

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member – Economic Development and Rural Affairs
Date:	16 September 2011
Title:	Armed Forces Enterprise Centre
Reference:	3108
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. This paper is an update on the progress of the Armed Forces Enterprise Centre project, and seeks approval to continue discussions in relation to the project, within the context of the wider partnership work with the Military that is underway.
- 1.2. This paper also seeks formal approval to ring-fence £189,000 from the Economic Development Office budget for this project.

2. Contextual information

- 2.1. Hampshire County Council and the Military are working in partnership to ensure there is support and advice for Armed Forces personnel and their families, Veterans and Reservists. Hampshire County Council and the Military in Hampshire are part of the National Welfare Pathway, designed to ensure the Armed Forces community has access to the help and support they need (<http://www3.hants.gov.uk/adult-services/welfarepathway.htm>).
- 2.2. One of the active groups in the Hampshire Welfare Pathway is the Hampshire Economic Military Partnership. Its aim is to help improve the economic prosperity of service personnel, their families, veterans and reservists. This will be achieved through partners collaborating on a number of projects that will provide opportunities for this community to enhance their future prosperity.
- 2.3. Hampshire County Council chairs this group, with the membership including County Council officers, Local Authorities, representation from all three Armed Forces, Business Support Organisations, Hampshire Chamber of Commerce, Job Centre Plus, South East Employers, Community Action Hampshire and other charities, and Military support organisations including the Career Transition Partnership, HIVE Information Centre, and 145 Brigade (Community Engagement).

3. Aims and Objectives of Hampshire Economic Military Partnership

- 3.1. The Hampshire Economic Military Partnership is run on an actions basis to keep those involved focused on delivery. Its achievements to date include the first Armed Forces Employment Fair, held in March at FIVE in Farnborough. Organised by the Career Transition Partnership, sponsored and supported by Hampshire County Council, the fair attracted 1,500 service personnel and 100 employers such as BAE Systems and 3663 Catering. 42 jobs were filled with ex-service personnel as a result of the fair. Approximately 22,000 serving personnel are stationed in Hampshire along with approximately 6,000 civilians directly employed by the Armed Forces.
- 3.2. Following their period of service, a number of people choose to settle in Hampshire and need to find local employment. As well as the employment generated, the Employment Fair helped service leavers, veterans and reservists recognise how their skills could be transferred, identify future career opportunities and provide useful contacts with prospective employers.
- 3.3. One further project of the Hampshire Economic Military Partnership is to establish an “enterprise centre” providing a business/trade/warehouse and training facility within the Aldershot Urban Extension development. Such a facility will have commercial work space available on flexible terms for fledgling enterprises, particularly, though not exclusively, those run by current or ex-service personnel, or their families. An “enterprise centre” has been defined by the Financial Times on www.ft.com as:
“A place where people can get advice on starting and running a small business and that may provide work space for such new businesses”.
The term “Workhub” might also be used to describe such a facility. A definition from www.workhubs.com is:
“A workhub is a flexible workspace offering an 'office when needed' service for modern micro businesses and mobile workers, including those of you who work from home. Shared facilities typically include bookable 'hot' desks, formal and informal meeting spaces, high speed broadband and costly or space-hungry professional equipment”.
- 3.4. In the terms of the proposed facility for Aldershot, it is envisaged that light industrial and warehouse space would be available in addition to office space, and that, with a number of Ministry of Defence buildings becoming available as a result of the development, it is envisaged that one or more may be suitable for a pilot “enterprise centre” facility.
- 3.5. A small project team made up of members of the Hampshire Economic Military Partnership has volunteered to research the project. It includes representation from the Hampshire County Council Economic Projects Manager, the President of Hampshire Chamber of Commerce, the district planner with specific responsibility for the Aldershot Urban Extension development at Rushmoor Borough Council and Enterprise First (an enterprise agency servicing Hampshire and other parts of the South East). This project team (the “Enterprise Centre Working Group”) reports back to the partnership at each quarterly meeting.

