

CAMBRIDGE LIBRARY ENTERPRISE CENTRE

To: **Highways and Community Infrastructure**

Meeting Date: **17th March 2015**

From: **Executive Director, Economy, Transport & Environment**

Electoral division(s): **All; in particular Market Ward in the City**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **To inform the Committee about a proposal to create an enterprise and innovation centre in Central Library, Cambridge, and seek agreement to implementation in 2015.**

Recommendation: **The Committee is asked to agree to:**

a) the development of an enterprise centre within Cambridge Central Library;

b) enter into an agreement with Kora (part of the Regus Group) to create and run the Cambridge Library Enterprise Centre (CLEC); and

c) delegate to the Executive - Director of Economy, Transport and Environment in consultation with the Chair and Vice Chair of the Economy and Environment Committee authority to approve the final negotiations required to complete this project.

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1 INTRODUCTION

- 1.1 One of the priorities of the Library Service Transformation strategy (endorsed by Committee at its last meeting) is that 'We will work with others to increase our support for people to build their skills and employability'. The strategy recognises that the way we live and work is changing fast; the proportion of people that are self-employed is growing, and the ability to connect and network, in person, as well as virtually, is becoming increasingly important to sustaining entrepreneurial growth. The short term action in the strategy to effect this change is 'The creation of Enterprise Centres, beginning with Cambridge Central Library, to support individual employment prospects and the growth of small local businesses'.
- 1.2 This proposal is to create an enterprise and innovation centre in Cambridge Central Library to support and encourage local economic growth, as well as a means to generate a substantial new income stream. The third floor would be developed around the theme of 'innovation' – housing the enterprise centre alongside access to the Council's provision for adult learning and skills and the National Careers Advice and Youth Support services. At the same time the opportunity would be taken to enhance some other aspects of Central Library, which are known to require improvement. This would include an enlarged children's library and young adult area as well as a more welcoming entrance area on the first floor.
- 1.3 Whilst the most progressive public library services in the country are establishing successful enterprise centres with business start-up 'hatcheries', co-working space and business advice services, these are all publicly funded projects facing concerns over long term sustainability and are now having to look at charging for services just to cover their costs.
- 1.4 The Council was approached by Kora to create a Cambridge Library innovation and enterprise Centre (CLEC) and officers have been in negotiation for some time on the details of proposals. A formal agreement between the Council and Kora has been drafted that includes financial benefits for the Council, satisfies the terms of the lease for the library and use of the building, and brings enhanced services to Cambridgeshire citizens.
- 1.5 The library service strategy seeks to support small businesses to succeed and help more people into sustainable employment; Kora's vision for connecting businesses and learning communities, inspiring growth and providing support and space on a global scale, accords with this (www.thinkkora.com). Services are aimed at students, young people and adult career changers, those returning to work or growing their business, entrepreneurs, start-ups, corporations, individuals and groups.
- 1.6 The creation of CLEC is envisaged as an enhanced offer for customers, creating an opportunity to re-position the Adult Learning and Skills, Careers and Youth Support Services to more prominence on the third floor. These are services that reach some of the most vulnerable in society: job-seekers, those who are digitally excluded and lifelong learners, providing free help and advice.

