Report to CABINET

Creation of Digital Enterprise Hub in Oldham Town Centre

Portfolio Holder:  
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Reason for Decision

This report seeks approval for the allocation of funding from the Revenue Priorities budget to contribute towards the creation and running costs of a Digital Enterprise Hub within the town centre.

In addition, the report seeks approval of funding from the Capital programme for the refurbishment of the former Wahoo nightclub and adjacent former Kiss bar, which forms part of the same terrace.

Executive Summary

As part of the Independent Quarter programme, the Council has acquired the former Wahoo nightclub on Yorkshire Street.

The Council has been approached by Hack Oldham and Wayra Open Future to jointly occupy the building, creating a multi-functional resource aimed at developing new enterprise and business growth in the digital, technology and creative sectors. The provisional completion date for works to the building is September, with a potential launch in October.

Recommendations

1. Cabinet is asked to note the contents of this report. An accompanying report is contained within Part B of the Agenda which contains relevant financial information.
Background

1.1 The Council has previously allocated capital funds to the development of the Independent Quarter Grant Scheme initiative within the eastern area of the town centre. The funds are intended to:

- Remove the barriers to business start-up and growth.
- Address the appearance of buildings on key routes within the town centre.
- Address issues of low demand in secondary retail areas.
- Broaden the town centre offer and ensure it has a strong and unique brand identity.
- Create a physical, cultural and operational environment that enables the town centre to prosper.

1.2 To complement this activity, the Council has also been utilising its Strategic Acquisitions budget to acquire a number of key buildings within the town centre. Amongst these, is the former Wahoo bar/Nightclub at 38-44 Yorkshire Street, which was acquired in November 2013.

1.3 Council Officers have been exploring short-medium term ‘meanwhile’ uses which could bring the building back into use pending a commercial letting/sale or become self-sustaining and lead to long-term occupation of the building.

1.4 On 16 November, Cabinet approved an in-principle allocation of £200k from the Revenue Priorities budget, to contribute towards the creation and running costs of a Digital Enterprise Hub in the former Wahoo building. The approval was subject to a further report which detailed how the funding would be allocated to the various component parts of the project.

1.5 Officers have been having ongoing discussions with two separate, but complimentary, occupiers with the potential to bring back the building into a use which is in line with the Council’s regeneration aspirations. The occupiers are Hack Oldham and Wayra.

1.6 Co-location of these occupiers within the former Wahoo building has the potential to create a local and regional hub for technical, digital and creative enterprises, providing a combination of informal, easily accessible support and more formal networks of investment and business support. In addition, the facility has the potential to grow into a centre to promote digital skills. Both organisations are also keen to partner with local and regional partners from both the public and private sectors.

Occupiers

2.1 Hack Oldham started as a collective of like-minded individuals which operates from small premises within the town centre. The group has now gone through the process to become a formally registered Company Ltd by Guarantee and formally constituted social enterprise.

2.2 The overall aims of Hack Oldham are:

- To make a vital contribution to new enterprise development and business growth in Oldham in the digital, technology and creative sectors
- To inspire increased levels of interest and attainment in STEAM subjects, in adults and young people, through accessible, flexible and engaging activities that take place outside of traditional formal learning environments
- To support the wider regeneration and cooperative vision of Oldham town centre through a high street physical accessible base
To develop employability skills and experience through a range of volunteer and apprenticeship opportunities, as well as paid roles for local people
To invest in and work with other local businesses and organisations in the supply chain
To reduce social isolation for people through the opportunities on offer and by providing a safe physical space to share and develop common interests
To reduce the environmental impact of electronic waste in Oldham by sharing repair and maintenance skills with our community as part of our programme, to encourage and enable people to use their electronics longer
To work with local education, creative, digital, economic development and Town Centre partners as part of an integrated approach to support people in Oldham to act on their potential

2.3 Hack Oldham has requested occupation of the ground floor and basement. Their proposal is to use the ground floor as a flexible workspace for small digital/media companies. Members will have a series of options for working from the space, ranging from a dedicated desk/area for full members, through to the ability to pay for workspace on a day by day basis. The organization has been steadily building its member base and the proposal to occupy Wahoo has already generated interest from local individuals and companies working from a range of different locations. These range from those currently working at home through to those occupying space in similar workspaces outside of the Borough. The income generated by the work space will be reinvested in supporting the organisation's extra-curricular/outreach/community activity.

2.4 Hack Oldham’s scope is not limited to digital/media but rather ‘makers’ in the wider sense. They propose to use the basement as their ‘dirty’ space. The rooms will be used for a number of purposes to include which will include a workshop space enabling members to access bench tools, 3d printers and laser cutters and other facilities such as a photographic dark room. The facilities will enable cross collaboration between ‘makers’ and digital/media. Examples include the ability for small scale ‘makers’ to upscale or automate elements of their production and the ability to quickly develop proto-types of new products.