4. Enterprise Centre Research

- 4.1 Since January 2011 two studies have been commissioned by Hampshire County Council as part of its commitment to this project, to help get a better understanding of the market. One of the studies commissioned reviewed the supply of flexible business space within 5km of Aldershot and the other researched into whether there would be demand from those connected to HM Forces for such a facility.
- 4.2 The headlines from the supply side report, produced by Enterprise First, are that:
- Although 24 sites across the specified area were identified and analysed, there is no “enterprise centre” type accommodation in the Garrison area.
 - Two developments marketed as ‘Enterprise Centres’ within the search area (Bellevue Enterprise Centre, Ivy Road, Aldershot and Enterprise Estates, Ash Vale, Aldershot – owned by Rushmoor and Guildford District Councils respectively) are essentially light industrial estates let on commercial leases with limited flexibility and afford no ancillary services or support to their tenants.
 - Within current industrial property stocks, there is capacity to support new start-up businesses. However they are commercial industrial estates occupied on traditional leases at market rents, without flexibility or ancillary support, shared areas or services. In addition, the accommodation available is potentially too large for start-up businesses.
 - Commercial agents agree that there is a gap in the market for entry-level industrial units providing less than 500 sq. ft. on flexible terms to offer a comparable level of flexibility offered in the serviced office sector.
 - Within the serviced office sector there are good levels of supply for office space to accommodate small businesses, operated by companies such as Regus and other private sector landlords available on short licences but they are comparatively expensive.
 - Landlords are currently offering start-up businesses a greater level of flexibility due to the unprecedented market conditions. The fear is however that start up businesses could be frozen out of the market altogether once conditions improve.
 - Service leaver start-up businesses occupying individual industrial units or serviced offices across the area may lead to a feeling of isolation and make the transition into the commercial sector more difficult.
- 4.3 The headlines from the demand report, produced by QA Research, are that:
- 86 people were interviewed at the Armed Forces Employment Fair (another project delivered by the Hampshire Economic Military Partnership in March 2011).
 - The same survey was sent out via email through as many relevant Service community functions as possible, across all 3 services including 145 Brigade, the Service and Personnel Veterans Agency (SPVA), the HIVE

Information Centres, the Career Transition Partnership and others, which generated a further 8 responses.

- The 94 people questioned either at the Employment Fair or via email, all stated they were self employed, home workers and/or those intent on setting up their own business.
- 41% of respondents were interested in accessing such premises as a demand centre with a further 15% saying they were unsure. The majority who were interested lived within a 50 mile radius of Aldershot.
- On the type of premises required 52% would like shed/portacabin style facilities (B8 use).
- 69% showed interest in a business advisor and 38% in a mentor. 87% said they would be interested in accessing specific training, advice and support in business operations with financial support (help with accounting and taxation) and business planning the key areas.

5. Castledown Business Centre, Wiltshire

5.1 Further to this commissioned research, the Enterprise Centre Working Group recently visited Wiltshire County Council's Castledown Business Centre, in Castledown Business Park located in Ludgershall near Tidworth. The development is part of Wiltshire's strategy to:

- enhance the small business base;
- diversify the local economy;
- build capacity in readiness for greater military/civilian integration;
- anchor a skilled workforce;
- provide affordable flexible accommodation to pre-start, incubated and start-up businesses and access to high quality facilities and support services for start-up businesses with growth potential; and
- assist their growth and onward development over the first three to five years.

5.2 The business centre is a central building that boasts an innovation suite for admin support, business incubation and events amongst other services. It is one unit within Castledown Business Park that is comprised of 18 B1, B2 and B8 units totalling 27500 sq ft, making up phase 1 of the development. There are 2 further adjacent sites which bring the total development site to 42,000 sq ft.

5.3 The regional development agency (SWERDA) acquired the land from the MoD in 2001 for £2.4 million. Wiltshire County Council contributed a further £1.3 million. This investment from both organisations was given on the basis that there was an ambition to provide support to current and ex-Service Personnel.

5.4 A development agreement with St Modwen was signed in 2004, enabling the first phase to be completed by 2009. The 18 units (ranging from 550-3300 sq

ft) are available on 3-5 year leases. There is c.80% occupancy currently, which allows flexibility and move-on space. Castledown Business Park has 30 people working on site, with a further 45 remote workers connected to the site making 75 jobs in total.

- 5.5 There is also a significant element of business support available to tenants, with each new tenant required to undertake a business “MOT” session with a qualified business advisor before, during and at the end of their lease, as well as networking events and liaison with HM Forces resettlement organisations. Wiltshire County Council is planning for the demise of Business Link by creating an “Incubation Environments” programme. One element of this programme will be to develop unused local authority buildings into similar business centres in areas of most need, with specific reference to other HM Forces locations such as RAF Lyneham.

