becomes available for use.
- The hub itself will also provide employment opportunities through 1.5 FTE jobs managing hub and the development of a creative apprentice programme, generating 2/3 creative apprentice opportunities in first year of operation
- The hub will provide opportunities for young people and graduates to be able to start their own creative businesses locally, and so keeping creative talent within North Somerset and not losing it elsewhere
- The expansion and business growth of the creative sector and industries in Weston town centre through the hub acting as a catalyst for micro enterprises/sole

traders to make the move from home working to sustainable businesses and so be then able to move on to own premises and create additional jobs and inward investment. An example of this can be seen in figures for the new creative quarter in Nottingham between 2012/2015 with 650 new jobs and 83 apprenticeships created.

- A thriving creative sector having a positive effect in Weston town centre contributing to wider vision of a vibrant town centre with a quality environment and a good place to live, work and enjoy leisure and cultural activities
- Perceptions of Weston as a town are changing – seen not just a seaside holiday resort but a contemporary, quirky and individual location. A place which has taken forward the ‘Dismaland’ legacy and has positioned itself as a centre for the creative sector and arts business start up and enterprise.
- The hub is on course to become self-sustaining through generating own income streams, including incubator space rental, hot desk rental, meeting/conference room hire, hire of specialist equipment, secure storage space, and retail/gallery space, hire of space for events, catering and other services.
- The hub is fully linked into wider regional, national and international networks through mentoring partnership with long established existing hub in region (via the RAIN Regional Arts Infrastructure Network programme).
- The hub has obtained significant additional knowledge via a consultancy agreement which will have been put in place between NSC and an existing experienced creative hub for specialist start up creative support for first six months of operation.

There is no similar project in North Somerset upon which to base output and outcome assumptions but where there are elements within local more traditional managed office space (e.g. rental rates for hot desking facilities), these have been included in calculating projections

A significant part of the R&D phase of the project has involved extrapolating comparable information from existing creative hubs across the UK, adding in local survey and focus group information, comparing rental, hire and fee charges from more traditional managed office space locally and assessing Government statistics and data for the creative sector relating to England.

The creative hub is an individual project, however, it is a key element of the wider Weston town centre regeneration programme and its project development and future phasing is being managed as an integral part of the wider programme.

Financial Case

A letter is attached at **Appendix 7** from North Somerset Council's Head of Finance and Property confirming –

- Approval of the full business case (FBC) for the Weston creative hub project for submission to the West of England Investment Board
- That all relevant financial approvals are in place within North Somerset Council to deliver the project as set out in the FBC
- That all appropriate financial due diligence has been undertaken by North Somerset Council in respect of the FBC

11.0 Scheme Cost

Acquisition costs	16/17 £	17/18 £	18/19 £	19/20 £	20/21 £	Total £	
<u>Pre-contract:</u> Land Acquisition including stamp duty, legal/agency fees, VAT etc.	178,500	0	0	0	0	178,500	<i>Business case says NSC retain freehold</i>
Total Acquisition costs	178,500	0	0	0	0	178,500	<i>Model assumes RIF funding repayable after 15 years</i>
Initial one-off expenditure	16/17 £	17/18 £	18/19 £	19/20 £	20/21 £	Total £	
<u>Post Contract:</u> Enabling Works including demolitions, remediation, service diversions/upgrade	40,000	0	0	0	0	40,000	<i>NSC initial costs and acquisition £279k Refurb costs initially covered by RIF</i>
<u>Main Contract:</u> Mechanical & Electrical – <i>Communication installations</i>	20,000	0	0	0	0	20,000	<i>As above</i>
Furniture, fixtures & fittings	40,000	0	0	0	0	40,000	<i>As above</i>
Total initial one-off expenditure	100,000	0	0	0	0	100,000	<i>Model assumes RIF funding repayable after 15 years</i>
Hub Operational Income	16/17 £	17/18 £	18/19 £	19/20 £	20/21 £	Total £	
Rent income	-11,003	-20,773	-9,498	-9,688	-9,882	-60,843	<i>Income secured by rental agreement</i>
Service Charge contribution from tenants	-18,738	-33,403	-1,672	-1,706	-1,740	-57,259	<i>Income secured by rental agreement</i>

Creative hub income	-19,589	-79,623	-155,906	-207,955	-249,546	-712,619	Hub income at risk if insufficient demand
Total Hub Operational Income	-49,330	-133,799	-167,076	-219,349	-261,167	-830,722	(*)
Hub Operational Expenditure	16/17 £	17/18 £	18/19 £	19/20 £	20/21 £	Total £	
Service Charges	38,214	77,957	69,965	71,365	72,792	330,294	From 2018/19, £9k CAB reception costs cease when CAB lease ends
Rates	6,963	14,204	20,055	20,456	20,865	82,542	As tenancies end, the CIC's share of rates increases
Staff costs	49,270	90,111	81,713	83,347	85,014	389,455	Employment of staff by CIC not NSC
IT support & maintenance	5,100	10,404	10,612	10,824	11,041	47,981	
Capital financing/RIF repayment	18,567	18,567	18,567	18,567	18,567	92,833	Model assumes RIF funding repayable after 15 years.
Total Hub Operational Expenditure	118,114	211,242	200,912	204,559	208,279	943,106	(*)
	16/17 £	17/18 £	18/19 £	19/20 £	20/21 £	Total £	
Hub Operational (surplus) / deficit	68,783	77,443	33,836	-14,790	-52,889	112,384	
Project Spend profile	16/17 £	17/18 £	18/19 £	19/20 £	20/21 £	Total £	
Capital Sought	278,500	0	0	0	0	278,500	Model assumes RIF funding repayable after 15 years
Revenue Sought	68,783	77,443	33,836	0	0	180,062	(*) model assumes RIF Revenue grant funding not repayable
Totals	347,283	77,443	33,836	0	0	458,562	

12.0 Spend Profile and Funding Sources

Project spend profile

	16/17	17/18	18/19	19/20	20/21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
NSC Capital Expenditure	149	0	0	0	0	149
NSC initial revenue one-off costs (Refurb/ conversion / acquisition costs and fees)	130	0	0	0	0	130
Ongoing revenue costs *	118	211	201	205	208	943
operating income including tenant rent in early years	-49	-134	-167	-219	-261	-830
Net operating costs	69	77	34	-14	-53	113
Net revenue sought if capex and initial costs met by RIF (minimum£0)	199	77	34	0	0	310
Total Grant sought if capex and initial costs met by RIF	348	77	34	0	0	459
...						
* annual provision for repayment of initial costs, subsidy, and capital acquisition included in revenue costs above	19	19	19	19	19	93
Net revenue sought if capex and initial costs met by LGF Grant	180	58	15	0	0	254
Total grant sought if capex and initial costs met by LGF Grant	329	58	15	0	0	403

Funding equivalent support

There are already significant in kind resources committed to this project, including staff time and expertise. Over £39,349 has been spent on the research and development phase of the project to end April 2016 -

Research and development phase

Staff resource	% time spent	Sept 2015 – April 2016 (8 months) £
Senior Project Officer	100%	26,110
Regeneration Manager	10%	4,251

Project accountant	10%	4,251
Asset Manager	5%	2,126
Marketing & Communications Officer	10%	2,611
Total		39,349

This includes x1 F/T post allocated as project lead officer until at least February 2017. Additional travel, external focus group hosting, dull diligence costs relating to building purchase and other expenditure costs incurred as part of the research phase were covered from the wider Weston town centre regeneration programme budget of which this project forms a key part.

Projected anticipated expenditure relating to the next phase of the project (May – October 2016) committed by NSC amounts to around £27,924.

Commercial Case

13.0 Procurement

- NSC have formally adopted standing orders that govern all procurements. In terms of the building acquisition, all due diligence assessments are being carried out.
- If the full business case is assessed and deemed acceptable then due to the levels of funding involved, NSC can obtain a delegated decision from the Executive Member for Asset Management, with the support of the Section 151 Officer (Head of Finance & Property). There will be no need to take the project back to the Executive or Full Council.
- NSC also has a number of framework agreements in place for different levels of construction work, these do include local involvement. It is anticipated that these framework agreements will be used to carry out the refurbishment and regeneration works to both the exterior and interior of the hub building, and also in respect of any purchasing of equipment, furniture, supplies and consumables.
- NSC may also have the option of accessing small amounts of its own funding for one off specific items or events which the council agrees to undertake before leasing the building to the hub community interest company.

14.0 Operation and Financial Viability

How will the project be operated and maintained?

The creative hub project will be planned and set up by North Somerset Council (NSC) as part of the wider Weston town centre regeneration programme. As part of this process a new community interest company (CIC) will be set up which will then take over the project which will be run as a social enterprise.

NSC will purchase the building and carry out a short programme of refurbishment and redesign works to the property. NSC will remain owners of the freehold but will then lease the building to the CIC. The exact terms of the lease are still to be agreed, but it has been anticipated that a break even rent will be charged. The CIC will be responsible for developing a range of flexible service and rental packages which will be appropriately priced for the area and designed to attract as wide a range of users as possible.

The CIC will be set up in terms of its asset lock and community benefit statement to ensure that all revenues are channelled back into the hub and its services. NSC's projected business plan for the first ten years of operation suggests little significant profit will be generated and it will be essential for any that is to be reinvested to ensure the hub remains financially viable

The CIC Board will be drawn from a wide range of organisations and board members will be required to have specific skill sets which may differ slightly from similar structures designed to run more traditional managed workspaces or charitable arts/creative projects. Skill sets deemed essential include – experience of running/managing a CIC, fundraising and marketing within the creative sector and industries, experience of involvement with multi agency co-location and facilities management. The usual board skills relating to finance, legal and governance will also be important. Discussions have already commenced with potentially suitable/interested individuals who may serve on the CIC Board.

As NSC have already invested a significant amount of funding and officer time and expertise into the project, and because it is a key element of the wider Weston town centre regeneration programme, they will have one CIC board member. No decision has been taken as to who this will be, but it will either be a senior officer or an elected member.

An event is planned for August/September at the hub building, to which all those who have expressed an interest in becoming involved with the hub project will be invited. The event will include an overview of the project to date, a tour of the building and a presentation on the future operation and management of the hub. The role of the hub CIC will be explained in detail and the role and scope of the board outlined. It is anticipated that a small pool of potential board members will put themselves forward. The board will consist of between 4 – 6 members and will operate on a rolling three year appointment programme.

During the first six months of operation, the hub CIC and manager will benefit from the mentoring and support of an experienced existing hub CIC who will be appointed in a consultative capacity. NSC have already met with the proposed consultants who have expressed an interest in expanding their current offers into consultancy work.

NSC will also develop an agreement with the hub CIC regarding what practical support it will provide for an initial three year period which will be designed to enable the hub to operate as a stand alone organisation as soon as practicable. Elements of the support could include –

- All HR processes re recruitment and appointment of hub manager
- Short term secondment of NSC town centre regeneration officer to act as part time assistant during immediate hub start up period
- Hub manager mentoring and support from senior NSC manager
- Initial provision of secretariat and support services to hub CIC board
- Promotion and highlighting of new hub CIC and board
- Access into extensive existing networks
- Access to governance/board member training, mentoring and support
- Support to produce fundraising strategy

This is not an exhaustive list and any agreement between NSC and the hub CIC will be subject to the usual assessment, scrutiny and authorisation processes operated by the council.

Management Case

15.0 Project Governance and Delivery

Recent and current experience/track record

NSC has an extensive track record of delivering major projects – some examples of recent and current projects includes -

- Dolphin Square redevelopment, Weston-super-Mare
- £15m Weston Package transport scheme – Junction 21 and public transport improvements
- £30m Weston-super-Mare seafront enhancements project
- Redevelopment of police station and former magistrates court site, Weston-super-Mare

Creative hub: development and delivery phase

The project will be managed and governed during the delivery phase by NSC's Weston town centre regeneration team, led by the town centre regeneration manager. Within the team, a dedicated senior project officer has been allocated to lead on the creative hub development and delivery work. Additional advice, support and authorisation is provided by a wider group of appropriately professionally qualified and experienced senior officers including –

- Deputy Director Development and Environment
- Head of Finance and Property
- Property Estates and Regeneration manager
- Asset manager
- Applications and Consents Services manager (planning)
- Project accountant
- Head of Economic Development
- Economic Development manager
- Sustainability co-ordinator
- Disability Equalities Access officer
- IT & Broadband Principal Officer
- Marketing and Communications officer
- Senior HR advisor

An organogram setting out the role of the creative hub as part of the wider Weston town centre regeneration programme is attached at **Appendix 4**.

Creative hub: phased hand over and initial first six months start up

- NSC will undertake all administration, legal and governance work in respect of setting up a community interest company who will be responsible for the running of the creative hub and building. Once the CIC board has been recruited and established, appropriate training and mentoring will be provided to the board, following a skills audit undertaken by the senior project officer.
- NSC will carry out all HR processes and administration relating to the appointment of a creative hub manager including job description and person specification. A panel will be appointed to conduct initial sifting of applications and then carry out the interviews.
- Once appointed the hub manager will work closely with NSC's senior project officer, town centre regeneration manager, asset manager and project accountant to ensure a smooth transfer of roles and responsibilities and the formal launch of the hub over a specified hand over period. During this time, the senior project officer will, in addition to existing role, act as a temporary hub assistant/hub & NSC liaison until this position is advertised and filled on a permanent basis.
- During the first six months of operation, the hub manager will be able to access regular specialist advice, support and mentoring from an existing successful creative hub organisation, who will be acting in a consultative capacity. This provision will include one to one sessions, specialist training and introductions into existing wider creative networks in which it will be important for the hub to actively participate in.
- There will be a sustained marketing and promotional campaign before and after the initial handover period. This will be initially led by NSC's marketing and communications officer attached to the Weston town centre regeneration programme, and gradually transferred over to the hub manager.

Creative hub: later project phases

- NSC will have one representative on the board of the hub community interest company. This will either be an elected member or a senior officer.
- The hub manager will be able to access all members of the Weston town centre regeneration team for additional advice and support, including developing a fundraising strategy and marketing and promotion.
- Assistance will be offered by NSC re the recruitment and training of the hub assistant post

Contingency measures

The sources of funding required for ongoing operations and revenue projections are provided in section 12 of the business case. Contingency measures that could be put in place if the financial targets are not met include –

- A full review of operating costs to identify savings that could be generated
- A rent review of all service and facilities packages offered including range of discounts and special offers
- Closure of some services and facilities and identification and implementation of new ones
- Consideration of offering more traditional managed workspace for a short period of time
- Apprentice development programme put on hold
- Approaching other organisations who may be looking for accommodation
- Soft market testing to identify potential price achievable of building if placed on sale in the commercial market

16.0 Programme Plan

The wider Weston town centre regeneration programme plan within which the creative hub project sits is contained in [Prospectus For Change](#) published by North Somerset Council.

