

CABINET

26<sup>th</sup> July 2006

WINCHESTER DISTRICT ENTERPRISE CENTRE

REPORT OF DIRECTOR OF DEVELOPMENT

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RECENT REFERENCES:

CAB1243 22<sup>nd</sup> March 2006: Allocation of LABGI Funding  
WTF68 18<sup>th</sup> January 2006: Winchester Business Hub

EXECUTIVE SUMMARY:

In March 2006, Cabinet approved a report which allocated £150,000 from the LABGI funding to economic development activities as identified in the Economic Action Plan. At its meeting on 27 March 2006, Principal Scrutiny Committee supported this allocation. One of the projects identified in the report included work on the 'business hub' project, now rechristened as the 'Winchester District Enterprise Centre'. WinDEC is intended to bring together in one accessible location a wide range of support services. It will provide a comprehensive signposting service for advice and funding; host specialist one-to-one surgeries and offer cost-effective space for small meetings. In addition, it will become the headquarters for the Winchester City Centre Partnership and the area office for the North Hampshire Chamber of Commerce and Industry. In the longer term, WinDEC would also become the main office for the Business Improvement District (BID).

Premises at 10 Parchment Street have recently been identified as being suitable for WinDEC, and the lease needs securing while plans for internal modifications and fit-out are finalised. This paper summarises progress to date and seeks authorisation from Members for the City Council to enter into a five year lease on behalf of the project partnership.

RECOMMENDATIONS:

- 1 That, subject to planning consent being obtained, Cabinet authorises the City Council to enter into the lease for 10 Parchment Street for a period of five years with the possibility of an early termination after one year, and on the other terms set out in Appendix 2;

- 2 That Cabinet authorises the sub letting of this lease jointly to the Winchester City Centre Partnership and the North Hampshire Chamber of Commerce and Industry for dedicated use of the premises as the Winchester District Enterprise Centre on “back to back “ terms which reflect the terms of the Council’s lease, and
- 3 That a grant of £15,000 be made towards the fitting out cost of 10 Parchment Street, to be funded from the LABGI budget allocated to economic development activities.
- 4 That during the five year period of the lease a revenue contribution of £5,000 per annum be made towards the running costs of the centre, to be funded from the economic development revenue budget.

CABINET26<sup>th</sup> July 2006WINCHESTER DISTRICT ENTERPRISE CENTREREPORT OF DIRECTOR OF DEVELOPMENTDETAIL:1 Introduction

- 1.1 It is clear from ongoing consultation and from the findings of the City Council's Best Value Review of People and Work (March 2003) that business advice in the Winchester District has traditionally been provided in a very fragmented way. Available from different agencies and through a variety of media, it is often difficult to piece together in a manner which truly supports local enterprise. The Winchester District Enterprise Centre (WinDEC) initiative is a direct response to this concern. Led by the City Council, it is a joint project between the City Centre Partnership (WCCP), the North Hampshire Chamber of Commerce and Industry (NHCCI) and the University of Winchester. The project has three main objectives:
- a) to make it easier for businesses to access the wide range of support services available to them through signposting, through one-to-one surgeries or through promotional literature and web content;
  - a) to provide centrally located office accommodation for WCCP and the area office of the NHCCI with a greater level of public access than is possible at their present location in Abbey Mill, and
  - b) to provide much-needed low-cost space for small or informal business meetings.
- 1.2 An increasing number of business support agencies are opting to provide their services by electronic means which has the benefit of reducing operating overheads and geographical constraints. However, this has led to a reduction in face-to-face contact. There is strong anecdotal evidence, borne out by the recent promotion of dedicated business advisors by some of the High Street banks, to suggest that businesses would welcome a return to a more personal approach. This has the potential to lead to stronger, more effective relationships.
- 1.3 The Winchester Economic Action Plan promotes social inclusion through a successful economy, by providing a variety of economic opportunities, and encouraging enterprise and entrepreneurship. It is vital to provide a supportive environment for this activity, in order that local businesses thrive and prosper. The action plan highlights the need to provide WinDEC in order to meet the needs of local entrepreneurs in a way which is appropriate for them.
- 1.4 A suitable property has become available at 10 Parchment Street in Winchester, the freeholders of which is the A2 Housing Group. Formerly the site of The Byte internet café, the building needs some internal modification to accommodate the above

objectives and the project partners are currently working up architectural plans. In the meantime, however, there is pressure to sign the lease for the building in order to secure it for the project.

- 1.5 The following report provides more detail about the project, together with outline costings, and seeks approval from Members to for the City Council to enter into the lease for 10 Parchment Street with immediate effect on behalf of the project partnership.