6. Next Steps

- 6.1 In terms of a possible enterprise centre in Aldershot, a specification outlining the suggested ideal functions, facilities and services has been included in the Appendix to this report. This has been put together after research into existing similar facilities, such as Basepoint, Start, Enterprise First Enterprise Centres, and Regus.
- 6.2 Recent discussions with Rushmoor Borough Council have revealed that there are a number of “alienated” premises inside the Garrison which could be used as an initial pilot facility. The term “alienated” premises in this instance refers to one or more redundant MoD buildings, due eventually for demolition. Rushmoor Borough Council has identified that there are some premises close to the station and main transport routes, away from residential accommodation that have parking in a secure area. These could be obtained at a peppercorn rent, for a term of up to 3-4 years. If the demand was proven through this pilot, it could eventually lead to a purpose built facility elsewhere in the Aldershot Urban Extension development.
- 6.3 A visit to three “alienated” premises was recently undertaken by the Enterprise Centre Working Group, who discovered that one of the units had potential for a proposed trial. The Aldershot Urban Extension’s development partner will now be contacted by the Enterprise Centre Working Group, to discuss their requirements, which will help to formulate a more detailed cost schedule.
- 6.4 The Economic Projects Manager, who is overseeing this project from Hampshire County Council’s perspective, will ensure that colleagues in relevant departments are informed and involved where necessary as the project develops.
- 6.5 Once costs have been properly assessed, and the developer engaged, a full project plan including finances will be developed by the Enterprise Centre Working Group, in consultation with all relevant parties.

7. Finance

- 7.1 £189,000 is currently set aside in the Capital Projects budget which will be used to assist with any refurbishment and/or promotional costs of an enterprise centre.
- 7.2 There are a number of grants available, specific to assisting service leavers, or disadvantaged communities, which could be applied for if further finance is required. These are listed in the Appendix.
- 7.3 Further finance requirements and requests would need more examination.

8 Recommendations

- 8.1 That work on the Armed Forces Enterprise Centre project be continued within the context of the wider Military/Hampshire County Council partnership work, through the Hampshire Economic Military Partnership.
- 8.2 That £189,000 of the Economic Development budget be ring fenced for work specifically relating to this project.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	
OR	
<p>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:</p> <p>It is part of the ongoing work between the military & Hampshire County Council, working to achieve ambitions 1, 3 and 6 of the Sustainable Communities Strategy, i.e. those that focus on making Hampshire a globally competitive location for business growth and investment, where everyone has the opportunity to develop their skills and play a full part in the county's success.</p>	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. The Centre will be open to all but will mostly benefit Service Leavers from the Armed Services looking to start their own business.

2. Impact on Crime and Disorder:

- 2.1. No direct impact but the Centre has the potential to reduce unemployment.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.

Enterprise Centre Project **Specification of possible facilities, functions** **and finance options**

The vision

To create an impressive, high quality and well designed enterprise, training and skills centre to encourage the development of fledgling businesses, particularly but not exclusively those run by current or ex-service personnel, or their families. The facility will have varying types of space available to let on flexible terms as well as dedicated support services and training facilities, creating an environment where opportunities, learning and enterprise can flourish.

Ideal Location

In or around Aldershot, with easy access to A331/A325/M3 and railway/bus routes

Outline

1. Why is it required?
2. The project: "Ideal world" specification
3. Pricing
4. Finance options
5. Partners & Opportunities

1. Why is it required?

Many service leavers and their families start up businesses when returning to civilian life. Many civilians are also looking to start their own business, but have a lack of affordable, flexible space in which to do so. Such a facility would enable businesses to flourish, and would enable service leavers and the wider community to enhance their work and personal skills, through access to business support services. A tenant of the space would be required to undertake a business review with a qualified business advisor as part of their tenancy agreement.

2.The Project:

Ideal World Specification

Floors: Concrete with 20kN/m² loading capacity
Walls: Brickwork and metal cladding
Roof: Kingspan roof panels
Glazing: Aluminium curtain walling system
Shutters: Electric roller shutter doors to each unit
Height: 6.5m approx to eaves
Parking: On site Parking
Services: Basic services will be provided in addition to 3 phase electricity supply

Type of property

Older/redundant property

+ potentially more space, more car parking, building/land already owned.