17.0 Land Acquisition, Planning and Other Consents.

North Somerset Council propose to purchase The Badger Centre, 3 – 6 Wadham Street, WSM to develop as the creative hub building. Negotiations for the sale of the building are ongoing and will conform to all current NSC practices and authorisations for property purchase, including full due diligence and legal advice prior to purchase. Advice has been sought from NSC's Applications and Consents Services manager, who has reviewed the existing documentation held from the most recent planning applications and decision of 10th November 2004 when approval was granted for the creation of the existing café and office space (general B1 business use). It is proposed that the type of start up creative businesses that will take space in the hub will fall within permitted activities for general B1 business class use. This would include small areas of gallery/exhibition/retail space due to the temporary nature of these activities

(e.g. a 'pop up' shop selling items made by hub tenants located in the ground floor reception area for a short set period every month).

It is anticipated that the proposed refurbishment works to the building and internal reallocation of space would require the granting of building regulations and other licences but that full planning permission will not be required.

18.0 Service Diversions

It is not anticipated that there will be any major service diversions or power upgrades required as part of this project. There will be general external and internal building refurbishment works for which all appropriate building regulations approvals will be obtained together with any specific licences required to carry out the works. Advice regarding change of use and planning permission has been obtained from NSC's Applications and Consents Service manager and this is stated in section 17 above. There will also be an examination and upgrading of the broadband facilities to and within the building via BT or an alternative provider. Advice on this issue will be obtained from NSC/BANES IT & Broadband principal officer

19.0 Engagement and Consultation

Engagement and consultation undertaken September 2015 – May 2016

An engagement programme was commenced in September 2015 as part of the research and development phase of the hub project. This included –

Survey

An online survey was set up on NSC's Econsult page and ran from Monday 25 January – Monday 29 February 2016. Details of the survey and a request to cascade across all internal networks using websites, Twitter and other social media platforms were sent to the following key contacts–

- North Somerset Economic Development (including news item on www.innorthsomerset.co.uk and 'Business Matters' newsletter)
- North Somerset Enterprise Agency
- Weston Town Council
- Weston College
- Town Centre Partnership key stakeholders group
- Business in the Community
- Weston Mercury
- Weston Civic Society
- Theatre Orchard
- North Somerset Arts
- Boom Satsuma (creative apprenticeships social enterprise)
- North Somerset Life digital e-news bulletin
- Local people working in the creative sector who have previously expressed an interest in being involved

109 responses were received. When asked what were the main barriers currently faced in starting up a creative sector business, the results were as follows -

Barriers	% (all responses)
Affordable premises	74%
Cost of and access to specialist equipment	32%
Cost of employing staff	25%
Cost of training (yourself)	28%
Cost of training (staff)	13%
Access to reliable and affordable superfast broadband	24%
Access to wider business networks	32%
Opportunities for collaboration with other local creative businesses	56%
Access to general and specialist creative business advice and support (including finance, legal branding, marketing, promotion, website and social media)	57%

The survey also asked participants to indicate how important a range of services and facilities would be to them from very important to not at all important. In percentage terms, the top five ⁴services rated as very or fairly important were –

1. Access to and use of meeting rooms, gallery, retail and event spaces
2. Cost and flexibility of tenant packages
3. Informal networking / opportunities for collaboration
4. Type of studio / workspace available
5. Security and secure storage facilities

At the end of the survey, participants were invited to leave their contact and business details if they were interested in finding out more information about the creative hub and opportunities for taking space there. 61 respondents provided this information.

A survey report was compiled at the end of the consultation period which was circulated to NSC's Weston Town Centre steering group.

Focus group

A focus group was set up in January 2016, in partnership with Weston College. The group was made up of final year creative sector graduate students, together with some of their tutors. The group were presented with a range of information and options regarding proposals for a creative hub in Weston and invited to respond. Key points raised included –

⁴ The top five services and facilities rated as very or fairly important by number of responses are the same, with the exception that the cost and flexibility of tenant packages and informal networking opportunities are joint 2nd and not 2nd and 3rd.

Issues	Comments
Rental costs	The cost for renting space must be reasonable when compared to existing hubs locally. As an example of the sort of packages that could be on offer, the price list of The Guild Hub in Bath was circulated. The general view was that prices at this level would be too expensive (The Guild price list available at www.theguildhub.co.uk/en for comparison).
Facilities and services	<ul style="list-style-type: none"> • Room for studios and for photographic backdrops • Screen printing facilities • Dark room • Café/bar & shared communal space essential • Meeting rooms for community as well as hub use • Quality printing services • Host business support workshops (like Paintworks) • Other shared equipment – graphic design/photography • Need for space and light for photography and other creatives
Other observations	<ul style="list-style-type: none"> • There will be different requirements for different creative industries e.g. digital tech – superfast broadband is essential but fine art – ‘small and scruffy space as can be messy work’ & no need for superfast broadband. • Maybe not just one building – could expand into a network • Quality control to ensure high reputation • Needs to be large enough to make a difference/statement • Potential for investors/sponsors • Exhibition/curating experience • Café/bar used to support local food and drink & concession taken on by local business/someone wanting to start up in the café/bar business • Important to encourage access by community into café/bar, exhibition, retail area etc. and for wider engagement
Specific Weston College related	<p>Could be potential for –</p> <ul style="list-style-type: none"> • utilising expertise in setting our rooms/facilities • Students allowed to bid for a few subsidised places and in return would offer subsidised services to local companies • Students to have apprentices (for which they would get a mentoring fee)

Individual meetings

These have been ongoing and are taking place across a wide range of organisations including –

- Weston College
- North Somerset Enterprise Agency
- North Somerset Arts
- Business in the Community
- Invest Bristol and Bath (IBB)
- UWE
- Weston-super-Mare Town Council
- North Somerset Business Ambassadors

- The Guild Hub, Bath
- Spike Island hub, Bristol
- Hamilton House hub, Bristol
- Meanwhile Creative, Bristol
- Boom Satsuma CIC
- Curzon Cinema and Arts, Clevedon
- The Lighthouse Project, WSM
- Authentic Digital, WSM
- QED Advanced Systems, WSM
- Ecomedia Collective, WSM
- Other SME local businesses

North Somerset Life

The creative hub project was the cover feature in the April/May 2016 edition of [North Somerset Life](#) , which was distributed to around 92,000 households across the area.

Future engagement and consultation planned

Who	Engagement/Consultation activity	Date(s)
Organisations & individuals who have expressed an interest in the hub project	Stakeholder event held at the proposed hub building. The event will include a presentation of the project to date, what a CIC is and how it is proposed to set up a CIC to run and manage the hub. Those interested in joining the board will be invited to register their interest.	July/September 2016
Survey respondents who expressed an interest in more information / taking space at the hub	61 responses who left contact details will be followed up and sent the latest information about the creative hub project. They will be asked to confirm whether or not they are still interested in taking space at the hub and if so what their requirements would be.	July/September 2016
Focus groups	Additional focus groups will be held, working in partnership with other organisations such as North Somerset Business Ambassadors and North Somerset Arts so as to reach as wide a variety of potential hub users as possible	July/September 2016
Range of Weston town centre businesses and residents	Links into wider Weston town centre regeneration programme engagement and consultation work including Weston Town Council, Weston Bid team, Weston Town Centre Partnership,	June/August 2016
Creative hub CIC	Engagement and consultation strategy to be agreed when CIC set up	tbc – from October 2016
Creative hub user group	Engagement and consultation strategy to be agreed when hub users group set up	tbc – from October 2016

20.0 Risks, Constraints and Dependencies

The risk register for the creative hub project is at **Appendix 6** below.

21.0 Project Assurance

North Somerset Council

Internal reviews / authorisations to proceed re the creative hub project have taken place since September 2015 via –

- NSC Weston town centre regeneration steering group
- NSC Inward Investment Board
- NSC Executive

West of England LEP

- An outline business case (OBC) was submitted to the West of England LEP on 19/04/2016 – approved the recommendation to invite to submit a full business case (FBC)

22.0 Monitoring and Evaluation

The monitoring and evaluation plan for the creative hub project is at **Appendix 5** below.

References

- NSC - Prospectus for Change
- DCMS - **DCMS Creative Industries Economic Estimates: <https://www.gov.uk/government/statistics/creative-industries-economic-estimates-january-2016>*
- DCMS the Culture White Paper March 2016
- North Somerset Council Corporate Plan (February 2016)
- North Somerset Local Economic Assessment profile 2015
- North Somerset Joint Strategic Needs Assessment 2015
- Indices of Multiple Deprivation (IMD) 2015.
- NSC E-Consult online survey (Creative Hub for Weston): January/February 2016
- NSC - Creating Sustainable Buildings And Places In North Somerset: Guidance for energy efficiency, renewable energy and the transition to zero carbon development SPD. May 2015, amended November 2015.
- Sustainable Construction and Retrofitting SPD adopted version February 2013 (BANES)
- Weston College graduate creative arts students focus group: January 2016.
- Sky South Bank Arts Awards 2016: Visual Arts nomination list - corporate.sky.com/media-centre
- 'Commission approves German aid scheme for tenants of technology centres and incubators'. Article in Competition Policy Newsletter 3 (Autumn 2005) – author Volker Zuleger, Directorate-General Competition Unit G-3
- 'State Aid: Commission endorses German aid scheme for tenants of technology centres and incubators'. Article in Times Higher Education (3 May 2005)

Appendices

- 1. State aid considerations – legal advice note**
- 2. Equality and Diversity impact assessment**
- 3. Research and Development phase – data sources used**
- 4. Project organogram**
- 5. Monitoring and evaluation report**
- 6. Risk mitigation report**
- 7. NSC Head of Finance letter**

Appendix 1

Private and confidential: subject to legal professional privilege

NORTH SOMERSET COUNCIL Creative Hub State aid report 12 May 2016

1 OVERVIEW

1.1 The Council is applying to the West of England LEP (**LEP**) for revolving infrastructure funding to support the development of a creative hub in Weston-super-Mare's centre. This note has been prepared for the Council so that it can be submitted to the LEP as part of the application.

2 CONCLUSION

2.1 State aid could potentially exist in the creative hub project on three levels: 1) Council 2) SME users and 3) contractors, including the community interest company (**CIC**) who will manage the hub.

2.2 In our view, potential aid at each level will comply with the rules because:

2.2.1 the Council intends to pass through any benefit that it would otherwise receive;

2.2.2 the SMEs and the contractors (excluding the CIC) will be charged market rates;

2.2.3 the Council intends to structure the arrangement so that the CIC will retain no benefit that might otherwise overcompensate it. This can be achieved, for example, by compelling it to reinvest any surplus revenue or profit into the hub and the services offered, and preventing it distributing its income by dividend.

3 BACKGROUND

3.1 The Council has identified a gap in the availability of specialist business support for the creative and digital sectors. It is in the process of applying for £402,000 of LEP funding (**Funding**) to purchase a property and transform it into a creative hub which will offer such support to micro-businesses and sole traders in these sectors. A suitable property has been located and the Council is agreeing the terms of purchase with the owner, a local charity.

3.2 In broad terms, once the purchase and any immediate refurbishment works have been completed, the hub will be operated by the CIC specifically for this purpose by the Council, although it will not be controlled by the Council. The Council will let the property to it at a rent that will in effect recover any costs for which the Council remains liable as landlord i.e. the Council will not be charging a market rent, but one that is calculated to ensure that it breaks even. The CIC will charge market rates to those who wish to use the hub's services, although it may offer discounts to help attract users. However, the CIC will reinvest its revenues into the hub and the services. The Council's business plan for the first ten years suggests no significant profit will be generated, and that any there is will need to be reinvested to ensure that the hub is financially viable.

4 THE STATE AID RULES

4.1 State aid is defined in Article 107(1) of the Treaty on the Functioning of the European Union. This definition can be reduced into four parts:

4.1.1 the assistance must be granted by the State or through State resources (**Condition 1**);

4.1.2 the assistance must favour a certain undertaking / group of undertakings (i.e. an entity engaged in economic activity) or the production of certain goods (with the concept of assistance being widely construed) (**Condition 2**);

4.1.3 the assistance must distort or threaten to distort competition (**Condition 3**); and

4.1.4 the assistance must affect trade between Member States or be capable of having an effect on cross-border trade (**Condition 4**).

4.2 A proposal will only constitute State aid if each of these four elements is satisfied (the **State Aid Criteria**). For example, this means that the recipient must be an "undertaking", i.e. a legal entity

carrying on an economic activity. In this project, it is likely that the CIC would be classified as an undertaking because the provision of managed business space and related support is a well-developed market, albeit one that is under resourced in this particular area.

4.3 Where State aid is provided in breach of the rules, the recipient may be required by the European Commission to repay it with interest. In addition, public authorities granting unlawful aid are at risk of civil damages claims from third parties suffering damage as a result of the aid. This could come in the form of challenge from a competitor who has not received the same level of support. There is ten-year limitation period for State aid challenges, which means it should be given proper consideration at the early stages of any project where a local authority provides resources to a third party on what might be less than market terms.

4.4 The value of aid is generally the difference between the aid given and the market level, although where loans or guarantees are concerned there are some specific rules about the calculation of the current value.

Exemptions

4.5 If a proposal constitutes aid, it can be lawful if it is authorised by the European Commission. This includes the formal exemption provisions, such as the General Block Exemption Regulations¹ (**GBER**) and the De Minimis Regulations.² Under the latter, aid not exceeding €200,000 paid to an undertaking over a rolling three-year period is excluded from the application of the rules if the conditions in the Regulations are met.

4.6 There are also a number of principles that can be relied on to justify a transaction as not constituting unlawful aid. The most relevant in this project are (1) the "pass through" model derived from the German incubator case and (2) the market economy operator principle (**MEOP**), which allows aid where the State body is providing the "benefit" on market terms i.e. it is acting as a rational market operator faced with the same situation.

5 POTENTIAL AID IN THIS PROJECT

5.1 The Council has identified and asked us about three potential areas of aid:

5.1.1 payment of the Funding to the Council;

5.1.2 provision of facilities to the small and medium sized enterprises (**SMEs**)³ who will use the hub; and

5.1.3 payment to contractors, for example, under a works contract to refurbish the hub, or granting a lease to the CIC that will enable it to operate the hub and so generate revenue.

5.2 These are considered in turn below.

6 POTENTIAL AID TO THE COUNCIL

¹ Commission Regulation (651 / 2014 / EU) of 17 June 2014.

² Commission Regulation 1407 / 2013 of 18 December 2013.

³ This includes all enterprises (irrespective of legal form) with fewer than 250 employees and a turnover of €50 million or less and / or an annual balance sheet total of €43 million or less.

Condition 1

6.1 The benefit of the Funding will flow from State resources, via the LEP, to the Council. Condition 1 of the State Aid Criteria would therefore be met.

Condition 2

6.2 A local authority can be classified as an "undertaking" if it offers goods or services on a market.⁴ The project to develop a creative hub for use by SMEs could result in the Council being classified this way.