## 2 Operation of the Winchester District Enterprise Centre

- 2.1 The project partners wish to include the following facilities at WinDEC:

- a) a reception or 'front of house' area which can double up as an informal meeting space with comfortable chairs; leaflet racking for relevant agency publications; a computer with web access; basic kitchen facilities and toilets.
- b) a meeting room to accommodate up to twelve people, and one or more smaller meeting rooms to accommodate up to four people, and
- c) open plan desk facilities for WCCP and NHCCI with additional 'hot desks' available for use by partners and visiting business people.

- 2.2 WinDEC will be a single focus for business support for all businesses in the district, providing continuity of service to the end user. There will be access to information about business start-ups and about training to return to work and more generic advice relating to ongoing business concerns. Literature will be provided for target groups such as the over 50s, women entrepreneurs, young people and graduates and to address the needs of small to medium enterprises which are characteristic of the Winchester District.

- 2.3 The centre's location in Winchester, which is fast establishing itself as a centre for creativity (from the arts to high technology) and which is home to two universities producing arts graduates who are often keen to stay and work in the area, requires consideration of specialist support for the creative industries.

- 2.4 The centre will be promoted throughout the district through advertising, public relations work, business networks and agency channels (eg via the two universities to their students). A marketing plan is being drawn up by the partners.

- 2.5 In addition to WCCP and NHCCI, The University of Winchester is a key partner in WinDEC. The university will bring both cash and in-kind support to the project, which it hopes will benefit its students and graduates as a focus for business support within the city centre. Other agencies who will be instrumental in providing a joined up service from the outset through WinDEC are Business Link Wessex, the Rural Enterprise Gateway, enterprise agencies and Sparsholt College.

## 3 Future Plans for WinDEC

- 3.1 It is anticipated that the success of WinDEC will encourage other business agencies to support and make use of the facilities. The success of the centre will need to be

gauged against a set of performance indicators, which are being developed by the partnership.

- 3.2 However, one of the key developments envisaged will be the advent of the Business Improvement District (BID) for the city centre. Winchester is currently being led through the BID process by the City Centre Partnership. Business interest in the BID will be evaluated through a referendum in the summer of 2007. If the referendum is supportive, it is intended that WinDEC will then house the BID office which will have a high profile as the focal point for a wide range of city-based business development projects.

#### 4 Premises

- 4.1 The premises proposed for the Winchester District Enterprise Centre are 10 Parchment Street, to be leased from A2 Winchester, part of the A2 Housing Group. The site benefits from being on one floor at street level and with good disabled access; it is close to the city centre and public transport links; it is available now and has sufficient space to provide the required facilities. Moreover, it is priced at a level which is more viable for the joint partnership budget than commercial alternatives, which are in any case relatively hard to find in Winchester city centre.
- 4.2 WCCP and NHCCI do not have the financial resources to lease the premises direct from A2 Winchester, both being subscription-based organisations. They are intending to make their contribution to the project by redirecting rent currently paid to Winchester City Council for their offices in Abbey Mill. It is therefore recommended that Cabinet approves the entering into of the lease by the City Council, as lead project partner, and the sub-letting to WCCP and NHCCI for the specific purpose of establishing and operating WinDEC.
- 4.3 The proposed lease is for a five year period, with an early termination option after twelve months should the project not prove successful. The heads of terms of the lease are shown at Appendix 2 and have been negotiated by the Chief Estates Officer.
- 4.4 The interior of the premises needs some modification in order to provide the required facilities and workplace security for WCCP and NHCCI staff. Furniture and other equipment will also need to be purchased before the centre is opened. Following Cabinet's decision in March this year to allocate £150,000 from the LABGI budget to economic development activities (CAB 1243 refers), the sum of £15,000 is being recommended by officers by way of a start-up grant for the centre.
- 4.5 In the longer term, other developments such as Silver Hill may offer attractive alternative accommodation for WinDEC.

#### 5 Timescale

- 5.1 10 Parchment Street is already available. A2 Housing Group is keen to lease the property quickly in order to maintain its revenue stream. The aim is therefore for the Winchester District Enterprise Centre to be occupied by the end of September and fully operational in time for the new year. Deadlines will become more certain once the architects' drawings have been finalised and the building project put out to

tender. A planning application for the change of use of the property will also have to be made.

- 5.2 A2 has acknowledged that the centre will not be operational for several months after the lease is signed by reducing the rental in the first calendar year by £1,000 (8.3%). Whilst this is not a very significant reduction, the housing group has further supported the project by holding open the lease option for several months prior to this report to enable the project partners to develop their plans.