2.5 The third element of Hack Oldham’s activity relates to its outreach/extra-curricular activity. Hack Oldham's existing premises are unsuitable and severely limit the activity they can deliver and the groups they can work with. In addition to the activity they have been delivering at their existing premises, they have also been commissioned to deliver sessions at Oldham Library. The organization intends to use the ground floor flexibly to enable the delivery of activity such as coding clubs for young people in the evenings and at weekends.

2.6 The second potential occupier is Wayra.Open Future. Wayra is a start-up accelerator, backed by Telefonica, the multinational telecommunications company that also owns O2 UK. The Wayra project already has a base in London and has identified Oldham as an ideal location to create a Greater Manchester hub.

2.7 The Wayra model:
- Is a pre-accelerator that invests seed funding in start-ups that have the vision and the founders required to turn a good idea into something scalable that has impact.
- Provides flexible workspace for its candidates.
- Provides both capital investment and a programme of mentoring and business support.

2.8 Wayra businesses access the scheme through a formal, competitive application process. Successful Wayra applicants range from individuals to small/fledgling businesses with 2-6 employees. Wayra take an equity share in each company. Successful applicants are provided with:
• Access to free workspace
• Access to start-up capital
• Access to Wayra's network of mentors and industry experts
• Ongoing support and tutoring
• Access to Wayra’s wider Venture Capitalist pool.

2.9 Wayra intend to use the first floor as their main workspace, which will also incorporate a flexible space for seminars and informal breakout area. The second floor is will be used for a formal meeting room, informal meeting room, kitchenette and shower room.

3 Local Economic Benefits

The benefits of progressing this proposal can be summarized as follows:

• The outcomes are in keeping with the Council’s aspirations for the town centre.
• The scheme has the potential to generate a great deal of positive PR for Oldham. Although Wayra see the facility as a regional hub, the organization has an international profile.
• Encouraging the clustering of these types of businesses and individuals is in line with the Council’s aspiration for the Independent Quarter. There is the potential to generate additional spend locally within the town centre to support the local economy and in particular the growing leisure/restaurant sector.
• There is the potential that both Hack Members and Wayra candidates will require standalone ‘move-on’ space. This would enable retention of these businesses within the town centre and also contribute to the uptake of affordable underutilised space in the Independent Quarter and beyond.
• Such expansion will generate additional jobs.
• The scheme will contribute to the Council’s ability to promote the town centre and exploit it’s transport links as an affordable alternative to more established locations such as the Northern Quarter and Sharp Project.
• The scheme has the ability to contribute significantly to the local skills and enterprise supply chain.
• The scheme could act as a demonstrator to other private developers/operators of serviced/flexible work space and encourage investment and take-up of underutilized formal office space/larger scale building within the town centre.
• The scheme could act as a digital skills demonstrator project, providing a focal point for the digital skills agenda in Oldham.

Capital and Revenue Costs

3.1 Capital and revenue costs are detailed in Part B of this report.

4 Options/Alternatives

4.1 Do nothing

4.2 Let premises wholly or in part for commercial purposes.

4.3 Enter into an agreement with a private sector developer/operator of serviced/flexible work spaces.

4.4 That the Council refurbishes the former Wahoo Bar to create an incubator space/enterprise hub and provides revenue support for its operation—this presents a meanwhile use which is in line with the Council’s wider regeneration aspirations.
Preferred Option

Option as above at 6.4.

Consultation

Members have previously been consulted through the Independent Quarter Grants panel and Leader’s portfolio briefing.

Financial Implications

Financial implications are contained within Part B of this report.

Legal Services Comments

The allocation and payment of the resource will need to be in compliance with the Council’s Financial Procedure Rules.

Any property transaction entered into would need to be in compliance with the Council’s Land and Property Protocols and to protect the Council’s long term interests in the property. [Rebecca Boyle]

Co-operative Agenda

The outcomes of this project activity are consistent with the Council’s co-operative agenda (M Lester)

Human Resources Comments

N/A

Risk Assessments

N/A

IT Implications

N/A

Property Implications

Property implications are detailed within Part B of this report.

Procurement Implications

Any future requirements for the procurement of ‘Works’ or ‘Services’ will be carried out in line with EU Regulations and Oldham Council’s Contract Procedure Rules. (Darren Judge)

Environmental and Health & Safety Implications

N/A

Equality, community cohesion and crime implications

None at this stage.

Equality Impact Assessment Completed?
17.1 No

18 Key Decision

18.1 Yes

19 Key Decision Reference

19.1 ECEN-03-16

20 Background Papers

20.1 None

21 Appendices

21.1 N/A