6.3 The LEP has referred the Council to what has become known as the German incubator case.⁵ This established that funding to a local authority to support the construction and then management of an incubation centre (or similar) for SMEs is compatible with the rules if no benefit is retained by the authority. In this decision, funding at the "top level" was held not to be aid for this reason.

6.4 The European Commission recognised that the authorities were trying to solve a perceived market failure. The funding was used by them to procure contractors to construct and manage the centres, and make them available to users for no less than 15 years. We have copied below the most relevant paragraphs of the decision, which uses the term "providers" to refer to the local authorities in question:

⁴ Case 118 / 85 *Commission v Italy* [1987] ECR 2599.

⁵ Commission Decision of 3 May 2005 (2005 / 782 / EC).

"(29) Under the measure in question, the providers are responsible for constructing and managing a centre. They are thus creating the possibility that a centre can rent out premises and/or offer other services to SMEs. Even if they [i.e. the local authorities] are non-profit bodies, they are performing an economic activity which could be carried out by, for example, private real estate firms or private consultancies.

(30) However, the providers are not supposed to benefit themselves from the measure as the State aid is intended to make premises and services available to SMEs. Indeed, the State resources granted to the providers are intended to confer an economic advantage solely on the users. Several mechanisms ensure that no advantage will remain at the level of the providers.

(31) A public invitation to tender for the construction or extension of a centre will be organised in compliance with public procurement legislation.

(32) The providers are obliged to transfer the possession or use of the centre to the users for at least 15 years. To that extent, they do not to receive an advantage over that period of 15 years, during which the buildings have to be used as centres.

(33) However, as the centres will remain in the ownership of the providers after 15 years and as long as no compensation is payable for the residual value, their value could constitute an advantage for the providers (the owners of the building) as they could then be used for other activities or sold. In order to ensure that no advantage remains at the level of the providers after 15 years, the German authorities undertook, in the course of the Commission's investigation, to ensure that profits will be absorbed after that period. This will be done either by applying the discounted cash-flow method or, in any case, on the basis of a method corresponding to the method provided for in Article 29(4) of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (8). All the revenue earned and losses incurred by the providers during the 15 years will be taken into account, including the residual value of the building. This suggests that the business activity of the centres should be placed at the level of the providers as it is the latter that will ultimately bear the economic risk attaching to a centre.

(34) Since the providers do not receive any economic advantage, they cannot be regarded as beneficiaries of State aid within the meaning of Article 87(1). They can be considered to be only the vehicles for making assistance available to the users via the centres."

6.5 In summary, the decision means that the Council can operate the hub by using the same principles i.e. not retaining any benefit for itself either during the term of the lease or after its expiry. We understand that this is how the Council intends to manage the property as landlord as well as the body responsible for implementing the project. Rent will be calculated at a level that will in effect cover its costs as landlord.

6.6 If the Council receives any more than this amount then it will be reinvested in the property by way of improvements or similar, although we understand that the ten-year business plan suggests that this is unlikely during that period.

6.7 To ensure compliance with the principles in the German incubator decision, the Council must also not receive any residual value at the end of the term of the lease to the CIC (if it is not extended or replaced). For example, if it sold the property for a profit. The Council will therefore need to develop a financial mechanism to calculate whether there is a residual value, and if so how it will be spent. Paragraph 33 of the decision (please see above) suggests two methods that can be used. There is useful European Structural and Investment Fund guidance (here) issued by the Commission that can be referred to when considering how best to achieve this (although it is only binding for EU funding).

6.8 We assume that, as is normally the case, the Council will be obliged to return to the LEP any Funding not used in the project. This is normally seen as further evidence that the Council will not itself benefit from the arrangement, and that it is acting only as a conduit.

Conditions 3 and 4

6.9 In view of the above conclusion, there is no need to examine whether Conditions 3 and 4 would be met for the Council.

7 POTENTIAL AID TO SME USERS

Condition 1

7.1 The Funding will be provided by the State, via the LEP, to the Council, and so Condition 1 would be met in relation to the SME users. The rules apply to aid even if it is indirect, in this case by way of the Funding to the Council that results in provision of the hub.

Condition 2

7.2 The hub will be primarily be used by SMEs, who will be classified as undertakings for the purpose of the State aid rules. As the intention is to charge users a market rate, the MEOP can be relied on to demonstrate compliance with the aid rules. The MEOP is applicable where there is no selective assistance because a market price is paid for the benefit, or where a private sector comparator in similar circumstances would make the same economic decision. There would therefore be no need to consider whether Conditions 3 and 4 apply in relation to SME users.

7.3 For completeness, if the CIC decides in the future to charge below-market rates, it is likely that Condition 2 of the State Aid Criteria would be met, in which case Conditions 3 and 4 should be considered. However, in those circumstances there are relevant exemptions that could be used (explained in section 7.5).

Conditions 3 and 4

7.4 Court decisions have shown that there is a low threshold for meeting these Conditions. There is no need to show that competition has been distorted, or trade between Member States affected, but simply that there is a possibility of doing so. For this reason, it is prudent and reasonable to assume that both Conditions will be met if the CIC charges below-market rates for SME users of the hub.

Exemptions to justify potential SME aid if below-market rates are charged

7.5 There are two main exemptions under which potential aid could be justified.

7.5.1 **De Minimis.** The De Minimis Regulations referred to in section 4.5 permit transparent aid to be given provided that the financial threshold is not exceeded i.e. the total amount of aid to an undertaking over any given three-year fiscal period must not exceed €200,000.

The value of aid must be quantified and converted into a gross grant equivalent if the level of aid is unclear. In these circumstances, this would mean working out the difference between the market rate and what was actually charged for using the hub.

There are strict monitoring requirements required under these Regulations that would need to be complied with to ensure that the ceiling is not exceeded. The requirement of transparency also means that the benefit must be calculated in advance of being provided, and recorded as part of the arrangements with the individual enterprise.

7.5.2 **GBER.** The GBER contains a number of exemptions that can potentially be relied on to provide aid to SMEs. For example, investment aid (Article 17), aid for start-ups (Article 22) and innovation aid (Article 28).

8 POTENTIAL AID TO CONTRACTORS (INCLUDING THE CIC AS MANAGER)

Condition 1

8.1 The Funding will originate from the State, and be paid by the Council to any such contractors. In terms of the CIC, granting a lease of the hub will provide an opportunity to receive payment from SME users for operating it. Condition 1 would therefore be met.

Condition 2

8.2 The Council is a contracting authority under the Public Contracts Regulations 2015 (**Regulations**) and so must run competitive tenders when awarding above-threshold contracts unless a specific exemption from doing so applies. When a contractor is selected competitively under the Regulations, the State aid rules will not be breached because:

8.2.1 there has been an open and transparent tender process removing any selectivity i.e. the market will have been given the opportunity to bid; and

8.2.2 the tender process will establish market rates for the services being provided. As mentioned in section 4.6, the MEOP has developed as an exemption to the State aid rules, and will be available in these circumstances if the contractor is selected by way of an EU compliant procurement procedure.

Procured contractors

8.3 A contractor chosen this way will therefore not be a recipient of aid as it is providing services for value, tested through a competitive process. To the extent that any aid element is involved, it will not distort competition as the benefit is openly competed. There is therefore no need to consider Conditions 3 and 4 for contractors selected this way.

The CIC as manager of the hub

8.4 The CIC is being established by the Council to act as an independent body to run the hub. Although the Council plans to have a right to appoint a board member, the majority of the directors will be independent, chosen from those who are interested in such a role. We understand that this is a model that has proved successful elsewhere.

8.5 As the CIC is not being selected by way of a compliant procurement under the Regulations, the MEOP cannot be relied on to comply with the State aid rules. However, if the principle in the German incubator case is complied with then there are good grounds for concluding that no unlawful aid will be provided i.e. if the CIC will not retain any benefit generated by operating the hub.

8.6 To achieve this, the CIC will need to be restricted from distributing any profits. If, as we assume will be the case, it is established as a CIC limited by guarantee then it would not be able to pay dividends as there would be no share capital. The CIC would also be subject to the asset lock in its constitution that will restrict the transfer of its assets.

8.7 To strengthen the argument that the CIC is not accruing a benefit as a result of the Funding, the Council should also put in a place an agreement with it setting out clearly what the premises must be used for, how revenue (including profit) must be used (reinvested) and what will happen if these provisions are breached (possible termination and repayment). The agreement should also include monitoring provisions so that the Council can audit activity on reasonable notice. Although we have not seen the terms on which the LEP will provide the Funding, it may be necessary to pass these on to the CIC to the extent that they are relevant. If so, they can be incorporated into the agreement.

8.8 The Council has a range of standard leases with different durations that it can grant the CIC. It is also investing its own time and resources into the project and has developed a ten-year business plan. Although the length of the lease selected does not have a material impact on the State aid position, it would be appropriate to use one that reflects the length of the business plan, as long as it contains the usual break provisions that are linked to the agreement recommended in section 8.7. The Council could then review the project comprehensively in year 9 to evaluate its success, including the level of revenue generated and reinvested and whether a formal procurement should be used to select a new manager or a new lease granted to the CIC. If the review finds that the hub is or has the potential to generate significant profit then the State aid position would need to be revisited to make sure that the mechanisms for ensuring no benefit is accruing are still effective.

Conditions 3 and 4

8.9 In view of the above conclusion, we have not at this stage examined whether these Conditions will be met.

Please contact David Owens, email: david.owens@bevanbrittan.com, telephone: 0370 194 1688, or Edward Reynolds, email: edward.reynolds@bevanbrittan.com, telephone: 0370 194 3034, if you would like to discuss any part of this assessment.

Bevan Brittan LLP

12 May 2016

Appendix 2

Equality and Diversity Impact Assessment: Weston Creative Hub project

Service/Project Area: Weston Town Centre Regeneration Team, Development & Environment

Equality Impact Assessment Owner:

Until 31/09/2016 Christine Ward (NSC Senior Project Officer)

From 01/10/2016 Creative Hub manager (to be appointed)

Review date: January 2017

Section 1 – The proposal

Background to proposal or project

(Please provide a brief explanation of the project/proposals)

As part of the wider Weston Town Centre Regeneration Programme, the proposal is to purchase and develop a new creative hub building in central Weston. The hub will offer a range of facilities, services and support to enable entrepreneurs in the creative industries to take the first steps in setting up their own businesses within a vibrant collaborative community. Local jobs including apprenticeships will be generated as the businesses grow and move on from the hub. This is a key element in supporting the aims of the wider town centre regeneration programme which is designed to reposition Weston as a well-connected, quality location, identified as a good place to live and work, with a distinct personality based around creative arts and culture.

Please detail below how this proposal may impact on any other organisation and their customers.

- The hub has existing tenants in parts of the building and we will work with them to address all existing issues both for themselves and for their range of client groups. We will work with them to identify and support moving into suitable alternative accommodation as their leases expire, ensuring at all times that the specialist needs and requirements of both the tenants and their clients are identified and supported. The hub building includes an existing café provision which currently only has external access to the rest of the building. The hub proposals include installing an accessible internal entrance and exit from the main building directly into the café area. A consultation process will take place prior to the design phase to agree size, shape, how to eliminate slight difference in floor levels, floor coverings and any aids and adaptations required. Detailed discussions will take place with the current café tenants and a package of mitigation measures will be put in place during building works to ensure the café can continue trading as normal.

Section 2 - What do we know?

Customer profile details - What data or evidence is there which tells us who is, or could be affected?

- No specific data is available relating to customer profile details to say who is or could be affected by the creative hub project. Capturing and working with this data to enable sound evidence to be produced will be the responsibility of the hub manager and will be built into their job description.
- The ethos of the hub is that it will be open to all with the only criteria being that you are interested in starting your own business in the creative sector/industries. A key purpose of the hub is to generate local jobs which is critical in the central area of Weston and the wider North Somerset area.
- The hub building will be located within the Central Ward area of Weston-super-Mare and will access the wide range of statistics and data already available in order to build up a profile. The information includes Census and ward level data, the North Somerset Joint Needs Assessment (2015), the North Somerset Local Economic Assessment (2015) and the Indices of Multiple Deprivation (IMD) 2015.
- An online survey conducted during January/February 2016 generated 108 responses. The survey was cascaded across all internal networks using websites, Twitter and other social medial platforms. The survey was also sent across the wider networks of other organisations including -
 - North Somerset Economic Development (including news item on www.innorthsomerset.co.uk and 'Business Matters' newsletter
 - North Somerset Enterprise Agency
 - Weston Town Council
 - Weston College
 - Town Centre Partnership key stakeholders group
 - Business in the Community
 - Weston Mercury
 - Weston Civic Society
 - Theatre Orchard
 - North Somerset Arts
 - Boom Satsuma (creative apprenticeships social enterprise)
 - North Somerset Life digital e-news bulletin
 - Local people working in the creative sector who have previously expressed an interest in being involved
- 61 survey responses left contact information to be sent more information about the creative hub and taking space there. As part of monitoring work, the hub manager will maintain an anonymised profile of those taking space at the hub so as to identify other potential groups who for whatever reason have not taken space. Groups will be approached and asked if there are any issues preventing them using the hub facility which could be addressed.
- Focus group held with Weston College graduate creative arts students in January 2016 – this was held at the University Campus of Weston College, WSM, in conjunction with the Creative Arts faculty and took place in a fully accessible building. A number of issues were raised that could pose a barrier to accessing the centre including –
 - Cost of renting space
 - Access to and cost of using specialist equipment

These issues will be addressed during the project design and will look at all factors related to specific personal requirements and financial viability. Specific issues will be worked through with the individuals concerned and additional focus groups set up and run by the hub manager to identify where steps can be taken to ensure hub access is available to all.

