

TONBRIDGE & MALLING BOROUGH COUNCIL
ECONOMIC REGENERATION ADVISORY BOARD

07 September 2016

Report of the Chief Executive

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 BUSINESS INCUBATOR PROPOSAL

To set out proposals for the creation of a business incubator facility within vacant office space at the Gibson Building.

1.1 Background

1.1.1 A key economic objective for the Borough Council, as set out in the Economic Regeneration Strategy, is to provide support for new businesses wishing to set up and to help smaller, recently established, businesses to expand and grow. We work with our West Kent partners to provide 1-to-1 advice and support to these clients, free to those who need assistance. Over the past year, a total of 118 West Kent businesses have accessed this support, 40 of which were home-based, and 82% have indicated that they were satisfied/very satisfied with the quality of support provided.

1.2 Business Incubators

1.2.1 Most new start-up businesses begin as home-based enterprises. A major step for these new businesses is the decision to move out of the home environment and commit to leasing separate office accommodation. Many such businesses first look for business accommodation which is relatively cheap and with a flexible lease/licence which allow easy in/easy out terms without any longer term commitment.

1.2.2 To meet the needs of this market sector, there are various providers who offer 'business incubation' facilities aimed at fledgling businesses which provide flexible accommodation and sometimes with in-house support and shared back office facilities. There are many different types of incubation facilities across Kent, as illustrated in Appendix 1.

1.2.3 These facilities have proven to be very popular and often such facilities are quickly taken up when they come on to the market. Increasing such provision in the Borough would therefore assist in the delivery of our business support objectives.

1.3 Proposed New Business Incubator at the Gibson Building

- 1.3.1 A central part of the Council's Economic Regeneration Strategy is the facilitation of economic growth in the borough. Through the use of its own facilities, the Council has the opportunity to support the growth of small, local enterprises, not only through the provision of accommodation, but also through tying these businesses into a range of other business support that is provided locally.
- 1.3.2 In addition, as part of the Council's Savings and Transformation Strategy, we are keen to explore more effective use of our own property assets both to generate new income streams and achieve associated benefits. Most recently, the Leader's former office in the Gibson Building has been converted for business use and a local business that was formerly located at the River Walk offices in Tonbridge, has relocated there. This has enabled that business to remain trading in the Borough and, along with the relocation of the Citizens' Advice office to the Tonbridge Castle, has freed up the River Walk site for future disposal.
- 1.3.3 A further opportunity to explore additional new accommodation for local small businesses has arisen at the Gibson (West) Building following relocation of the Audit team. This relatively self-contained office area could, with some adjustments, provide office space for a small number of new and growing businesses on an open plan format. Depending on the size of the fledgling business, we estimate that this facility could provide desk space for up to 10 businesses (subject to final design).
- 1.3.4 As is evident in Appendix 1, there are already some incubation facilities in and around the borough. The potential incubator at the Gibson (West) Building would add value to these by being geared towards businesses that are currently home-based but are unable to commit straightaway to higher end facilities such as Regus or Churchill Square Business Centre, and as such could act as a useful 'stepping stone' to help local businesses grow.
- 1.3.5 Detailed quotes are still being sought, but we currently estimate an initial capital investment of around £20,000 will be required to establish the incubator facility to accommodate adjustments to the existing office space to meet disability access requirements, telephony and wi-fi installation and to enhance internal security/access. A structural engineer has been commissioned to draw up a scheme for disabled access, and exact costings for the construction of this will not be known until this initial work has been completed.
- 1.3.6 Taking into account monthly fees charged by other such facilities, including the new business hub recently installed at the civic offices of Maidstone Borough Council, we would suggest a monthly inclusive 'rental' of £80 on a per desk space and between £200-400 per month on a small office space. Assuming a 70% occupancy is achieved after Year 1, the initial capital costs could be offset after around 2 years.

1.3 Next Steps

- 1.3.1 Members of this Board are invited to consider in principle whether this proposal is something worthy of support. On the basis that this is forthcoming, we suggest that a further report, including detailed costings, be made to the Finance and Property Advisory Board to agree licence arrangements etc. and for a final report to be made to the Cabinet.

1.4 Legal Implications

- 1.4.1 To be considered by the Finance and Property Advisory Board.

1.5 Financial and Value for Money Considerations

- 1.5.1 As set out above, an initial capital outlay will be required estimated at £20,000 with a potential payback period of around 2 years.

1.6 Risk Assessment

- 1.6.1 The viability of the proposal depends upon attracting new businesses to the facility. Appropriate advertising and publicity will be undertaken to help achieve our occupancy targets at the end of year 1 along with engagement of other partners who might also signpost businesses to the facility. The proposed inclusive 'rental' will be set initially at a competitive rate relative to other such facilities to attract new occupants.

1.7 Equality Impact Assessment

- 1.7.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.8 Recommendations

- 1.8.1 That the proposed Gibson Building Business Incubator **BE SUPPORTED** in principle;
- 1.8.2 That, subject to support for this proposal, that engagement by the Economic Development Officer with key partners **BE SUPPORTED** in order to help promote take up of the new facility by local businesses.
- 1.8.3 That a further report to the Finance and Property Board **BE MADE** regarding proposed financial arrangements related to the new facility.

The Cabinet Member for Economic Regeneration and the Chief Executive confirm that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

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None

Officer

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