## OTHER CONSIDERATIONS:

### 6 CORPORATE STRATEGY (RELEVANCE TO):

- 6.1 The City Council is committed to supporting and developing the economy, as illustrated through both the Community Strategy and the Corporate Strategy:

- a) "To create and sustain a thriving, broad-based local economy that integrates business, education and industry to provide prosperity, employment and occupation within the District, for the benefit of all." (*Winchester and District... Working Together, 2004*)
- b) The Transport and Access section of the Community Strategy notes that "new technology offers alternative forms of access to some services but not all people are able to benefit from this, because of technical or financial constraints or because they lack the desire, skills equipment, knowledge or confidence to use it." This project will go some way to alleviate this problem.
- c) The Inclusive Society section of the Community Strategy includes an action to "address barriers to learning, training and employment". WinDEC will offer support to help overcome these barriers and encourage entrepreneurship. Located in the city centre, it will be accessible to the wards with the highest unemployment rates, St Bartholomew, St John and All Saints and St Luke.
- d) "Foster a strong and diverse urban and rural economy" (*Winchester City Council Corporate Strategy 2006-2009*, from the *Homes and Jobs* priority)

- 6.2 The Council's arts strategy, which was approved by Cabinet in March this year, also seeks:

"to support the development of Winchester's creative sector in order to maximise the social and economic contributions it makes to our community" by "providing advocacy and support for young and early career arts practitioners" and "working with others to help provide professional development and support for those in the creative industries". (*Winchester District Arts Strategy, 2006 – 2009*, from the first strategic objective)

### 7 RESOURCE IMPLICATIONS:

- 7.1 WinDEC is a project identified in the City Council's Economic Action Plan which was adopted by Cabinet in March this year. In line with the partnership approach to this action plan, several partners have come together to provide funding and resources for WinDEC, including the University of Winchester, Winchester Town Forum and private sector businesses. A full budget breakdown can be found at Appendix 1.

- 7.2 Winchester City Council is recommended to make a contribution of £5,000 per annum to the running costs of the centre from the economic development revenue budget. This is in to ensure the right level of service and support is provided to local businesses. It is also recommended to make a further, one-off payment of £15,000 towards start-up costs from the LABGI budget.
- 7.3 By transferring the offices of WCCP and NHCCI to WinDEC, there will be a loss of rental for the spaces which staff of these organisations currently occupy in Abbey Mill. This amounts to £9,000 per annum. This accommodation will be taken up by the Council itself as part of the re-organisation of its own accommodation and will need to be considered as part of the costs of that wider project.

## 8 RISK IMPLICATIONS

- 8.1 As the lease-holder for the property, Winchester City Council would be assuming a degree of financial risk in the event that the contributing partners withdrew support for one reason or another. However, after the first twelve months of the lease, the early termination clause means that the maximum time for which the City Council would be affected would be six months, which equates to £6,000 in rental terms.
- 8.2 The first year rental (£11,000) per annum would also be at risk if the partners were unable to meet all their funding requirements in that year. However, as the City Council pays grants to both WCCP and NHCCI which in part help to cover their office accommodation costs, it would have the option of retaining monies to provide for any financial liabilities in this respect.

## 9 LEGAL POWERS

- 9.1 The Council has the powers to provide grant aid and other assistance to this project under S2 (1)(a) Local Government Act 2000. This is known as the power of well-being and enables the Council to “do anything which they consider is likely to achieve”.....” the promotion or improvement of the economic well-being of their area.”
- 9.2 As well as grant aid the power includes the ability to provide accommodation and taking the financial risk in entering into the lease.
- 9.3 S2(4) requires the Council to have regard to the Community Strategy before exercising the well-being power. The relevant extracts are set out in paragraph 6 above.
- 9.4 S3 of the Act requires the Council to have regard to the statutory guidance before exercising the power. Neither the guidance nor the legal restrictions in S3 would prevent the Council from entering into the proposed arrangements.