<p>Staff profile details</p>
<p>One of the most important aspects of developing a successful creative hub building and community is the staff working there. Initially this will consist of a hub manager, a part time assistant and up to three apprentices. All will be recruited through either North Somerset Council's comprehensive recruitment process or an existing creative social enterprise CIC who will be working in partnership with the hub in respect of the apprenticeship programme. All legal requirements will be in place and both organisations are committed to promoting equality and diversity at every level.</p> <p>The specific knowledge and experience required to fully appreciate the equality issues involved in the running of the creative hub will be a key component of the essential requirements of the hub manager role. Candidates for the position will be tested on this knowledge at interview using questions designed in consultation with NSC's Equalities and Diversity team.</p>
<p>What does the data or evidence tell us about the potential impact on diverse groups and how is this supported by historic experience/data?</p>
<ul style="list-style-type: none"> • Diverse groups are often more likely to experience inequalities and there are some significant inequalities between the most and least deprived areas in North Somerset across a range of measurements. Overall, life expectancy is 9.0 years lower for men and 6.5 years lower for women in the most deprived areas than in the least deprived areas. Nine of North Somerset's Lower Super Output Areas (LSOAs) are in the 10% most deprived areas in England. These areas are located within two wards, Weston-super-Mare Central and Weston-super-Mare South. The hub building is located in the Central Ward area of Weston town centre and will offer creative business start up and employment and other opportunities to all those living and working in central Weston as well as the wider area. • Over the longer term, the hub has the potential to reduce the number of people having to travel outside both Weston and the wider North Somerset area for work - North Somerset had a net in-commuting level of around 13,780 (the difference between in-commuters and out-commuters). • According to the most recently available data, the number of people working in the creative industries in North Somerset is approximately 1,300. It is highly probably that there are significantly more people engaged in the creative sector who are either sole traders or micro enterprises and because of their size do not appear in official sector data. The creative sector and industries offer high growth potential and are knowledge-based or high value added industries. The hub building would be able to bring these opportunities to everyone interested in starting their own creative business locally.
<p>Are there any gaps in the data, for example; across protected characteristics where information is limited or not available?</p>
<p>There is little or no published data relating to protected characteristics and any negative or positive impacts from a creative hub building. Opportunities to collect and analyse this sort of specialised local data will be built into the creative hub management and governance plans and procedures.</p>
<p>How have we involved communities and groups that could be affected?</p>
<ul style="list-style-type: none"> • Online survey conducted January/February 2016 asking people what sort of

services and facilities they would like to see in a creative hub building and which ones they would be interested in using. The survey results were analysed and the information used as part of the overall full business case and project development.

- Weston College student focus group took place in January 2016 – their comments and views have been fed back into the overall project plan.
- Meetings with a wide range of other organisations across Weston-super-Mare and North Somerset

What has this told us?

1. From the evidence collected from the survey, focus group and individual meetings with local people, there would seem to be a definite interest locally in the development of a creative hub building. Respondents from the survey expressing an initial expression of interest in finding out more about taking space at the hub (82%/59 responses) cover the broad range of DCLG 2015 defined creative sector industries from digital to artisan crafts to performing arts
2. A significant minority of responses (18%/20 responses) came from the performing arts creative sector, which could suggest a currently unmet requirement locally from this sector for a range of specific facilities. The current vision for the creative hub building relates more to the digital and artisan creative industries, so it is possible that the specific needs of the performing arts may require an alternative building location.
3. A wide range of rental packages is required offering different options for flexibility on price, amount of space, time periods and additional facilities included. It will be crucial when setting the price of rental packages that these are competitive and compare favourably with alternative offers available locally such as in Bristol and Bath
4. The building needs to be more than just a managed workspace – to continually attract in new users, the hub must develop an identity and personality of its own. Based on survey responses, changing the perceived current attitudes to the creative sector locally was seen as a crucial role for the hub. Its name, branding, marketing and promotion, presence on social media platforms, internal decoration, furnishings and external building appearance were all seen as important. Communal areas and how they are utilised were also seen as key to establishing the hub community and ethos. Areas mentioned included coffee bar, kitchen areas, small retail area, gallery and exhibition space and other informal gathering/meeting areas.
5. The building needs to have as much flexible space as possible to enable more than one use in the same area at different times. Some responses suggested a range of other uses which could also be potential additional sources of income (renting space to hold creative writing or model making workshops were two examples)
6. Some public access to parts of the hub was seen as both desirable (hub is part of the wider community) and useful (opportunities to promote/sell/network products and services)
7. Security and secure storage essential
8. A hub manager is seen as very important for the practical running of the building, developing the hub community - its personality and identity, marketing and promotion, fundraising, support and advice and organising events and activities

If we have not involved communities and groups that could be affected, what are our plans for the future?

Plans for the future can be viewed in two distinct but interdependent sections – the culture of the hub organisation and practical considerations

Culture of the hub as an organisation

- The whole ethos and development of the creative hub community will revolve around inclusivity and collaborative opportunities for all those who work in, take space in or use the building. Having a vibrant hub community where diversity is accepted and embraced as part of the richness of the shared space
- A clear commitment to equality and diversity will form part of the job description and person specification of the hub manager and will be built in to the mentoring processes for the hub apprentices
- Ongoing staff and apprentices training and awareness in equality and diversity policy and issues
- The hub will operate under a clear and concise equalities and diversity policy

which will be reviewed on an annual basis. A copy of the policy will be included in all tenancy and other rental and hire agreements

- The hub manager will be responsible for collecting and analysing equalities and diversity information which will be provided via tear off (anonymised) slip in tenancy agreements. If any groups under represented look for ways in which they can find out about the hub and services offered. Exit interviews will be offered as part of the hub exit process so as to collect feedback
- Set up a hub user group for feedback and comments – monthly meetings to be held with hub manager and key issues submitted to hub CIC board via hub manager
- Equality and diversity issues to be a standing item on the hub CIC Board meeting agendas
- Promotion of the hub as a flagship for equality and diversity and use this as a key strength to attract in sponsorship and other support from the private sector
- Recruitment of hub manager – anyone with the relevant experience is able to apply for the post. Recruitment for post will be run in accordance with NSC's standard procedures re equality and diversity legal requirements and principles

Practical considerations – designing an inclusive workspace

- Within the constraints of the existing building and financial resources available, adopting a policy of adaptation and retro fitting where required and where possible. The overarching aim is for the building to be an inclusive space where staff, tenants and other service users and visitors feel welcome and able to work collaboratively as part of the hub community.
- The following is a guide for elements of the building that need to be reviewed and changes made if necessary. It is not an exhaustive list and will be updated once the building has been occupied and more comprehensive condition surveys of the fabric have taken place -
 - Overall look and feel of the interior in terms of design, furniture and lighting. Lots of things including some of the design features as part of the refurbishment need not cost a lot of money, just some thought in advance e.g. colours and decoration, type of tea and coffee available, type of soap in the WC's, always having filtered cold water available, small designated quiet area (for multi-use including religious and cultural requirements)
 - Aids and adaptations
 - Any provision for cycle facilities/storage?
 - Any provision for baby changing/feeding?
 - Accessible parking options and nearby facilities?
 - Ramped access as required – including proposed new interior access to café
 - Reception desk with low and high level access
 - Lift with controls for use by people with visual impairments
 - Location and number of accessible toilets
 - Policy to be drawn up following consultation with service users and other external groups who may use the hub re the provision and design of unisex toilets
 - Hearing loop system and training in use of hearing loops
 - Location and number of wheelchair accessible sinks and water boilers
 - Types of taps in toilets, kitchens and water boilers
 - Adjustable lighting levels
 - Height adjustable desks and chairs

- Customised chairs if needed (tenant may be asked to contribute towards cost with an agreement that they can take with them when they leave the hub if they want to)
- Use of different colours and textures (e.g. floor coverings) to demarcate different areas
- Provision for disabled people for emergency evacuation and procedures put in place – both PEEP (personal emergency evacuation plan) and GEEP (general emergency evacuation plan)
- Hub manager to be trained in first aid and first aid kit on premises
- Help available for people who require hub information in alternative formats or languages other than English

Section 3 – Assessment of Impact

Will the proposed changes included in this assessment have an impact on any of the following?

	Actual or potential negative impact	Actual or potential positive impact
Disabled People	No negative impact expected – further work being done	Increased opportunities to- <ul style="list-style-type: none"> ○ Start own business in the creative sector/creative industries ○ Join an inclusive creative community with an ethos of collaboration and partnership working ○ Have access to regional, national and international creative networks
People from different ethnic groups	As above	As above
Men and Women	As above	As above
Lesbian, Gay, Bisexual People	As above	As above
People on low incomes	As above	As above

People in particular age groups	As above	As above
People of particular faith groups	As above	As above
Transgender People	As above	As above
Women who are pregnant or on maternity leave	As above	As above

Please describe the impacts listed above:

- Opportunities to develop own business in creative sectors/creative industries
- Create employment and training opportunities
- Meet with other members of the hub community and be able to exchange ideas and collaborate and innovate as a community and develop new partnerships
- Access to wider regional, national and international networks

Does this proposal have any potential Human Rights implications? If yes, please describe	Does this proposal have an impact on health inequalities? If yes, please describe
<p>Hub management and governance will incorporate the key principles of the UK 1998 Human Rights Act and will follow the guidance set out in the British Institute of Human Rights (www.bih.org.uk) publication "Getting With The Act: Our Human Rights Act". A copy of this publication will form part of the Hub manager's reference manual and will be incorporated into all staff training and written terms and conditions for renting space at the hub.</p>	<p>Positive impact: Local people may have health issues preventing them from travelling outside the Weston and North Somerset area to find the services and facilities they need to enable them to start up their own creative business. The creative hub will enable them to access these services and facilities locally and so support them into employment via their own business.</p>

Section 4: Action

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can now be measured.

How has the equality impact assessment informed or changed the proposal or project?	Date for implementation
<p>E&I assessment has been designed to form part of the whole creative hub project development and will be fully incorporated as part of the hub culture.</p>	<ul style="list-style-type: none"> Ongoing & will be adapted as required
What course of action could we take/have we taken to mitigate the identified impact?	Date for implementation
<ul style="list-style-type: none"> The Creative Hub in Weston will develop as a vibrant community in which people can coexist in harmony with themselves, with each other and wider society and environment. Valuing diversity, reducing inequality and ensuring all people are treated with dignity and respect will be core themes for the creative hub as an organisation. The internal and external workings of the hub management and governance will be able to respond to what is needed by the hub community and to identify and deal with issues as they arrive by finding innovative solutions that are acceptable to all. The implementation of the policy and completion of the actions will be the responsibility of the Hub manager who will involve all other appropriate staff, apprentices and volunteers in the implementation of the policy, procedures and action plan in a way that is appropriate to their job role and responsibilities. The Hub CIC Board will agree actions in relation to achieving these aims which will be incorporated into the hub's strategic plan and be subject to regular review. 	<ul style="list-style-type: none"> From September/October 2016 – ongoing until end of first full year of operation and then reporting into annual report and AGM. Next cycle commences at the start of 2nd full year of operations and then ongoing
What are the plans to monitor the actual impact of this equality impact assessment?	Date for implementation
<ul style="list-style-type: none"> Responsibilities for implementation and review of the equality impact assessment will rest with the hub manager, but all staff will be expected to contribute views and feedback as part of the process. Hub users will also be asked for their feedback via the hub users group as part of the general hub monitoring processes This specific equality impact assessment has been designed to be a work in progress and will be reviewed on an annual basis by the hub manager as part of the hub CIC annual report process, including the AGM. Equalities and Diversity will also be a standing item on the hub Board regular meetings 	<ul style="list-style-type: none"> From September/October 2016 – ongoing until end of first full year of operation and then reporting into annual report and AGM. Next cycle commences at the start of 2nd full year of operations and then ongoing

agenda.	
Advice and support	Date for implementation
This equalities and diversity impact assessment has been drawn up in consultation with NSC Equality and Diversity team and there would be ongoing access to their advice and support	<ul style="list-style-type: none"> • Ongoing

Appendix 3

Research and Development phase data sources list used in project analysis

Existing hub locations visited during R & D phase:

- Hamilton House, 80 Stokes Croft, Bristol, BS1 3QY
- The Guild Hub, High Street, Bath. BA1 5EB
- Spike Island, 113 Cumberland Road, Bristol. BS1 6UX
- Pithay Studios, All Saints Street, Bristol. BS1 2LZ

Management structures and ownership, how funded, space allocation and income generation

Building & Location	Ownership & management	What is available/ Who uses the spaces	Examples of rental/leasing terms & costs
Hamilton House, Bristol. Former office block	Owned by Connolly & Callaghan Group. Building is also their HQ Most of building let out to Coexist (CIC set up Aug. 2008).	Total 55,000 sq. ft. available Artist studios Office spaces Hot desks Event spaces Meeting & conference spaces Gallery Community arts Reading Room Wellbeing treatment centre Catering facilities Staffed reception Businesses & activities in the hub include - arts & crafts, exhibitions, cookery, creative writing, dance, film & theatre, languages, music, personal development, talks, lectures & readings.	Artist studios - £10/£12 sq. ft. p.a. - £55/£500 p.m. Includes all services, utilities, post service, internet, 24 hour access & security. Office spaces – can be bespoke/open/shared or closed/private areas. £12/£14 per sq. ft. p.a. including services, utilities, 24 hour access, post service, internet & security. Also staffed reception area 9am – 9pm Monday/Friday, 9am – 5pm Saturday. Event space up to 100 people - £16/£20 per hour, £112/£140 per day, Monday – Sunday residency is £450. Reading Room - £8 per hour Community kitchen - £20 per hour or £140 per day Dance studios - £20/£25 per hour, £140/£175 per day Treatment rooms - £4/£6 per hour Gallery - £60 per day, £180 per week
The Palace Hub, Esplanade, Redcar. Former theatre	Owned by Redcar & Cleveland Borough Council. The gallery spaces are managed by one of the tenants (photographic company). Opened March 2013. 41% occupancy rate by May 2014 (11% over year 1 target). In 2014 generating approximately £52k annual rent & room hire income. Council invested £1.9m which levered in additional external grant funding of £6m	36,382 sq. ft. incubation & managed workspace for creative industries. Digital suites Studios Office space Business spaces Office pods Hot desks Meeting rooms Gallery (2,400 sq. ft. 28,000 visitors since opening. Also rear gallery space of 581 sq. ft. including wall space for schools & colleges to use) Café Retail outlet spaces In house business support Staffed reception Businesses & activities at the hub include – crafts, visual & performing arts, software development & PC services, art, antiques, cultural heritage, designer fashion, jewellery, design, advertising, publishing, film & video	Office spaces include utilities/services inc phone/internet. White walls & simple carpet tile flooring. Rental terms inc leases & licences on 2 months in/2 months out notice terms. Business space including studio style work areas. Studios have been created on the 1 st floor of the building for ease of moving specialist equipment in and out plus for deliveries. Micro office pods Rent a desk facilities Gallery space can be hired for £145 for first 2 weeks and £60 per week for each subsequent week. Also virtual office service – use hub as postal address, telephone answering service and place for meetings. All these areas have access to and use of break out spaces, meeting rooms and kitchen facilities. Also 24 hour

