

# Finance and Resources Committee

10.00am, Thursday, 15 January 2015

## Creative Exchange Leith

<b>Item number</b>	7.22
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

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The Creative Exchange opened in June 2013 to provide flexible work space and business support to micro-enterprises in the creative Sector. Based in leased premises in the Old Corn Exchange, 29 Constitution Street, the venue offers up to 80 desks and is now operating at capacity. A waiting list of 20 new members has been compiled.

Further space has become available within the same building in the adjacent office space. By expanding into part of this available space to meet confirmed demand, the resultant increase in income is projected to be sufficient to reduce the Council's budget commitment in the coming year.

### Links

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<b>Coalition pledges</b>	P16, P28
<b>Council outcomes</b>	CO7, CO8, CO9
<b>Single Outcome Agreement</b>	SO1

## Creative Exchange Leith

### Recommendations

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- 1.1 It is recommended that the Committee:
- Notes the content of the business case;
  - Approves the proposed lease of a further two rooms within the Old Corn Exchange 29 Constitution Street, Leith.

### Background

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- 2.1 The Creative Exchange opened in June 2013 to provide flexible shared workspace for new and growing micro-businesses in the creative industries.
- 2.2 The Council leases the premises from a private landlord. The lease commenced in April 2013 and runs for five years. Break points are available at the end of March 2016 and 2017 on giving six months notice.

### Main report

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- 3.1 The Creative Exchange has been a success in attracting new and growing businesses, contributing to the Economic Development Strategy to support business and create new job opportunities.
- 3.2 Since September 2014 the premises have been operating at capacity with all 80 desks occupied by 53 members, 20 participants on a growth accelerator programme and seven partners. A waiting list of 20 individuals has been established.
- 3.3 Further space has become available in the adjacent offices, part of the same building, having been vacated by the previous tenant.
- 3.4 The available premises comprise two large rooms on the ground floor with space for an additional 24 desks. Further space is available on the first floor and mezzanine which can accommodate up to 40 desks.
- 3.5 Existing costs including rent, rates and services for the current space total £237,950 whilst income during this year totalled £110,361. Partner contributions, from Creative Scotland and Edinburgh College total £46,000. The net contribution approved as part of the Economic Development budget in 2014/15 has been £81,589.

- 3.6 It is proposed to extend into the two ground floor rooms only at this stage. This would allow the project to expand to meet evidenced demand and accommodate those businesses on the waiting list.
- 3.7 Rent, rates and services for the proposed expansion of two further rooms total £34,000. Further one-off costs of £20,000 for telephone and ICT costs can be met from the Economic Development budget. Furniture has been secured from excess stock released from Cockburn Street, saving the Council some costs and environmental impact of recycling.
- 3.8 The total cost of the Creative Exchange, including the proposed combined space, will total £292,202. Income, following a review of member rates, and including additional members is predicted to increase £218,772 with a further £6,000 contribution from external partners. The increased income is predicted to exceed the additional costs and the net budget requirement is therefore estimated to reduce from £81,589 to £67,430.
- 3.9 These figures are illustrated in table 1 below:

Current Model		Extended Lease Model	
Costs	£ 237,950	Costs	£ 292,202
Income	£ 110,361	Income	£ 218,772
Gross budget	<b>£ 127,589</b>	Gross budget	<b>£ 73,430</b>
Partner Contributions	£ 46,000	Partner Contributions	£ 6,000
Net Budget	<b>£ 81,589</b>	Net Budget	<b>£ 67,430</b>

## Measures of success

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- 4.1 Measures of success are in place for each of the component parts of the Enterprise and Innovation work plan and will be reported to the Economy Committee in line with the various performance monitoring timeframes.

## Financial impact

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- 5.1 The activities in this report can be met from the Economic Development Service budget; from income generated, and from funding leveraged from partners.

## Risk, policy, compliance and governance impact

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- 6.1 The Enterprise and Innovation work plan includes a risk register which is reviewed regularly throughout the year.
- 6.2 Risks highlighted include failure to deliver against project targets partnership breakdown; and failure to secure funding leverage. These risks are mitigated against through management controls.

- 6.3 The work of Enterprise and Innovation is managed and monitored in line with Council compliance and governance arrangements.

## Equalities impact

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- 7.1 The Enterprise and Innovation work plan delivers programme three of the Council's Economic Strategy for Jobs: Supporting Business. As part of the process of writing the Economic Strategy, and the Economic Review which informed it, a full Equality Assessment was undertaken.

## Sustainability impact

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- 8.1 The City of Edinburgh Council determined (in consultation with Historic Scotland, the Scottish Environment Protection Agency and Scottish Natural Heritage) that the Economic Strategy did not require undergoing a Strategic Environmental Assessment. View the Screening Determination and the Screening Report. Sustainability impacts have been taken into consideration in a project by project basis.

## Consultation and engagement

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- 9.1 The Strategy for Jobs aims to achieve sustainable growth through investment in jobs. As ambitious targets have been set and Council resources are limited, partnership working is fundamental to their achievement. The strategic Partnerships programme has undergone consultation and engagement at the core of its activity. Details are outlined in the report.

## Background reading/external references

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The following background reading is relevant to this report:

- A Strategy for Jobs: the City of Edinburgh Council's Economic Strategy 2012-2017

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## Links

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<b>Coalition pledges</b>	P16 – Examine ways to source new funding to support small businesses P28 – Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic wellbeing of the city
<b>Council outcomes</b>	CO7 – Edinburgh draws new investment in development and regeneration CO8 – Edinburgh’s economy creates and sustains job opportunities CO9 – Edinburgh residents are able to access job opportunities
<b>Single Outcome Agreement</b>	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all
<b>Appendices</b>	Location Map

