

INNOVATION AND WORKSHOP PREMISES: The role of the Council

Purpose of the Report

1. To enable representatives from local universities to provide their views to Members on the role of the Council in the provision of innovation and workshop premises. The evidence provided at this meeting will be used to inform the ongoing Inquiry into the Council provision of Innovation and Workshop premises.
2. To provide Members of the Committee with background information to help shape discussions at the meeting with representatives from local universities.

Background

3. At the work-programming forum meeting on 5 July 2018, Committee Members agreed to hold an inquiry into the Council provision of workshop and innovation premises. The terms of reference for the Inquiry, attached at **Appendix A**, include hearing the views of stakeholders such as local universities.
4. Representatives from Cardiff University and the University of South Wales have been invited to attend this meeting to give their views. The Chair has also sent a letter to Cardiff Metropolitan University and other stakeholders, as detailed in **Appendix A**, seeking their views and offering them an opportunity to contribute to the inquiry.
5. In 2013/14, this Committee carried out a short scrutiny examining the role of higher education in Innovation. As part of this scrutiny, the following key points were made:

- i) Innovation is: the application of research for a benefit to the wider community, economy or for commercial benefit¹; and the successful exploitation of new ideas, turning ideas into business or social capital
- ii) Innovation contributes directly to productivity growth and creates sustainable, high value jobs.
- iii) Higher Education establishments play an important role in driving local innovation and growth for a number of reasons, including²:

Higher Education Institutions:

- *attract people and businesses to an area*
- *develop knowledge bases*
- *are internationally wired – academics have global connections which can be harnessed for wider civic benefit*
- *are part of the “civic brand” – globally recognised and major hooks for inward investors.*
- *Universities help to commercialise innovation. Innovation accounts for 63% of annual labour productivity growth since 2002.*
- *For every £1 million of university output a further £1.38 million of output is generated in other sectors of the economy.*
- iv) The universities based in the city have links with other academic institutions and businesses around the world, from Silicon Valley in the USA, to Geel in Belgium, creating opportunities for the city and making Cardiff part of a global network of academics, entrepreneurs and businesses.
- v) The Welsh Local Government Association (WLGA) recognises the importance of local authority contributions to supporting higher education innovation. It states that, *“Local authorities also have a key role in terms of facilitating discussions between the higher and further education institutions and the business community in their areas in order to encourage better linkages so that the innovative activity of the HE and FE institution benefits the local economy and offers opportunities for young people to stay in their communities”*³

¹ Comparison of the Welsh Innovation Offerings Against other areas of the UK, Welsh Government, 2012

² Higher Education Institutions and Local Government; Local Government Association, 2013

³ WLGA response to Welsh Government consultation on Innovation Strategy for Wales, 2012

Current Council Provision

6. The Council provides a range of advice and support to existing and new businesses interested in establishing themselves in Cardiff, including advice on identifying and securing loans, grants and equity from a range of organisations such as Welsh Government, Finance Wales, European Commission and specialist funding bodies.
7. In addition, the Council provides workshop units and is involved in the provision of incubator space via the Cardiff Business Technology Centre; details of these are provided below.

Cardiff Business Technology Centre (CBTC)

8. The Council has a role in the Cardiff Business Technology Centre (CBTC), which is a wholly owned arm's length company of the Council. This operates as a separate legal entity, as a private company limited by guarantee, not having share capital and being self-financing. The company operates with an Advisory Board of Directors; the company structure and relationships align the goals and objectives of CBTC with the wider objectives of the Council's economic development.
9. CBTC operates two separate incubator sites for new-start and growing businesses, at Senghennydd Road, Cathays and at Capital Business Park, Wentloog. Each of these sites has different ownership and stakeholder interest as well as different criteria for potential tenants.
10. The CBTC at Senghennydd Road, provides incubator space for technology based businesses with flexible easy- in, easy-out lease terms. The accommodation can be adapted for a wide range of applications/business uses with individual units available from 142-777 sq. ft.; the flexibility to offer single or combined units enables the Centre to support businesses to grow and expand. The centre also provides hot-desk leases to student/ graduate enterprises. The Centre has private parking, conference and meeting room facilities, all with broadband connectivity, and audiovisual facilities. Average occupancy levels over the last few years are 89%.

11. The CBTC at Capital Business Park, Wentloog, provides services, accommodation and grow-on space for established and developing new technology companies. The site offer 26 units ranging in size from 256 sq. ft. to 1250 sq. ft., with the majority of the units being 950 sq. ft. and above. Average occupancy levels over the last few years have been 85%.

Council Workshop Provision

12. Currently, the Council provides 139 workshops within the city, aimed at encouraging new and expanding local businesses by offering units with easy-in easy-out terms. The units range in size from 120 to 2,000 sq. ft. and are sited in disadvantaged wards in the southern arc of the city to encourage local employment opportunities.

Sites

Bessemer Workshops, Bessemer Close
Douglas Buildings, Royal Stuart Lane
Ely Brewery Workshops, Station Terrace
Fairwater Workshops, Norbury Road
Gabalfa Workshops, Clos Mentor
Lamby Workshops, Lamby Way
Royal Stuart Workshops, Adelaide Place
Splott Workshops, Portmanmoor Road
Willowbrook Technology Park, Llandogo Road

Wards

Grangetown
Butetown
Fairwater
Fairwater
Gabalfa
Rumney
Butetown
Splott
St Mellons

13. Occupancy of workshops is high, with 96% occupancy rate in Quarter 1 2018/19. The demand for workshops is high, with a waiting list of over 160 companies, the majority of which are waiting for a light industrial/ industrial unit from 500-1,500 sq. ft.

Issues

14. The Council provision detailed above mostly dates from the 1980s and 1990s.

More recently, additional premises for innovation have been developed by universities and by the private sector. These include:

- i) Cardiff University – Innovation Campus – details available at:
<https://www.cardiff.ac.uk/innovation/campus-investment>
- ii) Eagle Labs – details available at:
<https://labs.uk.barclays/locations/cardiff-en>
- iii) Espark – details available at:
<https://www.entrepreneurial-spark.com/>
- iv) Tramshed Tech– details available at:
<http://www.tramshedtech.co.uk/index>

15. As part of the Inquiry, Councillor G Hill-John and Councillor Robson have visited a number of the workshop sites to see the range of sizes and types of units provided and to meet with businesses to hear their views on the existing provision.

16. During discussion of this item, Members may wish to seek the views of university representatives on:

- i) What should Cardiff Council's role be re provision of workshops?
- ii) Are there any overlaps and/or gaps in provision between the Council and other provision of workshops?
- iii) What should Cardiff Council's role be re provision of innovation premises?
- iv) Are there any overlaps and/or gaps in provision between the Council and other provision of innovation premises?
- v) Is there anything else that witnesses would like to bring to the attention of the Committee regarding workshop and innovation premises provision in Cardiff?

Way Forward

17. Representatives from Cardiff University and the University of South Wales have been invited to attend the meeting to discuss their views on what they think the role of the Council should be in the provision of workshop and innovation premises.

Legal Implications

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

19. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

Recommendation

The Committee is recommended to consider the information received during the meeting and agree a way forward.

DAVINA FIORE**Director of Governance & Legal Services****7 September 2018**