Building & Location	Ownership & management	What is available/ Who uses the spaces	Examples of rental/leasing terms & costs
		<p>production, architecture, art groups, practicing artists, photography, and graphic design.</p> <p>Gallery is used by sculptors, ceramicists, jewellers, silversmiths, printers, graphic artists, textile workers, photographers, film & video makers and musicians</p> <p>Hub puts on networking events for users and other creative businesses in the areas.</p> <p>Hub is a member of 'Colleagues On Tap' scheme and hosts a co-working day for occupiers once a month (funded by ERDF)</p> <p>Occupiers have access to a Creative Industries Advisor based at the Hub (funded by ERDF) – mentoring, advice, seminars & networking.</p> <p>The ground floor is open to the public & is designed so they can see what is being made in some of the workshop areas & are then able to browse and purchase items.</p>	<p>access.</p> <p>Staffed reception area & central services team available Monday/Friday, 9am – 5 pm.</p>
<p>The Iceland Building, 27- 29 High Street, Swansea. Former Iceland retail store</p>	<p>Owned by Coastal Housing Group (RSL across Swansea, Neath & Port Talbot)</p> <p>Ground floor leased to the Volcano Theatre Company (rehearsal, event & performance spaces)</p> <p>Artist studios managed by Elysium Gallery (artist led social enterprise, which managed studios in 3 venues across Swansea)</p> <p>Prior to this development, the building was empty for several years. Coastal purchased the building for the specific purpose of starting a creative hub in this area of Swansea.</p>	<p>Small business incubator/start up hub, event, meeting, exhibition and classes spaces</p> <p>Arts and crafts small businesses</p> <p>Indoor craft and art market</p> <p>Managed by The Volcano Theatre Co. – rehearsal, event & performance spaces.</p> <p>The hub is laid out as –</p> <p>Ground floor – Volcano theatre Co</p> <p>1st floor – creative industries businesses and individuals working spaces/pods</p> <p>2nd floor – Elysium Galleries – studios & gallery spaces</p> <p>All occupants have access to shared kitchen facilities, utilities & services</p>	<p>2nd floor – 30 artist work spaces with 24 hour access.</p> <p>Mixture of open planned, lockable spaces and desk spaces. All have access to a 'try out' exhibiting area, library and communal areas for networking.</p> <p>To rent a studio – must register on Elysium Gallery studio waiting list. Allocation made by registration date – usual practice is a new occupant has smaller studio and then can apply to move into a larger space when one becomes available. Tenancy agreement – need to give 2 months' notice to leave after the first 3 months. If an occupant is away on a commission but wants to keep studio, they can apply to be able to under let their space for 6 – 12 months to people already on the waiting list. A studio can be shared in which case a joint tenancy agreement will be issued.</p>
<p>The Shed, 348-354 High Street, Gateshead. Former furniture retail store & warehouse</p>	<p>This project ran from 2009 – 2012. Building then became structurally unsafe and not cost effective to repair.</p>	<p>Small business units let out as shells – tenants to kit out at their expense.</p>	<p>Space available = approx... 230 sq. ft. per unit.</p> <p>Basic facilities inc. WC, electrically operated roller</p>

Building & Location	Ownership & management	What is available/ Who uses the spaces	Examples of rental/leasing terms & costs
<p>The Garden Shed, Gibside Estate, Gateshead. Former coach house, stables & associated courtyard buildings</p>	<p>Building purchased by Gateshead Council funded by ONE North East RDA Created as a partnership between Gateshead Council and the designer Wayne Hemingway MBE – the ‘Starter For Ten’ programme’. Programme designed to address a demand for low cost creative work space in the area. Other supports included the Arts Council and the Northern Rock Foundation. Owned & managed by the council.</p> <p>A FOI request reported in local paper gave costs as – £451k from One North East RDA £257k refitting building £34k roof repairs £4,100 other minor repairs Building was due for demolition as part of long term planned redevelopment of the town centre so The Shed created as interim measure rather than building remaining empty.</p> <p>Potential users completed short application form – decisions based on three criteria – quality, need and benefit. Business had to be broadly within definition of cultural industries set out by DCMS* Application to be supported by images of work, a supporting statement, CV(s), business plan and/or professional development plan, 2 written references. Over 40 start up businesses moved through the Shed in the first 18 months of operation.</p> <p style="text-align: center;"></p> <p>The Shed inspired the setting up of a smaller but similar scheme called The Garden Shed in a rural location outside of Gateshead at Gibside - 18th century mansion & estate in National Trust ownership. Partnership between National Trust, Gateshead Council & the Rural Growth Network. A new idea for NT who had not been involved in this sort of partnership on their properties before. Creative hub set up in disused stable and coach house block Is a part of the original The Shed ‘Starter for Ten’ programme.</p>	<p>Access to free individual professional business development support provided by the council.</p> <p>Tenants had access to small business enterprise & innovation fund and were supported to apply for small grants. The Shed held regular events to enable tenants to show off their goods & services and sell directly to the public.</p> <p>Businesses who were tenants at the Shed included -visual artists, fashion designers, fashion photographers, graphic designers, architects, film makers and animation.</p> <p>Rent free small studio spaces on easy in/easy out terms with access to retail area to sell directly to the public. Businesses must also agree to give talks and run workshops & events for visitors to the estate. Businesses include – organic skincare & cosmetics, costume and props design, printing, recycled wood home & garden items, ceramics, pottery, textile design, & photography.</p>	<p>shutters, lighting, phone, gas heating. A unit can be used by an individual or a small group. Minimum occupancy = 6 moths. Maximum occupancy = 2 years. Rent free workspace refurbished to minimum standard that meets health & safety requirements Fit out of units is responsibility of the users & required permission from Gateshead Council. No funding from council for this but support to locate and apply for appropriate funding or access other in kind assistance Monthly service charge to cover building running costs and management Users must sign a legal agreement and be ready to move into their unit within 1 month of being notified that their application was successful.</p>
<p>The Hub: Fashion & Textile Design Centre, 31-33</p>	<p>Funded by Arts Council NI & Derry City Council via Derry</p>	<p>Ground floor – 8 incubation/start up spaces.</p>	

Building & Location	Ownership & management	What is available/ Who uses the spaces	Examples of rental/leasing terms & costs
<p>Shipquay Street, Derry/Londonderry</p>	<p>Legacy Fund (£900k total fund) Owned & managed by the Inner City Trust NI – charitable trust & social enterprise. Also receiving ongoing support from Derry City Council's Business Opportunities Programme. The designer Wayne Hemingway MBE is also involved re support, mentoring & advice capacity. The hub also employs its own business development manager. Listed building which was empty for several years. Building is now centre of annual Fashion Festival (November) and annual Craft & Fashion Awards (February)</p>	<p>The Stitchery – large open plan space kitted out with industry standard sewing machines & associated equipment. Retail area for sales to the public. Heritage gallery & exhibition space. 1st floor – 4 larger units which will be licenced to more established businesses (designers). Large meeting area for hub events and also for general hire. Separate R&D area. 2nd floor – general small office space Occupied by textile, design & fashion creative businesses. Also used for wide range of workshops and other events by organisations including The Prince's Trust.</p>	
<p>The Guild: Co-working Hub, High Street, Bath</p>	<p>Former technical school and offices. Grade 1 listed building forming part of The Guildhall in the centre of Bath. BANES provided a capital grant of £500k to develop the building. Day to day management and responsibility is by The Guild – a CIC social enterprise. The conditions of the capital grant included a set of SLA's re how the hub is run which were agreed with BANES. Cllrs from BANES sit on the board of The Guild. Management team of 3 based at the Hub, employed by The Guild CIC. As well as BANES, the hub is sponsored by – Bath Spa University Mogers Drewett Solicitors Gradwell Communications (communications & technology business) Storm Consultancy (web design company) Rocketmakers (Web, Cloud, mobile and start up technology IT company)</p>	<p>3,500 sq. ft. of developed space across a number of rooms. Shared desk space and co-working rooms 1Gb fibre leased line 24/7 access 4 meeting rooms 2 phone rooms Members only Skype rooms Free refreshments Showers Bike lockup Personal lockers Air conditioning Fully equipped kitchen Registered address services Member's Intranet Regular events and training seminars</p>	<p>Several membership plans – each plan offers a different range of and access to services: Associate Member: £49 for 12 hours pcm. Flex Member: £99 for 30 hours pcm. Community Member: £159 for 60 hours pcm. Permanent Member: £239 pcm for 24/7 access. Desk Member: £299 pcm for 24/7 access All membership plans are billed monthly and paid a month in advance. Users have a 30 day notice period to tell management if they want to move to another membership plan or leave. Range of meeting rooms/facilities: Studio 2: with film/video editing facilities – small groups. The Green Room – seats 4. The Kennel – seats 5. All £10 per hour. The Never Bored Room: with audio visual facilities – seats up to 10. £40 per hour. Plan cost includes all basic utilities & services including cleaning Additional small charges for things like phone & photocopying – these vary depending on what type of membership plan you have. There are also Day Passes available for people who are interested in taking space and what to see how the building and services work. Prices given do not include VAT</p>

Building & Location	Ownership & management	What is available/ Who uses the spaces	Examples of rental/leasing terms & costs
<p>The Sorting Office, 37 Wells Road, Eastleigh, Southampton</p>	<p>Creative Hub opened in 2013. Part of European funded RECREATE enterprise programme made up of 11 partner organisations in England & France. Aim of programme is to bring empty commercial properties back to life and turn them into business clusters for the creative industries.</p> <p>Former Royal Mail sorting office from the 1920's. A partnership between Eastleigh Borough Council and Aspace Arts (social enterprise). Aspace Arts manage the building.</p> <p>Being part of the RECREATE programme will enable users to become part of a growing cross Channel creative business community with access to new markets and able to take part in mentorship and exchange programmes</p>	<p>Businesses located at the hub include: illustrators, textile artists, fashion designers, jewellery makers, felt makers, pattern cutters, theatrical costume designers, stained glass artists, ceramic designers/makers, fine artists, wallpaper designers, visual & 3D drawing artists, machine embroidery.</p> <p>Affordable workspace to artists/creative businesses. Online brochure 'The Little Black Book', updated annually, detailing all users of the building and what they do.</p> <p>Flexible workspace with 24/7 access</p> <p>Mentorship & business development programmes</p> <p>Personal broadband connection</p> <p>Business postal address</p> <p>Kitchen facilities</p> <p>Secure car park, loading bay and outside area</p> <p>Networking events</p> <p>Support from the RECREATE European Partnership & the Creative Eastleigh Network</p> <p>Separate communal, large space called The Production House – used for conferences, workshops, meetings, talks, lectures, screenings and events.</p> <p>Business support events including – 'Routes to Market', Summer Open Days and Winter Open Studios events.</p>	<p>Easy in/easy out resident agreements with single monthly payments from £120 pcm</p> <p>Hire of the Production House space from 3 hours to over 1 month</p>
<p>The Tec Hub, Wessex House, Upper Market Street, Eastleigh, Southampton</p>	<p>Located in part of office block which is used as a traditional style business centre. Funded by European funded RECREATE enterprise programme made up of 11 partner organisations in England & France. Aim of programme is to bring empty commercial properties back to life and turn them into business clusters for the creative industries. Also Eastleigh Borough Council, Wessex House Business Centre & Arts Council England</p>	<p>Creative and technical space for digital start –ups and creative to work meet and network.</p> <p>Businesses using the hub include – games companies, tech start ups, digital artists and designers, documentary & lifestyle film makers, animation, app design, branding, web design, ecommerce, fabric OS maps</p> <p>Hub puts on range of workshops, events and networking sessions throughout the year</p>	<p>Fuller serviced work spaces</p> <p>Various membership packages including: £20 per day 'Try Before You Buy'</p> <p>£120 pcm (VAT exempt for members): All inclusive Pack –co-working desk space, refreshments, meeting areas. £10 per hour discounted rates for private meeting areas.</p> <p>24/7 usage with own card access</p> <p>£25 pcm + VAT – use of postal address for deliveries, website, business address, copying and printing facilities £2 per day - £20 per month – secure storage for equipment & valuables</p> <p>Private meeting areas available at an additional hourly rates depending on the type of membership package businesses have.</p> <p>Large meeting room hire - £15 per hour.</p>

Services and marketing/promotion

Building and Location	Types of Services	Marketing and Promotion
Watershed, Bristol	<ul style="list-style-type: none"> • 3 Cinemas • Café/ Bar • Conference space • Pervasive Media Studio (Research space that brings together a network of 100 artists, technologists and academics to explore the future of mobile and wireless media) 	<ul style="list-style-type: none"> • Bristol as a location has a growing creative economy and is a leader in creative technologies. • Development of a creative hub viewed as a component of the transition of Bristol into the cultural sector.
Baltic Creative CIC	<ul style="list-style-type: none"> • Creative campus established in 2009 to provide creative space that meets the needs of the creative and digital sector whilst playing an important part of the regeneration of the Baltic Triangle. • Creative campus includes shop front studios, multi-functional warehouses, workshops and managed workspaces • Others include elevator studios and the North Liverpool Academy 	<ul style="list-style-type: none"> • Articles posted regularly on the website of the hub
Unity Works, Wakefield http://www.unityworks.co.uk/	<ul style="list-style-type: none"> • To be the creative heart of Wakefield enabling innovation and creativity to thrive • Stages Music, concerts, conference and events that have national and international reach. • Office space, work office tenants, co-working and hot desking 	
Temperance Hospital, Camden	<ul style="list-style-type: none"> • Wi-Fi • Kitchen • Meeting rooms • 24/7 access • Lockers • Event Space • Cycle parking • Board Room • Hot desking space • Offices for start-ups and training academies in creative and digital skills 	
Co Hub, Eastbourne	<ul style="list-style-type: none"> • Hot Desks that can be easily relocated • Printing • Balcony for 'al fresco' working • High speed Wi-Fi • Stationary supplies • Screens to plug in laptops • Whiteboards • Dedicated phone rooms • Breakout areas with comfortable arm chairs • Kitchen with unlimited tea and coffee • Soft drinks and snacks bar • Free on street parking nearby • Pay and display car park on doorstep • Shower 	<p>Active presence on all social media platforms including Facebook, Twitter, Linked In and Instagram</p> <p>Able to join a co hub mailing list Regular events held</p>
Open Space, Co-operative, Hulme, Manchester	<ul style="list-style-type: none"> • Offers affordable, flexible office space in a creative, friendly atmosphere. • Office is secure, open 24/7 and provides high speed broadband, printing and meeting space • Fair use printing • Free coffee • Maintained communal area • Storage cabinet • Trading mail address • Wireless broadband • Access to global included network 	<ul style="list-style-type: none"> • Twitter-based, updating followers about new projects, events, meetings etc.

