

CAMBRIDGE LIBRARY ENTERPRISE CENTRE – REVIEW OF DECISION

To: Highways and Community Infrastructure

Meeting Date: 26th June 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 consider the recently available information relating to the proposed concession arrangement between CCC and Kora in respect of the third floor of the Cambridge Central Library and to decide whether this information has a material impact upon the decision taken by the Committee on the 2 June 2015.

Recommendation: It is recommended that the Committee:

- a) Note the recently available information regarding the proposed arrangement with Kora and reconsider its decision on 2nd June as to whether to enter into an agreement with Kora (part of the Regus Group) to create and run the Cambridge Library Enterprise Centre (CLEC); and
- b) If the committee concludes that the decision be rescinded, to request that the Service Director identify alternative options for addressing the financial pressures arising at Cambridge Central Library, including options for an enterprise centre, and to bring a further report back to committee at the earliest opportunity.

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1 INTRODUCTION

1.1 At its meeting on the 17th March 2015, the Committee agreed 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 - 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.

Full details of the proposal are set out in the March report.

1.2 Following a petition by a number of members to “call-in” the decision, the decision of the Committee was reviewed by the General Purposes Committee (GPC) on 14th April 2015. The GPC referred the matter back to the Highways and Community Infrastructure Committee for consideration on the 2nd June. In response to the considerable public interest the proposal had generated, the consultation period for the Library Strategy Review was extended to allow specific comments to be made on the Enterprise Centre proposals.

1.3 This Committee reconsidered the matter on the 2nd June 2015. It was resolved to note the response to the consultation and approve:

- a) the development of an Enterprise Centre within Cambridge Central Library;
- b) entering into an agreement with Kora (part of the Regus Group) to create and run the Cambridge Library Enterprise Centre (CLEC);
- c) further detailed consultation on changes to the Central Library, including the layout of the Enterprise Centre;
- d) a specific consultation on the proposal to move the Cambridgeshire Collection to the Council's new hub building in Ely; and
- e) delegate to the Executive Director - Economy, Transport and Environment in consultation with the Chair and Vice Chair of the Highways & Community Infrastructure Committee authority to approve the final negotiations required to complete this project.

1.4 Following that Committee, information was made available relating to an individual who acted as lead representative for Regus Kora, during negotiations with the Council. In the light of this information being identified, the Executive Director - Economy, Transport and Environment, in liaison with the Chairman of the Committee, decided to suspend work on the Enterprise Centre, pending further consideration by the Committee.

1.5 In the meantime a number of elected members sought to initiate a review, by Full Council, of the H & CI decision of the 2nd June using the council's Decision Review procedure. This requires written requests to be submitted by

at least 24 elected members and on the 9th June this threshold was reached thereby triggering the Full Council Decision Review process. This is planned for 9th July.

2. ISSUES ARISING

- 2.1 The Information that has been made available shows that the lead negotiator for Regus Kora on this project, who is described as their Global Managing Director, is currently disqualified from being a company director in the UK. This disqualification applies from 7th April 2011 to 6th April 2019.
- 2.2 This information has been verified through Companies House and the disqualification and surrounding circumstances have been confirmed by the individual concerned. The individual has also confirmed that he is not, at present, a company director of Regus, (which itself is registered in Luxembourg), or any other company and would not have been as part of the CLEC proposal.
- 2.3 As reported to Committee in March, the Council, through its Finance team, carried out the normal due diligence checks considered appropriate for this type of arrangement in respect of Regus. These checks did not identify any reasons for not entering into an agreement with Regus Kora. The Council does not undertake checks on individuals representing companies and as such, the lead negotiator's disqualification from holding the office of Company Director for a UK registered company did not come to light at that time.
- 2.4 From a legal perspective the fact that the lead negotiator has been disqualified and may not currently hold the office of company director does not prevent this arrangement from proceeding as the arrangement will be with the company and not the individual. However, members may wish to take into account any reputational risks to the authority in entering into an agreement with a third party and consider whether this risk has changed since its meeting on the 2nd June. The proposal for an Enterprise Centre at the Central Library and the potential partnership with Regus Kora in particular, has been met with high levels of public opposition, expressed through the consultation process, a public meeting, protests and through mainstream and social media. The identification of information relating to a key individual's disqualification from being a company director, has contributed to a further wave of opposition to the scheme.
- 2.5 In addition, elected members may consider that their and the broader public's confidence in the arrangement may be undermined by the emergence of this information concerning a key member of the team charged with designing and delivering this arrangement.
- 2.6 Consideration may also be given as to whether the potential for success of an Enterprise Centre with Regus Kora, has been damaged by the new information or by the opposition expressed to the proposal in the light of the new information. Committee may therefore consider whether it is still beneficial to continue to enter into an agreement with Regus Kora.
- 2.7 If the Committee decides not to enter into an agreement with Regus Kora, the Committee will also need to consider whether it wishes officers to continue to explore options for an enterprise centre at Cambridge Central Library or look

for alternative sources of income, which would lead to a budget pressure for the authority, or to cease work on changes to the Central Library, which would lead to a significant shortfall in the Council's Business Plan. If the arrangement with Regus Kora does not proceed, a further saving within the ETE budget rising to the equivalent of the projected income of £200k from the Enterprise Centre will need to be found. This will be in addition to the £11.3m savings per year required in the departmental budget by 2018/19.

3 ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Details were provided in the March 17th report as follows:

3.2 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

3.3 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)

3.4 Supporting and protecting vulnerable people

There are no significant implications for this priority

4 SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The Business Plan assumes returns from CLEC or a similar venture. At present, there are no alternatives identified that are expected to meet the level of income forecasted for the CLEC. If it is not developed, further savings in the business plan will be required to make up the shortfall. Delays in implementing a scheme will result in a significant budget pressures.

4.2 Statutory, Risk and Legal Implications

In making its decision, the Committee should not do so on the basis of the individual's disqualification, as this is not a valid reason to not proceed with an agreement with Regus Kora. Any decision whether or not to proceed should be made on the grounds of reputational damage and / or the potential impact of adverse publicity on the potential success of the proposal.

4.3 Equality and Diversity Implications

There are no further issues for this category.

4.4 Engagement and Consultation Implications

There are no further issues for this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Source documents and location
Previous Committee reports – 17 th March 2015 and 2 nd June 2015 (Room 117, Shire Hall)