- renovation/refurbishment costs, older/less shiny premises

New build

+ can design to spec/purpose, in LDF, shiny/quality/environmentally sound, investment

- less car parking, potentially expensive, land costs, strategic location?

Ideal units available – a mix of light industrial and office, including a training/conference suite

- Small workshops (with 3 phase power) 450 - 600sqft?

Roller shutter doors

Vehicle access (van/low loader)

Ability to add in office space

High Speed WiFi Internet access

Energy efficient lighting & heat

Hydraulic Vehicle Lifts

- Offices for 1 or 2 people (125 – 350sq ft)

With furniture/computer/Tel? Furnished or unfurnished?

High speed WiFi Internet access, or buy your own?

- Retail space/concession(s)

- Meeting room(s) for hire

Conference Room 1

Conference Room 2 (Dividers so can be used as one big room)

Full meeting services e.g. conference phones/web cam/interactive white board/flip chart/

Office Services

Coffee shop (concession and/or self service)

Reception and office services area

Photocopy

Phone

Post

Fax

Facilities

Air conditioning

Security

Power

Utilities

WC's

Kitchen(s)

Fire safety

Services/Other

Access to business advisor/workshops/advice sessions

Break out/event space

Widescreen TV's with updates on local events

Private interview space

Lots of light

Recycling/waste collection

Energy efficient (ground source heating, grass/flower roof, canopy = outside space, wood & concrete to conduct heat, south facing for solar warmth & energy etc)

Free parking

Networking events to be held here

Club/membership with benefits/discounts

3. Pricing

Its too early to specify but leasing of space should be on a weekly basis.

Possible discounted rates for current or ex-service personnel and their families if business model allows.

Training and event facilities should be rentable, but should have the flexibility to be free for certain groups.

Flexible terms means 1 month notice for both parties.

4. Finance

Initial investigations with **Help the Heroes** have drawn a blank. I have rung their corporate team twice, and emailed initial thoughts of this project but haven't been able to pin down their corporate person, Jo Parsons.

Better news from the **Adventure Capital Fund**, who were keen to speak about it. If it can be illustrated how this project will benefit the health and/or well being of service leavers and has clear health related outcomes, then they would be interested in seeing a bid. They will not fund local authorities, but would fund a start up organisation. This could be a CIC/Ltd by guarantee/social enterprise etc. Their pot is from £50k - £10m and from their website suggests a combination of financial investments and expert support is on offer. ACF runs until March 2012.
<http://www.socialinvestmentbusiness.org/our-funds/adventure-capital-fund/>

Forces in Mind (Not yet open). Will start with the rest of the new BIG programmes, probably in 2012 at the earliest. Currently due to appoint a trust to manage the process and funds in July 2011. It's a £35m fund designed to provide long-term support to Iraq, Afghanistan and Gulf veterans who struggle to readapt after leaving the forces, particularly those whose psychological wellbeing impacts on their quality of life and that of those around them. Open to organisations, service leavers and their families, in order to fund research, awareness raising and advocacy work.

http://www.biglotteryfund.org.uk/prog_forces_in_mind?tab=1&

Reaching Communities

(http://www2.biglotteryfund.org.uk/prog_reaching_communities). Important to show that the centre would be helping a disadvantaged group who are currently under-supported. Very competitive. Since BIG are bringing out their dedicated veterans' fund, this may clash with other priorities further down the line. Local Authorities can apply, so that's available whether a Social Enterprise model is developed or not. £10k-£500K available.

5. Partners & Opportunities

Partners

HM Forces,
HM Forces community and family organisations,
Business & other support organisations,
Developers of Aldershot Urban Extension: Grainger PLC
Rushmoor Borough Council

Opportunities

Aldershot “alienated” premises
Discussions with Rushmoor Borough Council have revealed that there are a number of “alienated” premises which could be used as an initial pilot facility. These are redundant MOD buildings, due eventually to be demolished. These could be obtained for a peppercorn rent for a term of up to 3-4 years. If during that time, demand was proven, plans for a new build could be drawn up and implemented elsewhere in the Aldershot Urban Extension Development.