	<ul style="list-style-type: none"> • Perks and packages • Kitchenette 	
The Melting Pot, Edinburgh	<ul style="list-style-type: none"> • Stimulates and supports social innovation • Pioneers of Co working in Scotland 	
Impact Hub, Birmingham	<ul style="list-style-type: none"> • Impact Hub has evolved into a rapidly expanding network of 7000+ members in 40+ locations. A space to work, host and connect with like-minded individuals and organisations. • Meeting and conference rooms of various different sizes rooms 	<ul style="list-style-type: none"> • Very informative website re: upcoming events etc. • Blog- updated 1-3 times a month regarding community achievements related to the hub and poignant topics.
The Work box, Penzance	<ul style="list-style-type: none"> • Affordable and desirable workspace available in Wes Cornwall. Modern facilities and stylish interior. • Workbenches, desk spaces, private offices, break out sofa areas, board level meeting room, fibre speed broadband, free landline calls, excellent coffee, projection screens and a range of reception desk services. 	<ul style="list-style-type: none"> • 'professional front for your business'
The Old School House, Bournemouth	<ul style="list-style-type: none"> • Smart dedicated pods with desks and storage options • Free Wi-Fi • Free tea and coffee in the 'Coffee Laboratory' a communal kitchen and seating area • Private meeting room • Renovated assembly hall for large meetings, small conferences, dance exhibitions and community activities • Access to a creative business network • Mail address 	
Old Church School, Frome	<ul style="list-style-type: none"> • An award winning workspace set in a grade 11 listed building. • Provides 1500m square of flexible shared workspace, 24 studios, café, event space, meeting rooms and free parking. • Facilities include café, event space, meeting rooms, phone/ skype booths, reprographics, resource library, shower and bike racks, 100mbs of superfast Wi-Fi, VoIP phones, free parking, co-working desks, permanent desks, work pods, and self-contained studios. 	
Eigg Box, Scotland	<ul style="list-style-type: none"> • Eigg box will be a new space for artists to make and do creative work. Eco workspace bringing together local island creative business. • Follows the notion that creative entrepreneurship and creativity needs to be at the centre of the population. • Can work on a part-time or full-time basis, a day visitor, a few days or up to three months • Other space include: event/ exhibition space, area for coffee, online shop, storage space, Wi-Fi, training and development opportunities • Skype and conferencing facilities • Running of event and training for tenants 	<ul style="list-style-type: none"> • 'Makes the remote central' • Similar mainland projects have shown that providing high quality, custom built working space increases productivity, reduces isolation and offers tenants the opportunity to share costs, collaborate and pitch for work jointly • To reduce isolation – better to work, companionship, creative collaboration, fewer distractions, ability to share skills, ideas etc.
Bangalore co working hub, http://bangalorecoworkinghub.blogspot.co.uk/p/full-membership-monthly-rs.html	<ul style="list-style-type: none"> • Ready to use plug and play shared and virtual office space with flexible office configurations • Professional ergonomic workstation furniture • Pantry facilities available at a minimum charge • High speed internet • Power backup for desktops and laptops • Employee parking space • Daily cleaning services • Inbound and outbound mail/ package handling 	<ul style="list-style-type: none"> • The benefits received when working in a co- working space include <ul style="list-style-type: none"> - enhanced productivity - Flexibility - Motivating
Betahaus, Berlin, Germany	<ul style="list-style-type: none"> • Co-Working space in Berlin, Hamburg, Sofia and Barcelona 	<ul style="list-style-type: none"> • Marketed as a 'Vienna-style coffee house, a library, a

	<ul style="list-style-type: none"> • Offers 24 hour working. • State owned space • Separate meeting rooms, large event spaces, maker space, electronics and a café for ‘relaxed entertainment’ • 3000ft of co working space 	home office and a university campus.’
The Werks Group, Hove.	<ul style="list-style-type: none"> • Offers workspace to a host of creative companies and freelancers with built-in support and events to make the building genuine, alternative destinations and helpful , creative communities • SPACES- Affordable creative spaces, vibrant social network across Brighton and Hove. • Rooms for meetings, workshops and mini conferences. Photographic studio, Sound studio, spaces for artists and makers. • SUPPORT- Helped start, develop and grow over 1000 new creative businesses. Links with universities and funding agencies • IDEAS- actively encourages work sharing, peer mentoring, sustainability, creative networks and networking events. 	
The Melting Pot, Edinburgh	<ul style="list-style-type: none"> • Stimulates and supports social innovation • Pioneers of Co working in Scotland 	<ul style="list-style-type: none"> • Hosted the ‘Social entrepreneurs char show’ at the Edinburgh entrepreneurship week. One was focused around creating ‘place makers’ in order to raise awareness of the work being done through 3 organisations that are providing physical spaces that act as catalysts and enables of their local community. The other was focused around ‘Women’

Other Services offered and how these work

Watershed, Bristol.	<p>Wedding Events-</p> <p>Wedding Licence obtained- First wedding held in 2013. Pitched as a blank, highly flexible event space where that becomes a ‘blank canvas for those who wish to create a unique wedding event’</p> <p>Cinema facilities may be used as part of the day to make vows, or share a screening of a film for guests.</p> <p>Birthday Parties</p> <p>Celebrating in a unique and creative way by utilising the facilities already at the hub such as the screening a film on the big screens or by playing video games on them.</p>
Unity Works, Wakefield	<p>‘What’s on’ events held at the hub consistently every month including, small music, poetry, community, film, theatre and fee events.</p>
The Old School House, Bournemouth	<p>Strong social media link to the creative hub website. Live twitter feed featured on the price list advertising promo codes and discounts such as ‘50% off desk space if you sign up in January’</p> <p>And ‘half price deal ends Sunday</p> <p>‘Other deals available-just ask’</p> <p>Dress making classes -£10 a class</p> <p>Free Taster session theatre workshops for grown-ups</p>

***Definitions**

No one definition - the original Department for Culture Media and Sport (DCMS) definition is –

“Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property”.

As of 2015, DCMS recognises nine creative sectors, all of which can be broken down further into different occupations –

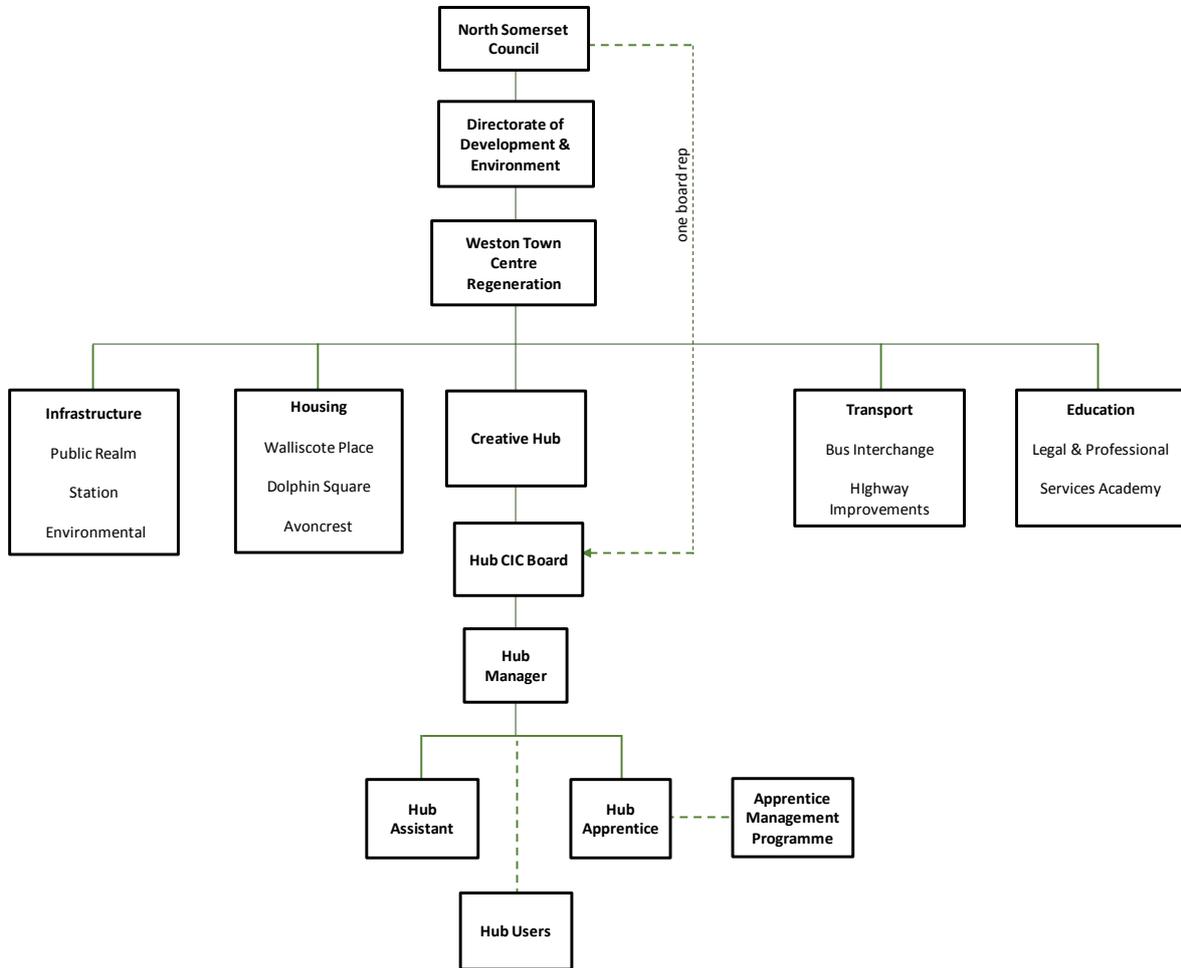
1. Advertising and marketing
2. Architecture
3. Crafts
4. Design: product, graphic and fashion design
5. Film, TV, video, radio and photography
6. IT, software and computer services
7. Publishing
8. Museums, galleries and libraries
9. Music, performing and visual arts

Other definitions view additional sectors/industries as creative including –

- o Toys and games
- o Gastronomy
- o Research and development as a distinctive occupation within the creative industries
- o Specialist micro engineering as a distinctive occupation within the creative industries

Appendix 4

Creative hub project organogram



Scheme: Weston-super-Mare Creative Hub

Full Business Case Monitoring & Evaluation Plan

1. Scheme background and context

- Provide a short description of the scheme, including costs, the delivery timeframe and an explanation of the wider delivery context.
- A summary of the key milestones should be provided with expected and actual completion dates. (indicative 250 words)

As part of the wider Weston Town Centre Regeneration Programme, the proposal is to purchase and develop a new creative hub building in central Weston. The hub will offer a range of facilities, services and support to enable entrepreneurs in the digital and creative industries to take the first steps in setting up their own businesses within a vibrant collaborative community. Local jobs including apprenticeships will be generated as the businesses grow and move on from the hub. This is a key element in supporting the aims of the wider town centre regeneration programme which is designed to reposition Weston as a well-connected, quality location, identified as a good place to live and work, with a distinct personality based around creative arts and culture.

The total cost of the project is projected at £458,562 including –

- Purchase and refurbishment of a building approximately 7,776 sq. ft. (722.4 sq. m.) in size
- The establishment of a Community Interest Company (CIC) to manage and develop the hub
- Recruitment of dedicated hub manager
- Apprentice programme
- New hub brand with distinct name and personality
- Evolve wider partnership working with key existing creative bodies

Milestone completion dates	Baseline month/year as per bid	Current dates (proposed as revised baseline Jul'16)	Actual completion
CIC and CIC board set up	October 2016	November 2016	
Purchase of building	October 2016	December 2016	
Refurbishment of building	October 2016	December 2016	
Final existing tenants vacate building (all previous existing tenants to have vacated by end February 2017. Negotiations with final tenant re lease break clause and end dates ongoing with current owners of building)	July 2017	July 2018	
Recruitment of hub manager	September 2016	November 2016	
Part time hub assistant seconded from NSC	October 2016	December 2016	
Parts of building reopen as creative hub	November 2016	December 2016	
Remaining part of building reopen as creative hub (depending on final existing tenant lease negotiations with existing owner of building)	July 2017	July 2018	
1.5 permanent jobs (hub management and administration) by end of first full year of operation	December 2017	December 2017	
3 apprenticeships by end of first full year of operation	December 2017	December 2017	
Average daily churn of up to 45 users by end of first full year of operation	December 2017	December 2017	

Scheme: Weston-super-Mare Creative Hub

Enabled up to 70 micro enterprise start-ups by end of first full year of operation	December 2017	December 2017	
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2. Logic Model

- Complete a logic model to reflect the project scope i.e. all the activities covered by the investment. Ensure also that there is a clear progression between the steps in your logic model.
- State assumptions between the investment and the predicted outcomes and impacts.
- For outcomes relating to direct jobs creation, please provide an annual profile of jobs created and clearly state the time period over which net additional jobs and GVA will be created.
- Please define the impact area of the intervention i.e. West of England or other geographical scale. (indicative 350 words)

Operational phase:

Gross Internal Area (GIA) for Creative Hub = 7,776 sq. ft. = 722 sq. m.

Net Internal Area (NIA) – assume 85% GIA = 614 sq. m.

Employment density, assume 15 sq. per FTE (ref TMT sector ratio 11, managed workspace 12-47)

Full occupancy job numbers $614/15 = 41$ FTEs

Using the West of England AMORE model, the direct creation of 41 FTEs in the creative sector (50% digital/50% creative arts) would generate £1.8m Gross Value Added (GVA)

Taking into account indirect impacts – supply chain and impact impacts – the gross full occupancy impact is **59 FTEs and £2.6m GVA**

Medium term assessment (illustrative)

Over 5 year period, with target 90% occupancy by year 3

Assume 33% churn rate (max 3 year tenancy)

Inputs: creative jobs (50% digital/50% creative arts); 1.5 admin & support services

Reference: https://www.nesta.org.uk/sites/default/files/incubation_for_growth.pdf

	Year 1	Year 2	Year 3	Year 4	Year 5
Jobs @capacity	41	41	41	41	41
Occupancy	50% (*0.5)	75% (*0.75)	90% (*0.9)	90% (*0.9)	90% (*0.9)
Jobs @occupancy	20.5	30.75	36.9	36.9	36.9
+ Annual churn rate	+ (occ*1.33)				
Jobs created (cumulative) +1.5 operation	28.5	49.5	67.5	79.5	91.5
Gross Jobs created (cumulative)*	41	72	98	115	132
Gross GVA (cumulative)*	£1.8m	£3.1m	£4.3m	£5.0m	£5.8m
NPV 3.5% (*0.965 yr2+)	£1.8m	£3.0m	£4.1m	£4.8m	£5.6m

Based on assumptions above, it is assumed that the Creative Hub could generate **91.5 direct jobs, 132 gross jobs and £5.6m GVA (NPV) by Year 5 of operation.**

Qualitative benefits

Scheme: Weston-super-Mare Creative Hub

- Addresses WoE strategic priority of raising productivity by stimulating 'productivity driver' enterprise (start-ups and micro business growth).
- Creative sector recognised as a priority within WoE Strategic Economic Plan given existing competitive strengths and growth potential. Weston Creative Hub to be seen as part of the network of successful hubs across WoE.
- Creates a collaborative environment to encourage knowledge spill-overs and improved competitiveness.
- Productive use of underutilised building - positive externalities in relation to improved public realm and a catalyst for wider creative sector and employment growth in Weston Town Centre and beyond.
- Links to Weston College to encourage skills retention and creative 'spin outs'.