## BACKGROUND DOCUMENTS:

Winchester Economic Action Plan: this is currently being finalised prior to printing. For the final draft version please log on to [www.winchester.gov.uk/Topic.asp?id=7534](http://www.winchester.gov.uk/Topic.asp?id=7534)

The City Council’s Arts Strategy is also at design and print stage. A final version can be found at [www.winchester.gov.uk/SubTopic.asp?ID=10129](http://www.winchester.gov.uk/SubTopic.asp?ID=10129)

Best Value Review of People and Work (March 2003), available from Corporate Performance Officer Ian Smith on 01962 848 420 or [ismith@winchester.gov.uk](mailto:ismith@winchester.gov.uk)

APPENDICES:

Appendix 1: Winchester District Enterprise Centre Budget

Appendix 2: Heads of Terms for Lease of 10 Parchment Street



## **Appendix 1: Winchester District Enterprise Centre Budget**

### **Revenue**

#### Income:

Winchester City Centre Partnership	£3,750
North Hants Chamber of Commerce & Industry	£5,250
University of Winchester	£5,000
Winchester Town Forum	£5,000
Winchester City Council	£5,000 (economic development budget)
<u>Income from fees and charges (eg room hire)</u>	<u>£2,500</u>

*Total Revenue Income:* £26,500

#### Expenditure:

Rent	£12,000
Running costs	£10,000
Promotion/publicity	£ 3,500
<u>Contingency</u>	<u>£ 1,000</u>

*Total Revenue Expenditure:* £26,500

### **Capital**

#### Income:

Winchester City Council £15,000 (LABGI budget)

Support has also been forthcoming from the private sector, with a number of businesses willing to contribute in kind including IT support provision from the University of Winchester. It is thought that further private sector contributions in the form of project sponsorship can be achieved to enhance project delivery.

#### Expenditure:

Architects plans	£1,000
Refurbishment (electrics, building works, decor etc)	£4,000
Security	£1,000
Telecoms & IT	£2,000
Move	£1,500
<u>Partitioning &amp; furniture</u>	<u>£5,500</u>

*Total Capital Expenditure:* £15,000

## **Appendix 2 – Heads of Terms for Lease of 10 Parchment Street**

### **SUBJECT TO CONTRACT**

Ground floor 10 Parchment Street Winchester.

- |     |                                 |   |
|-----|---------------------------------|---|
| 1.  | <u>LANDLORD</u>                 | A2 Winchester Limited (1)   |
| 2.  | <u>LANDLORD'S SOLICITORS</u>    | <i>Not yet notified</i>   |
| 3.  | <u>TENANT</u>                   | Winchester City Council City Offices<br>Colebrook Street Winchester SO23 6LJ  |
| 4.  | <u>TENANT'S SOLICITORS</u>      | Winchester City Council City Offices<br>Colebrook Street Winchester SO23 6LJ  |
| 5.  | <u>SURETY</u>                   | Lease   |
| 6.  | <u>DEMISE</u>                   | Ground Floor 10 Parchment Street<br>Winchester  |
| 7.  | <u>TERM</u>                     | 5 years.  |
| 8.  | <u>COMMENCEMENT DATE</u>        | As soon as Lease can be completed   |
| 9.  | <u>RENT REVIEWS</u>             | see below   |
| 10. | <u>INITIAL RENT</u>             | £11,000 per annum for Year 1<br>£12,000 per annum for year 2<br>Thereafter yearly increase to index by<br>RPI. The rent to be paid quarterly in<br>advance and exclusive of rates and VAT   |
| 11. | <u>INSURANCE</u>                | Landlord to insure the Tenant to<br>reimburse annual insurance premium to<br>cover all risks and to include 2 years<br>loss of rent.  |
| 12. | <u>REPAIRS &amp; DECORATION</u> | Tenant to keep the property in a state of<br>repair and decoration it was in at the<br>start of the lease period.   |
| 13. | <u>USER</u>                     | The premises to be used for the<br>purposes of a Business Hub within Class<br>A 1 of the Town and Country Planning<br>(Use Classes) Order 1987 (or any<br>variation thereof). Should a change of<br>use to B1(offices) be required by the<br>Planning authority the user clause to<br>include this use. |
| 14. | <u>ASSIGNMENT</u>               | not permitted   |

15. SUB LETTING Of the whole only with permission from Landlord not to be unreasonably withheld.
16. ALTERATIONS/IMPROVEMENTS No structural alterations or improvements without the Landlord's consent.  
Initial internal alterations proposed by tenant to be approved by Landlord.
17. COST OF THE LEASE Each party to bear their own legal costs in the preparation of the Lease.
18. OTHER TERMS The Landlord may give six months written notice to terminate the lease on any date after two years of the lease period has expired.  
The Tenant may give six months written notice to terminate the lease after twelve months of the Lease period has expired.  
The landlord to repair/replace the flooring to the Premises, repair wooden door, install door lock and Letter box at own expense.  
Tenant to supply schedule of works for approval by landlord.  
Tenant to provide a photographic Schedule of Condition to be attached to the lease.  
Any other terms to be agreed by solicitors.