2 RECOMMENDED OPTION: CCC PARTNERSHIP WITH KORA

- 2.1 Working in partnership with Kora has the potential to bring significant income through charged for services within the library whilst also contributing to the Council's agenda to develop the local economy. Cambridge Central Library would be the first public library in the UK to provide access to Kora's international network benefitting local communities and attracting international interest. Central Library would provide a 'proof of concept' for the model that could be extended to other sites in the county in future.
- 2.2 In partnership with Kora we would offer a range of opportunities for job seekers, learners and entrepreneurs (events to meet potential business partners, 'dragon's den' pitch events, inspirational talks etc.) supported by more traditional Regus income-generating services (serviced office spaces, business services, co-working spaces, entrepreneurs lounge, quality coffee bar). Kora is confident of the commercial potential of Central Library in its excellent city centre location, already attracting their new target market as well as being an attractive location for their existing international members.
- 2.3 In this option, the third floor would be extensively remodelled with new lay-out and furnishings in order to provide cutting edge business and learning services (see proposed lay-out in confidential Appendix 1). Kora would manage a large proportion of this floor, charging for the use of the entrepreneurs lounge, co-working and individual workspaces, and some events. The current café would be replaced with a small, high quality coffee-bar style refreshment service that would be available to all library users.
- 2.4 Kora would also manage the suite of meeting rooms, for both commercial and community use. An exhibition, circulation and events space, together with complementary resources from the library collection, would be open for all to use. This option envisages opportunities for a progressive journey through the free services available in the library to paying for specialist events and added value services in the enterprise centre.
- 2.5 Non-binding Heads of Terms have been agreed with Kora based on a proposed 10 year management agreement, with a break-out clause on both sides at 5 years if required. This includes an annual service charge payment and a substantial profit share for the Council. Both the Landlord and Lion Yard management are supportive and positive about this option, have agreed to its implementation if approved, and have expressed a willingness for joined up marketing, promotions and utilisation of the enterprise centre.
- 2.6 Officers have started to identify how the enterprise centre could work alongside the Council's proposals in the Business Plan to develop a more integrated approach to providing statutory advice and regulatory services across the County. Identifying the synergies with City Deal will also be part of the ongoing development of the project.
- 2.7 Detailed projections for this option are attached in confidential Appendix 2, and comparative tables for all options are in confidential Appendix 3. This option projects the strongest financial return for the Council. A proposal for a £300k investment in an enterprise centre has been included in the Council's draft business plan to help finance the capital works required to set up the CLEC. This option would attract match-funding from Kora who would also invest £300k

2.9 There are three main areas of risk associated with this option:

- The profit share is variable and the level of income cannot be guaranteed
- Whilst we expect the Council's reputation to be enhanced through this improved library offer attracting a wider cross-section of people, there is a risk that some existing customers and stakeholders will not support the changes to services (such as the replacement of the current café service with a facility more tailored to the needs of business users) .

2.10 With this option, it would take 8 weeks to install the enterprise centre on the third floor and require at least one week closure of the whole library (three weeks maximum). Once approved, we would aim to open the enterprise centre in September 2015. The Library Learning Centre would operate from Arbury Court Library for the duration of the works, whilst the National Careers Service and Youth Support Services would continue to be accommodated on site during works. There would be no café / refreshment facilities during works.

3 POTENTIAL IN-HOUSE OPTIONS

3.1 Work has been undertaken on options for a council provided enterprise centre, based on our in-house experience of the hire of meeting room facilities and models from library services elsewhere.

Option 2A: Adaptation of BFI Mediatheque – outline proposal

3.2 BFI Mediatheque was installed in Central Library during refurbishment nearly 6 years ago and was, at that time, the first regional public provision by the British Film Institute of their digital film archive. The contract expired in September 2014 and officers have met with BFI representatives to establish a 'Mediatheque 2' model that is integrated into the library PC offer and more flexible for the future. This would make the area currently dedicated to Mediatheque available for other uses. There is the potential to update the furnishings and IT connections in the BFI Mediatheque area to establish 10 private chargeable work spaces that could support individuals and small co-working groups.

3.3 The café service would be competitively tendered in order to secure a guaranteed income; an earlier market engagement event suggested interest from a number of suppliers, including the current supplier.

3.4 A low investment of £20k could be diverted from the £300k already identified in the business plan proposals or from other capital sources within the Council. Charges would be in the region of £10 per day per desk and be managed by staff within current library resources. Marketing would be aligned with current library marketing via e-newsletters, social media, posters and press. This option would be second most profitable, as the investment is so low, and the changes are easily reversible if required, but much of the income relies on a suitable vendor for the café space.

3.5 The following risks and issues are associated with this option:

- Low profile and non-specialist support resource may keep use low;

- There would be no significant level of guaranteed income to the Council and this option is unlikely to meet the additional £80k income target as part of the Council's 2015/16 draft Business Plan;
 - No value added services for fee paying customers, benefits for entrepreneurs are likely to be minimal;
 - No suitable booking system in place for this model;
 - It is uncertain that a new café provider would create the income suggested in Appendix 3 as there are some restrictions within the lease;
 - The opportunity for combining public sector ethos and private sector business acumen will have been missed.
- 3.6 This option would take an estimated 1 week to install with a 3 month lead-in time for IT systems, but no closure would be required. The anticipated opening would be October 2015 as no formal planning has yet taken place for this option.