Scheme: Weston-super-Mare Creative Hub

Logic Model

Context and Rationale					
<p><i>Provide a brief description of the strategic and policy context (link to local and national strategy policy). Briefly describe the market failure rationale for the intervention.</i></p> <p>Economic growth and thriving town centres are key ambitions for NSC and the development of the hub is an important element of the new vision for Weston town centre. Forming part of the wider town centre regeneration programme, it will be an important 'early win' as a visible sign of change and regeneration of the central area, and help to maximise the wider economic benefits generated via the creative sector and industries. It will act as a catalyst and incubator for micro enterprises and support the development of new opportunities for growth and expansion. The project addresses a specific market failure which can be evidenced in examples from elsewhere in the UK - the private sector can be highly effective as sponsors, champions and partners once hubs are established, especially in larger, more economically active towns/cities. However, local authority intervention has been crucial both for start up and attracting in additional external investment.</p> <p>The project fits within – NSC Corporate Plan (February 2016), NSC 'Prospectus For Change' – Weston Town Centre Regeneration Programme, West of England LEP priority sector - Creative and Digital has been identified as a priority sector for the West of England LEP and the region is one of 3 key creative sector centres in England alongside London and Manchester. The West of England Strategic Economic Plan vision includes the aim of ".....making the West of England the place of choice for talented creative workers", NSC Core Strategy CS15: Delivering Strong and Inclusive Communities. CS20: Delivering a Prosperous Economy and CS29: WSM Town Centre, North Somerset Local Economy Plan (2013) including increasing the number of local jobs.</p>					
Objectives	Resources/ Input	Activities	Outputs	Direct & Indirect Outcomes	Impact
<p><i>The aims/ objectives of the scheme are: (Ensure that all aims/objectives are SMART)</i></p>	<p><i>In order to achieve the set of activities to fulfil these aims/ objectives we need the following: (Resources should not be limited to money e.g. grant, match funding, in-kind, project team, specialist support, etc. The inputs define the scope of the project being considered in the logic model)</i></p>	<p><i>In order to address the aims and objectives we will accomplish the following activities: (What will the money be used for? e.g. construction, project management, equipment/fit out, etc):</i></p>	<p><i>We expect that, once accomplished these activities will produce the following deliverables: (Provide measurable outputs e.g. length of new road/cycle path, m² of space constructed/refurbished, number of businesses supported, learners engaged, etc)</i></p>	<p><i>We expect that if accomplished these outputs will lead to the following <u>change</u> e.g. new products or services, skills, behaviour, new business/contracts, etc: (Ensure that all outcomes are SMART and relevant to the aims/objectives to allow for attribution; distinguish between direct and indirect outcomes)</i></p>	<p><i>We expect that if accomplished these activities will lead to the following changes in service, organisation or community: (quantitative economic impacts e.g. indirect jobs and/or GVA to be <u>cross-referenced</u> with FBC as appropriate)</i></p>
<ul style="list-style-type: none"> To develop and set up a creative hub building in Weston-super-Mare Town Centre 	<ul style="list-style-type: none"> NSC dedicated resource x 1 senior project officer within WSM town centre regeneration team & working to Regeneration manager Additional NSC internal resources (£s & staff time and expertise) to take project through R&D phase to FBC stage 	<ul style="list-style-type: none"> All development, research and planning work to deliver project to FBC stage All planning, development and implementation work to set up Hub CIC and open hub building Engage and work with existing creative hub & CIC in a consultative capacity for first 6 months of hub operation 	<ul style="list-style-type: none"> Start-up funding allocated to project - £458,662 Purchase and refurbishment of creative hub building by Dec'2016 Setting up of Community Interest Company by Nov'2016 to run and manage hub Recruitment of hub manager by Nov'2016 	<ul style="list-style-type: none"> Creative hub refurbishment completed Hub manager recruited Project handover process progressed via NSC senior project officer Initial promotion and marketing campaign underway culminating in launch event for hub anticipated Dec'2016 	<ul style="list-style-type: none"> Entrepreneurs in the creative sector and industries able to use the hub as incubator space. It is anticipated that the first hub tenants will be able to work from part of the building by the beginning of December 2016. Weston Creative Hub to be seen as part of the network of successful hubs across WoE. Creative Hub could generate 91.5 direct jobs, 132 gross jobs and £5.6m GVA (NPV) by Year 5 of operation.
<ul style="list-style-type: none"> To ensure the long term financial viability of the creative hub 	<ul style="list-style-type: none"> Range of income streams from hub tenants and other users Rental income from existing tenants through 2016/2017 (Hub will develop incrementally as existing tenants vacate and more floor space becomes available) Monetised value of current unused hub building assets such as the basement area 	<ul style="list-style-type: none"> Hub manager to work with existing creative hub consultants during first 6 months of operation to devise a range of rental packages to include use of space, use of specific equipment, access to meeting rooms for different periods of time Devise and implement a marketing and promotion programme to attract in users Work up range of options for 	<ul style="list-style-type: none"> Number of people taking space at the hub - Up to 70 service users with micro businesses by end of first full year of operation by Dec'2017 Vacancy rate over time period - Up to two thirds occupancy rate by end of first full year of operation (December 2017). Marketing and promotion in place by December 2016 – this will be monitored and adjusted during 	<ul style="list-style-type: none"> Hub CIC able to reinvest any profit remaining after running costs, directly back into services and facilities within the hub. As hub users expand their businesses and are ready to move on, they will join the hub 'alumni' group so as to be able to act as hub ambassadors in their own creative industries and networks – encouraging others starting their own business to consider taking space at the hub. 	<ul style="list-style-type: none"> Having a thriving self-financing creative resource like the hub in the heart of Weston's town centre will demonstrate it is possible to put together a project of this nature through dedicated partnership working and a robust fundraising strategy that spans the public, private and third sectors. As a CIC, the hub will be able to develop additional ways of funding including crowd sourcing

Scheme: Weston-super-Mare Creative Hub

		<p>offering additional services (such as secure storage) and price points for fees and charges</p>	<p>first full year of operation depending on vacancy rates, analysis of tenant requirements and anticipated rental income. This may include specific 'one off' offers or discounts for a short specified period, designed to attract potential hub users to take space.</p> <ul style="list-style-type: none"> • Amount of rental income generated - £133k yr 1 to £219k yr 3 including rental income for all sources. • Additional income generated through meeting room and specialist equipment hire, secure storage and other services and facilities. Marketing and promotion in place by December 2016 – this will be monitored and adjusted during first full year of operation. • Opportunities developed for other organisation to use hub space for specific activities e.g. business finance advice and support (such as North Somerset Enterprise Agency, local credit union business loans advisor, Fredericks Foundation small business loans advisory clinics) • During first three years of operation – <ul style="list-style-type: none"> ○ 2017: Three organisations using centre one day per week ○ 2018: Four organisations using centre one day per week ○ 2019: Two organisations using centre two days per week .Three organisations using centre one day per week ○ Types of organisations: It is anticipated that during the first year of operation, the organisations will be those listed above and similar. During years two and three, the space retained for outside organisation hire will be reviewed and then marketed to target wider range of organisations with a creative 	<ul style="list-style-type: none"> • The ongoing fundraising strategy of the hub will be crucial, and the CIC will lead of the development and expansion of this • As the hub develops as a successful model, this will attract in new partners who have funds, specialist expertise and networks which could be invested in the work of the hub e.g. charitable foundations who run individual philanthropic funds which do not make grants in the traditional sense but are interested in funding 'enabling and empowering' activities such as the creative hub and the micro businesses developing within. 	<p>and developing sponsorship programmes to attract local businesses to support the work of the hub.</p>
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Scheme: Weston-super-Mare Creative Hub

			ethos such as – book clubs and reading groups, health and wellness (such as yoga, pilates and meditation) and educational, such as. Open University tutorial groups and University of the Third Age		
<ul style="list-style-type: none"> For the hub to develop as a business incubator to drive economic growth and jobs locally in the creative sector and industries. Also to act as a catalyst and key element of the wider Weston town centre regeneration programme 	<ul style="list-style-type: none"> Provision of range of different work spaces and rental packages tailored to specific requirements of hub tenants Provision of range of mentoring and support services including hub apprentice programme Hub as organisation generating opportunities for collaborative and partnership working 	<ul style="list-style-type: none"> Working with experienced hub consultants put together a package of different space/equipment rental offers Set up partnership arrangements with range of mentoring and support organisations including North Somerset Enterprise Agency Set up hub apprentice programme with experienced CIC already running similar programmes locally 	<ul style="list-style-type: none"> Target number of 70 people during first full year of operation (2017) choosing to use the hub to develop their creative business instead of travelling out of area Target number 10 of enquiries per month re taking space during first full year of operation (2017) Average daily churn of up to 45 service users by end of first full year of operation (Dec'2017) Target number 9 outreach sessions by hub manager promoting the hub as creative sector business incubator, during the first full year of operation (2017) Apprenticeship programme 	<ul style="list-style-type: none"> Hub seen by wider business community as influential in Weston and North Somerset as a business incubator and catalyst for economic growth Other strands of the wider Weston town centre regeneration programme able to use hub as example of driver for growth (e.g. new housing developments – hub used as an illustration to demonstrate attractiveness and vibrancy of town centre area) 1.5 FTE jobs and up to 3 apprenticeship opportunities through managing hub created by end of first full year of operation 	<ul style="list-style-type: none"> The creative hub is seen as influencing by example. Creative sector and industries will grow and develop in WSM and North Somerset by 7%, by end of first three years of hub operation (Dec'2019) and will not be forced to go elsewhere for the specialist facilities and services they need. Creation of local jobs and economic growth in the creative industries within Weston town centre. The wider town centre regeneration programme by enhancing the reputation of Weston as a good place to live and work. Brining in regional and national elements of the creative sector and industries to Weston and the local areas through the hubs expanding networks. The hub will support a thriving wider creative community which will act as a catalyst both for the wider Weston town centre regeneration programme and the future development of other creative spaces in WSM such as the former Tropicana site.

Scheme: Weston-super-Mare Creative Hub

3. Evaluation design and methodologies

- Describe your key evaluation questions e.g. what do you want to find out?
 - Referring back to the outcomes and impacts stated in the logic model (section 2), describe your evaluation methodology (i.e. process, outcome or impact, or a combination).
 - Identify your audiences and evaluation stakeholders, and what their evaluation needs may be.
 - Are the scheme beneficiaries easily identifiable and accessible?
- (indicative 300 words)

An outcome based method of evaluation will be used as well as using some output information. The overall aim will be to find out what impact the hub has had for users to enable them to set up and grow their creative businesses, identify any gaps in provision and how these can be met and also planning for the future. The process will also be used for the ongoing process of reshaping service provision to fit the needs of the hub users. The questions forming the evaluation will be selected to represent the key three or four hub project outcomes, and have provisionally been agreed as -

Project outputs

1. Number of hub users
2. Occupancy and vacancy rates
3. Income generated through hub user rentals
4. Income generated through other hub uses (e.g. meeting room, pop up shop, gallery space, secure storage space hire)

Project outcomes

1. Hub is first choice for local people wishing to set up a micro enterprise in the creative sector: measured by application form questions, welcome interview, ongoing soundings from hub users group
2. Funding to CIC for reinvestment into the hub after day to day running costs: measured by £ amount of profit available for reinvestment, additional services and facilities enabled, amount of £ reinvested into 'sinking fund' for general reserves purposes.
3. Former hub users who have developed their businesses, moved on and are members of the hub 'alumni' group: number, type of businesses, number of staff/apprentices taken on.

After the first full year of operation, the hub manager will review the initial outcomes and agree any revisions with Hub CIC and LEP.

Information will be collected in a number of ways including observations, questionnaires, oral and written feedback, focus groups and case studies. The hub users themselves will form an integral part of the evaluation process through their users group.

4. Data requirements

4.1 For schemes fully or part-funded via the Local Growth Fund only n/a

- Relevant performance indicators will be provided for each scheme when a draft logic model is shared at, or prior to, submission of a Full Business Case for approval.

4.2 Data collection methods

- Provide an overview of the data collection approaches including timing and frequency of data collection.
 - Describe links with other monitoring activities where relevant.
 - Where appropriate, provide maps showing the spatial coverage of the data collection.
- (indicative 250 words)

Bookings/rental levels and associated income totals will be measured 'live' through the computerised booking system. Monitoring will be reviewed weekly by the Hub manager, on a monthly basis by the CIC Board and reported Quarterly, or as otherwise agreed, to the LEP

Statistics and data will be collected from hub management software to enable a weekly analysis of –

- Number of hub users and £ paid

Scheme: Weston-super-Mare Creative Hub

- Hire of meeting rooms and £ paid
- Hire of specialist equipment and other services and £ paid
- Other external agency hub uses and £ paid

This will be tracked against projected income to enable services and facilities to be revised if required to generate additional revenue

Information will also be collected about the specific creative business activities within the hub so as to track specific demand for particular space allocations and use of equipment at specific times

All hub users will be asked to complete exit evaluation and feedback forms and exit interviews will be offered by the hub manager.

A hub users group will be established which will be able to feed ideas, suggestions and information into the hub CIC board via the hub manager.

The hub manager will be responsible for all day to day data collection and monitoring at the hub and will be required to prepare and submit monthly and quarterly management reports to the hub CIC board

The hub CIC will review all management reports at each board meeting as a standing item on the agenda. This will feed into the annual reporting and accounting process and be published in the hub annual report and included as a standing item on the AGM agenda.

