

JOINT FINANCE AND POLICY AND REGENERATION SERVICES COMMITTEE

MINUTES AND DECISION RECORD

9 SEPTEMBER 2016

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool

Present:

Councillor Kevin Cranney (In the Chair)

Councillors: Christopher Akers-Belcher, Allan Barclay, Robert Buchan, Alan Clark, David Hunter, Marjorie James, Jim Lindridge, Brenda Loynes and Stephen Thomas.

Officers: Denise Ogden, Director of Regeneration and Neighbourhoods
John Morton, Assistant Chief Finance Officer
Rob Smith, Principal Regeneration Officer
David Cosgrove, Democratic Services Team

1. Apologies for Absence

Councillors Stephen Akers-Belcher, Paul Beck, Shane Moore and Paul Thompson.

2. Declarations of Interest

None.

3. Development of the Managed Workspace for the Creative Industries Sector (13-17 Whitby Street) *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key Decision (test (i)). Forward Plan Reference No. RN25/16.

Purpose of report

The purpose of the report is to seek approval for the development of managed workspace in the former GPO building on Whitby Street aimed at the creative industries sector.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the Finance and Policy Committee on 14 March 2016 was informed that the creation of a creative industries managed workspace facility formed the primary justification for the £5.5m Local Growth Funding (LGF) award for the Innovation and Skills Quarter (ISQ) Project due to the potential the project had for job creation, business creation and the opportunity to enhance enterprise formation rates in Hartlepool.

The Director outlined the process to date including the LGF requirement for appropriate planning approvals and the due diligence process with Tees Valley Unlimited. A Business Case was being developed for the due diligence process by the end of October.

The need for this type of specialised workspace accommodation was outlined. No such space currently existed in Hartlepool and there was evidence from Cleveland College of Art and Design (CCAD) that of the (average) 30 graduates each year who go straight into self employment and start up their own businesses many ended up in Newcastle due to the lack of such bespoke accommodation.

The report included details of business start-ups in Hartlepool compared across the Tees Valley and nationally which highlighted the need for additional support to improve new business start up and survival rates in Hartlepool. In 2014 the Creative Industries Strategy was published which proposed the development of a creative industries business cluster within the Church Street area of Hartlepool, building on the academic resources of Hartlepool College of Further Education and CCAD. The Strategy recognised that the Church Street area has the potential to boost the town's future economic growth.

In order to inform proposals for a managed workspace facility a detailed feasibility study was completed in early 2016. The Study looked at the economic, policy and strategy context, supply and demand for small business space in Hartlepool and the Tees Valley, together with the availability and suitability of properties in the area. The Feasibility Study was positive about potential demand but all regeneration projects carried some level of risk including the level of demand for the facility. The Study judged that on balance the benefits of developing the managed workspace building outweigh the risks.

The Director went on to outline the potential of the former Grade II Listed Post Office at 13-17 Whitby Street as a location for the managed workspace project and the property had been purchased using Local Growth Fund in March 2016 following a detailed due diligence process scrutinised by Tees Valley Unlimited. Detailed designs and costs had now been produced for the property, which while suitable for the intended use in terms of its size, location and character, would require substantial conversion, renovation and extension to create bespoke managed

workspace. To make the operation of the managed workspace financially sustainable the Feasibility Study recommended a new build extension attached to the existing building to provide the critical mass of required space. Some indicative drawings of the property after the refurbishment and extension were included within the report.

The Director stated that a partnership had been formally agreed with CCAD via a Service Level Agreement, the terms of which were detailed within the report and in an appendix. CCAD would aim to maximise the supply of graduate start up businesses for the managed workspace building. This would be an important contribution to the success of the facility and the ISQ and, in turn, the managed workspace will provide an enhanced offer to help attract students and enable CCAD to expand. The Council had already set up a creative hub facility within Hartlepool Enterprise Centre to begin the process of stimulating student interest in self employment.

In order to operate the managed workspace building it was intended to draw upon the expertise of the Economic Regeneration Team which runs the Hartlepool Enterprise Centre (HEC) and already provided general business space for SMEs. The experienced support team would transfer their skills to cover the new managed workspace building ensuring the new facility achieves the desired occupancy levels and support. One member of staff had been budgeted for in the business plan to provide full time on site support to the operation of the new building.

The Director acknowledged that there was a potential risk of displacement from the HEC. This would be mitigated by the single management arrangement and by targeting business start ups from the creative industries sector. This would include a lot of referrals directly from the two colleges, whilst HEC would be aimed at general business start ups and would provide different type of offer.

The capital cost of the scheme was being met from the Local Growth Fund (LGF) grant and therefore placed no financial risk on the authority. A detailed cost reporting exercise using quantity surveyors and an architect has now been carried out. The total construction cost was set out in Confidential appendix to the report. This item contained exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (para 3), Information relating to the financial or business affairs of any particular person (including the authority holding that information). The construction costs and associated fees were to be funded from the Local Growth Fund. The release of the funds would be subject to the successful completion of the next phase of due diligence with Tees Valley Unlimited.

The Chair welcomed the report as an exciting opportunity for Hartlepool. The Chair highlighted that the statistics quoted for business start-ups did refer to those that were VAT registered and there was a large number of start-ups under that level. Members welcomed the development and the ambition it showed for business development in the town and Members

congratulated the officers involved in the development of the project.

A Member commented that the development of projects such as this did add to the economic wellbeing of the town which in turn would lead to more jobs and more families being lifted out of poverty. The Member suggested that future reports should capture this linkage and this should be reported within the standard report heading 'Child and Family Poverty'. The Council should take every opportunity to promote developments such as this to the wider public.

The Leader of the Council welcomed the project but commented that the overall costs figures included in the appendix covered the whole of the purchase costs which had been met by LGF.

A Member of the Public questioned the external finish to the extension to the building and if the copper would be allowed to weather. The Director indicated that the finish was an aggregated copper metal, and would be allowed to weather.

The following recommendations were agreed unanimously.

Decision

1. That the future receipt of Local Growth Fund grant be noted and the implementation of the proposed development of 13-17 Whitby Street be approved in order to create a managed workspace aimed at the creative industries sector.
2. The Committee noted that whilst the managed workspace would be specifically targeted at creative industries businesses this policy would be reviewed regularly, and, if required the eligibility for entrance would be extended to other sectors to ensure the building remained fully occupied.

The meeting concluded at 11.50 am.

P J DEVLIN

CHIEF SOLICITOR

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