Option 2B: in-house Enterprise Centre – outline proposal

- 3.7 In this more comprehensive option, Cambridge Central Library would be at the cutting edge of public library facilities, providing maker-space facilities with three dimensional printing and creative technologies. Inspiration and evidence is drawn from leading libraries such as Exeter Central Library with their new 'FabLab' (<http://fablabdevon.org>).
- 3.8 Three additional meeting rooms would be designed according to highest demand and 10 new workstations for hire would be created as outlined in 2A. The café would be re-tendered as outlined in 2A with the same restrictions within the lease that may limit the provider and income potential. This option would require a dedicated staff resource to ensure success and income, managing marketing and maximising use with events and promotions.
- 3.9 The level of investment for this option is anticipated to be in the region of £150k, which could be diverted from the business plan funds already identified. However, detailed plans have not been drawn up for this option and therefore costs are estimates and will depend on ambitions for the project. This option would be the least beneficial in terms of generating a surplus, due to the investment and in-house resource required to manage and promote the enterprise centre.
- 3.10 The main risks associated with this option include:
- Concern that we do not have the capacity and skills within the Council to raise significant income at the level projected for the CLEC;
 - Reputational risk with Kora as negotiations have been protracted;
 - Reputation is likely to be enhanced if the project is successful, but could be damaged if new services are not well received by customers or stakeholders;
 - The opportunity for combining public sector ethos and private sector business acumen will have been missed.
- 3.11 The advantages of this option would be:
- Ability under current lease and deed of variation to re-tender for a café provider (some manageable conditions apply);

- Additional meeting spaces will respond to community demand and may be installed at lower cost ;
 - A range of partnerships on shorter terms would make the offer more agile and flexible and could respond to developing creative spaces such as accommodating mobile maker-spaces;
 - Change could be less 'radical' and more incremental in its approach;
 - Increase the Council's likelihood of successful grant applications such as the Arts Council Enterprising Libraries scheme or the Carnegie Library Lab for Innovation;
- 3.12 Whilst this option has not been scoped in full, opening could take place by January 2016. It is envisaged that 8 weeks of refurbishment would create the enterprise centre as with option 1.

4 ALIGNMENT WITH CORPORATE PRIORITIES

The following bullet points set out details of implications identified by officers:

4.1 Developing the local economy for the benefit of all

- CLEC will provide a new creative space for entrepreneurs, supporting personal and career development, business and company creation, international links and partnerships
- Evidence from elsewhere demonstrates that it will increase the success of local start-ups and support growing economy and business

4.2 Helping people live healthy and independent lives

- CLEC will encourage all levels of business and employment seekers, supporting personal economic circumstances and possibly growing businesses supporting others to live healthy and independent lives (e.g. the trend from public sector employees into self-employed social care)

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5 SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The Business Plan assumes returns from CLEC or a similar venture. If it is not developed, further savings in the business plan will be required to make up the shortfall.

6.2 Statutory, Risk and Legal Implications

The key risk in proceeding with the CLEC project is that it will not reach the forecast potential income which will impact on the Business Plan for the Council. However, given the experience of Kora, this risk is considered to be low. The main legal implication relates to the use of the space and the relationship with the landlord, agreement over which has now been reached.

6.3 Equality and Diversity Implications

The report above sets out details of significant implications in paragraph 1.6.

6.4 Engagement and Consultation Implications

The report above sets out details of significant implications in paragraphs 2.6, 2.8, 3.3, and 3.10. Wider engagement with key stakeholders including public, local businesses and Members would be a key action following the decision of this Committee.

6.5 Localism and Local Member Involvement

There are no significant implications within this category.

6.6 Public Health Implications

There are no significant implications within this category.

Source documents and location
<p><i>Strategy for the Future Approach to Library Services in Cambridgeshire</i></p> <p>http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=11020</p>