4.3 Data collection and establishing the baseline

- *Refer to the scheme logic model to help structure the baseline data collection and reporting activities.*

Metric (inc. Target)	Unit	Frequency	Data source (& Responsibility)	Baseline date	Reporting to?
Inputs					
Expenditure – between 2016/17 – 2018/19	£458,562 RIF	Monthly	Expenditure commitments and invoices for payment logged onto hub data management system. - Hub assistant under supervision of hub manager	From hub opening date	CIC Board monthly board meeting LEP highlight report
In kind resources – secondment staff from NSC	Agreed duration of secondment	Monthly	Secondment agreement set up between hub CIC & NSC regeneration team for specific period not exceeding six months for part time hub assistant. Assistant will have fortnightly 1to1 with hub manager, Hub	From hub opening date	Hub manager (+ included in monthly management report to CIC Board)

Scheme: Weston-super-Mare Creative Hub

			manager will report progress of hub assistant to NSC regeneration manager as part of monthly liaison meetings		
Outputs					
Number of people taking space at the hub - Up to 70 service users with micro businesses by end of first full year of operation (2017)	# of hub users	Monthly / Annual	User rental agreements from hub data management system	From hub opening date End of first full year of operation (2017)	Monthly management report from hub manager to CIC Board LEP Year 1 evaluation report
Vacancy rate –Two thirds occupancy by end of first full year of operation (2017)	% occupancy	Monthly/ Annual End of first full year of operation (2017)	Hub data management system Full occupancy strategy and policy plan submitted to CIC board for approval and implementation	From hub opening date End of first full year of operation (2017)	Monthly management report from hub manager to CIC Board LEP Year 1 evaluation report December 2017 CIC board meeting
Refurbishment of a ~ 722.4sq. m. building (7,776 sq. ft.)	Sq. ft.	Communal areas Works to ground floor Works to 1 st and second floor	Detailed programme of works will be under the direct supervision of NSC Property Asset Manager	From November 2016 and then incremental to July 2017 as existing tenants vacate building	Monthly management reports from NSC Property Asset Manager at NSC Town Centre Regeneration Steering Group
Income Generation	£	Monthly Quarterly	Rental receipts from hub users, other hire fees & other income logged onto hub data management system. Hub assistant under	From hub opening date	CIC monthly board meeting LEP highlight report

Scheme: Weston-super-Mare Creative Hub

			supervision of hub manager		
Apprenticeships - 3	3 apprentice programmes	Monthly	Monthly via apprentice supervisor organisation & then progress report to hub manager	From commencement of apprenticeship programme (January – April 2017)	CIC monthly board meeting
Outcomes and impacts					
Jobs created - 91.5 direct jobs Year 5 of operation.	number of jobs created	Annual	<ul style="list-style-type: none"> • Hub manager via hub data management system through service user 'churn' through hub as business grow and move on. • Exit interviews from hub to find out (a) will former hub user be working f/t in creative business (1 direct job) & (b) will former hub user be taking on other staff (identify number of additional f/t & p/t jobs created) • Hub alumni network – quarterly assessments as to number of new jobs created within creative businesses owned and run by former hub users. 	From hub opening date	LEP Year 1 & 3 evaluation report LEP highlight report
Additionality - £5.6m GVA (NPV) by Year 5 of operation.	£	Annual	Impact evaluated in conjunction with NSC Economic Development Service strategy and annual plan	From hub opening date	LEP Year 1 & 3 evaluation report LEP highlight report

Scheme: Weston-super-Mare Creative Hub

5. Delivery plan

- Provide a project plan and timeframe for data collection and reporting of monitoring and evaluation findings (i.e. when key activities will take place, including baseline work, interim and final findings).
(indicative 250 words)

The activities and timescales table below will be used by the hub manager to activate the delivery plan. Once in place, this can be used to repeat the process on an annual basis with the timescales designed to coincide with the end of year hub CIC annual report and accounts.

Activities	Timescales
Select key questions (up to four questions) relating to hub outcomes	Start of each financial year – agree outcomes with hub CIC board and devise questions around these
Identify how information will be collected and prepare any material required/set up briefing sessions and interviews	Monthly – circulated to hub users via hub email or social media with specific time to respond.
Collect information based on key questions	Monthly spreadsheet
Evaluate information in terms of evidence that overall project outcomes are being met	Quarterly
Prepare monitoring and evaluation report	Quarterly
Feedback report to hub CIC board and hub user group	Hub manager will arrange hub user group meeting to take place following the hub CIC board meeting in the same week
Hold workshop session to identify way forward and any amendments required to hub plan based on evidence from evaluation	Six monthly – two workshops per year where hub users and hub CIC board come together to share ideas and feedback
Revise overall hub plan and implement	Issue at end of each financial year with a date to implement at start of new financial year
Agree timescales for next monitoring and evaluation period	End of each financial year

6. Resourcing and Governance

- Provide details of the monitoring and evaluation budget, including details of source and what costs/activities this will pay for.
- Clarify procedures for risk management and any quality checking.
- Describe opportunities for different stakeholders to input into the scheme evaluation process.
- Provide a named contact responsible for delivering the plan, including name, address, telephone and email.
(indicative 250 words)

The resource for monitoring and evaluation will be the hub manager – this work will be a key element of their job description. Additional support will be provided by the Hub CIC board and NSC Weston Town Centre regeneration manager and senior project officer. In addition, during the first six months of hub operation, an existing creative hub CIC will be engaged in a consultative capacity to support and mentor the hub manager through the initial hub opening phase.

Risk management and quality assurance

The hub manager will be required to submit a risk management report including all mitigating actions as part of normal monthly/quarterly management reporting to a hub CIC supervisory committee and then the full CIC Board. A risk management report will form part of the annual report of the hub CIC and be a standing item on the hub CIC AGM agenda. Risk management will form one of the standard items for hub manager one to one and appraisals.

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Risk management and quality assurance will be built into the day to day management and ethos of the creative hub. As part of its ongoing support for the project, the hub will be able to access specialist advice and support from North Somerset Council officers and teams where specific professional advice is required. This will include –

- Weston town centre regeneration team
- Finance and risk management
- Planning
- Equalities and Diversity
- Health and safety
- Environmental sustainability
- Initial access into wider local, regional and national networks (e.g. Arts Council England, Regional Arts Infrastructure Network, charitable foundations, philanthropic funds)

To further ensure good quality evaluation,, a small consultancy agreement for two days per annum will be put in place with an existing experienced hub to review all monitoring and evaluation activities and provide a 'critical friend' response, including any recommendations for improvement or realignment of focus. This agreement will last for the first three years of hub operation (from January 2017 – December 2019) and will be paid for via general hub income.

At the time of submitting the FBC, the named contact responsible for delivering the plan is –

Christine Ward

Senior Project Officer

North Somerset Council

Town Hall

Walliscote Grove Road

Weston-super-Mare

BS23 1UJ

Tel: 01934 426193 (direct line)

Email: Christine.ward@n-somerset.gov.uk

This responsibility will pass to the hub manager upon their taking up the post, at which time their contact details will be sent to the LEP and all future requests for monitoring and evaluation to be directed to them.

7. Dissemination

- *Provide details of how the findings from the evaluation will be used. What will the evaluation inform and who will be the audience?*
- *Please provide details of how the findings from the evaluation will be communicated to key stakeholders and lessons disseminated.*

(indicative 250 words)

Evaluation findings

The findings from the evaluations will be reviewed by the CIC Board and the hub users group and changes implemented as required. This will include revisions to range of tenant packages, charging levels, services and facilities offered, building layout and marketing and promotion. The evaluation will also be used as an opportunity to review the job descriptions of the hub manager and apprentices to ensure these are still appropriate. Any changes required will be negotiated with the relevant staff member.

All other partner organisations who have an interest in the hub including Weston College, North Somerset Enterprise Agency and Weston Town Council will have the chance to review evaluation report findings as 'critical friends and supporters'. In addition, evaluation reports will be prepared and submitted to the West of England LEP after one and three years post-delivery.

Communication to key stakeholders and lessons disseminated

The findings will be incorporated into the Hub CIC annual report and presented at the AGM. A summary report will be prepared and presented to North Somerset Council Executive and Full Council meetings. Information will also be published in all relevant publications including North Somerset Life and posted on relevant websites and

Scheme: Weston-super-Mare Creative Hub

social media platforms. There will be the opportunity for a time limited working party made up of part CIC Board and part hub user group to work together and produce a revised hub operational plan which will incorporate findings from the evaluation. This process can be repeated after every evaluation.

From the third full year of operation (2019), the CIC will instigate an annual of 'hub gathering' event where hubs from across the West of England region can come together to share information and working practices, discuss latest innovation and news from the creative industries sector and identify any future opportunities for joint working. It is possible that this work could sit within the wider RAIN framework if and when this comes into existence.

Appendix 6

Risk Register

Key risks	RAG rating	Proposed mitigation measure	Mitigated RAG rating
1. Insufficient funding	Red	Seek funding from LEP, in support of clear business/economic growth potential	Green
2. Building not available within Weston town centre	Amber	Opportunities for a building of sufficient size at reasonable cost are very limited. The identified building is available currently but funding will be required soon to secure opportunity	Green
3. Inaccurate projections and modelling	Amber	Modelling has been based on considerable research on similar hubs elsewhere in the country and local survey data.	Amber
4. Management and admin/Governance	Amber	<ul style="list-style-type: none"> Secure appropriately qualified hub manager. Establish effective management board 	Green
5. No wider regional and national 'buy in' to project from experienced existing creative sector and industries	Amber	Hub will form part of second phase of RAIN (Regional Arts Infrastructure Network) programme which will enable access to established local, national and international creative networks. Also 'hub to hub' support and mentoring via being partnered with experienced existing hub within West of England region.	Green
Other risks			
Dependency	Key risk	Mitigating action(s)	
Wider Weston town centre regeneration programme	<ul style="list-style-type: none"> Without the hub the regeneration ambitions will be less successful 	Establish creative hub	
Funding	<ul style="list-style-type: none"> Insufficient funding available 	<ul style="list-style-type: none"> All currently available public and private sector funding/sponsorship opportunities identified and progressed. Legal advice requested re clarification of any State Aid/EU funding requirements Robust business plan incorporating several income generating streams through services/facilities that will be offered by the hub regular rental income from existing tenants in building during first year/18 months of operation Development and implementation of ongoing fundraising strategy 	
Locating and purchasing suitable building	<ul style="list-style-type: none"> Lack of available buildings in town centre area which fit size, condition, location and purchase price requirements 	<ul style="list-style-type: none"> Intensive property search conducted September 2015 – January 2016. Six site visits made to different properties together with further research and discussions with various agents and 	

		<p>owners</p> <ul style="list-style-type: none"> o Suitable building located February 2016. The premises match the required building specification because – <ul style="list-style-type: none"> i. Current owners are keen to sell ii. Proposed purchase price represents good value for money iii. Building has been well maintained and is in reasonable condition iv. The overall size (approx.. 5,000 sq. ft. excluding basement) v. The potential for reorganising the internal space to provide totally flexible work and communal space vi. Has existing tenants whose leases all expire over the next 18 months. This reduces the initial financial risk as enables the hub to be started on an incremental basis and expanded as current tenants move out. In the interim, there is guaranteed rental income from the existing tenants vii. The freehold of the building includes a café (leased separately) which removes the expense of setting up this facility from scratch. The proposal is to find a mutually agreed (with existing café tenants) way forward to enable café to be incorporated into the reconfigured hub building also supplies secure/proven income source viii. Location -in part of town centre with an emerging perception of being a 'creative/arts' area ix. Parking facilities close by <ul style="list-style-type: none"> o Detailed research and due diligence being carried out including specialist advice.
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<p>Management and administration</p>	<ul style="list-style-type: none"> ○ Poor day to day management deters potential tenants ○ Management does not understand hub is not just ordinary managed workspace and fails to deal with particular requirements of tenants specialising in the creative sector ○ Lack of staff resources to support hub tenants ○ Inefficient day to day administration of hub ○ New hub management has no access to relevant advice and support during initial start up period 	<ul style="list-style-type: none"> ○ Hub manager post seen as crucial to success of hub project – detailed job description and person specification will be prepared. Essential skill sets to include -creative industries, facilities management, partnership working, managing communities, marketing and promotion and fundraising ○ Hub manager post will be advertised across creative sector using all social media platforms ○ Selection interview panel will include x1 one member with creative industries experience and x1with relevant building facilities management expertise ○ Part time assistant post will be covered for first three months of hub operation by NSC Senior Project Officer as part of hand over process to hub manager ○ Creative apprenticeship programme will be introduced and managed by separate existing creative CIC which will provide additional staff resources into the hub
<p>Governance</p>	<ul style="list-style-type: none"> ○ Poor governance and leadership restricts development and growth 	<p>A Community Interest Company will be set up to act as the hub board of trustees. The board will be small (between 4 – 6 people + the hub manager) and be made up of local people with experience across a range of interests including -</p> <ul style="list-style-type: none"> ○ The creative sector ○ Managing a multi organisation building ○ Running a social enterprise via a CIC ○ Finance and fundraising ○ Legal ○ Digital IT marketing and promotion
<p>Virtual creative network set up prior to hub opening in building</p>	<ul style="list-style-type: none"> ○ Prospective tenants unaware of hub and what it could offer them ○ Potential private sector sponsors and supporters unaware of opportunities available via working in partnership with hub 	<ul style="list-style-type: none"> ○ Utilising the contact details obtained via the survey (61 sets) and following up initial expressions of interest ○ Key initial task for hub manager to develop and deliver communications plan including branding and marketing across all social media platforms ○ Working with existing private sector creative businesses in local area to set up virtual network, develop unique branding and use this for promotion

		and marketing of hub, including generating tenant sign up, prior to hub building opening
Micro businesses using the hub	<ul style="list-style-type: none"> Businesses unable to grow and develop and move on to other premises 	<ul style="list-style-type: none"> Develop full mentoring, support and networking programme including involvement of 'alumni' to share experience and networks Ensure compatibility of tenant mix to encourage cross business collaboration
Support and mentoring from peer organisations	New hub will fail to develop the vital connections and networks to the regional and national creative hubs consortiums	<ul style="list-style-type: none"> Commission consultancy support from existing experienced hub for first six months of hub operation Part of RAIN second stage programme
Establishment of key external partnerships	Lack of support from organisations with wide experience in the creative sector	<ul style="list-style-type: none"> Mitigating action: using existing partnership network, put in place programme of meetings and presentations to explain concept and proposals for a town centre hub and explore all opportunities for joint working including range of in kind support such as mentoring, secondment of specialist staff, marketing and promotion of events
Long term sustainability of hub	Lack of funding, failure to attract tenants/services and poor management and administration	<ul style="list-style-type: none"> Hub structure designed to generate own income from several sources including tenant/service user rents, meeting/conference rooms hire, specialist equipment hire, provision of specialist services fees, gallery/event space hire, retail space % commission on all items sold, catering. Existing tenants already in building generating some initial rental income which will support sequential development of hub as tenants move out –will reduce risk as each phase of hub development developed Actively seek and recruit private sector sponsors and supporters Hub management to establish 'alumni' network to encourage tenants who have grown their business and moved out of hub into own premises to retain an interest in supporting/mentoring hub users in continuous cycle. Emphasis placed on developing and maintaining strong ties within wider creative sector networks in order to link into regional, national and international future funding opportunities, Staff placements/exchanges, and apprentice opportunities Continuing to build on the change of perception of Weston as a place via the 'Dismaland' legacy – links into Hemingway Design work with local people and organisations to identify potential uses for Tropicana site. If creative hub brand successful, potential for part of Tropicana space to be considered as incubation space for

		performing arts based creative businesses
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Appendix 7

Date: 6 June 2016
My ref:
Your ref:
Contact: Christine Ward
Direct dial: 01934 426193
Email: christine.ward@n-somerset.gov.uk



Mr Pete Davis
Project Manager
Partnership Office
West of England Local Enterprise Partnership
Engine Shed, Station Approach
Temple Meads
Bristol. BS1 6QH

Dear Pete

Weston creative hub project – full business case submission to the LEP

In compliance with the terms and conditions of the West of England Local Enterprise Partnership for full business case submissions, I am writing to confirm approval of the following –

- Submission of the full business case (FBC) of the Weston creative hub project to the West of England Investment Board
- That all relevant financial approvals are in place within North Somerset Council to deliver the project as set out in the FBC
- That all appropriate financial due diligence has been undertaken by North Somerset Council in respect of the FBC

Yours sincerely

A handwritten signature in black ink, appearing to read "Malcolm Coe". The signature is stylized with a large, looped initial "M" and "C".

Malcolm Coe
Head of Finance and Property
North Somerset Council