



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member, Resources Executive Member, Regeneration
LEAD OFFICERS:	Director of Environment and Leisure
DATE:	9 June 2016

PORTFOLIO/S AFFECTED:	Resources	Regeneration
WARD/S AFFECTED:	All	
KEY DECISION:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

SUBJECT: Establishment of The Making Rooms

1. EXECUTIVE SUMMARY

Lancashire has a long and proud manufacturing heritage; formerly it was the centre of the world's cotton industry and has a long tradition of machinery manufacture.

With 12.9% of the County's jobs in manufacturing, it is still one of the UK's highest concentrations of manufacturing industries. Lancashire is also home to a growing creative sector and the number of UK jobs in creative industries rose by 15.8% from 2011-2014, which is three times the national average.

That is why, as part of the Council's plan to regenerate the town centre, the Council made proposals to develop a technical and creative innovation centre, housing Lancashire's 1st Fabrication Laboratory (Fab Lab), in the heart of the Blackburn town centre in the former 'Bentleys' building adjacent to the Town Hall.

'The Making Rooms' is the name for the new centre of creativity and innovation and will be a catalyst for makers and craftsmen and new manufacturing. The urban project will house a Fabrication Laboratory with a comprehensive range of 3D printing equipment alongside a number of other advanced manufacturing technologies including precision laser cutters, milling equipment, CNC machining, electronics, sculpture and pottery. The equipment will be available for individual and commercial use.

The Making Rooms will also have offices for technical and creative start-up businesses alongside studios, workshops and open plan flexible spaces to provide: artist residencies, workshops, seminars, talks, events, company away-days and training sessions and space to accommodate an exhibition.

The Making rooms will be used by four main user groups which will be targeted to ensure the facilities are well used, making a positive impact and generating income to offset operating costs. The main user groups are:

- Companies/SME's
- Students/Education establishments
- Entrepreneurs/inventors
- General public.

2. RECOMMENDATIONS

That the Executive Board:

2.1 Notes the establishment of The Making Rooms BwD Community Interest Company to manage and operate the Making Rooms.

2.2 Approves Council representation as first directors of the CIC, consisting of the Executive Member for Resources and the Executive Member for Regeneration

2.3 Approves three year tapering revenue support as outlined in this report to assist the operation of The Making Rooms whilst it grows its customer base and becomes financially sustainable and independent from the Council.

2.4 Notes the approval of grant funding from the LEP (Lancashire Enterprise Partnership) and the Arts Council England as previously advised and the contract award to the successful bidder for the refurbishment works of the 'Bentley's building'.

2.5 Delegates authority to the Director of Planning & Prosperity in consultation with the Leader to negotiate and agree the terms of the lease to the 'Bentleys' building with The Making Rooms BwD CIC.

3. BACKGROUND

Fabrication Laboratories 'Fab Labs' were set up to inspire people to turn their ideas into new products and prototypes by giving them access to a range of advanced digital manufacturing technology. The idea was dreamed up by renowned inventor and scientist Professor Neil Gershenfeld at the prestigious Massachusetts Institute of Technology (MIT). His vision is a simple one: to provide the environment, skills, advanced materials and technology to make things cheaply and quickly anywhere in the world, and to make this available on a local basis to anyone who wants to create something new or bespoke.

The UK's first Fab Lab opened in Manchester in March 2010 based in the iconic Chips building. It is owned by The Manufacturing Institute and managed by its technically skilled staff. At the heart of Fab Lab Manchester is digital manufacturing technology, combining 3D design with the latest fabrication processes.

Over 3,000 small manufacturers, inventors, artists, schools and community groups have used Fab Lab Manchester and a wide range of products have been conceived, developed and prototyped there. In July 2014, Fab Lab created its first millionaire with the invention of the Nifty Minidrive by 28 year old Piers Ridyard.

There are currently over 500 Fab Labs worldwide in around 50 countries. The number of Fab Labs growing by around 150% per year. In the UK, there are currently 17 Fab Labs with another 6 set to open in 2016.

The Council owns a vacant three storey building in a prime town centre location adjacent to the Town Hall and Blackburn Museum and Art Gallery. This building was originally used as a Bank and subsequently converted to 'Bentleys' a bar/restaurant before closing for business. This building was identified as a key site for development to support the aims of the Council to regenerate Blackburn town centre, due to its proximity to the Town Hall, the Museum, the Library, Blackburn College, significant public car parking facilities, town centre shops and the Mall.

Having completed a substantial amount of research into Fabrication Laboratories, it became apparent that Bentley's would provide an ideal location for a 'Fab Lab' alongside a range of complementary facilities. Accordingly, this building will accommodate a new technical and creative innovation centre called 'The Making Rooms'

Ground floor

The main entrance to The Making Rooms will be on Exchange Street which is a high profile location facing town hall square. The ground floor will house a range of technical equipment, 3D printers and creative processes as part of an enhanced Fab Lab facility to better support small businesses and start-ups in addition to the traditional community engagement. Alongside this, there will be a catering facility, and open plan work space with excellent Wi-Fi facilities.

First floor and second floor

These floors will house a mixture of offices for start-up technical, manufacturing and creative businesses alongside studios, workshops and open plan spaces to provide:

- Resident studio space, which would allow a group of artists, designers or other creatives to be residents of the space for a certain period of time.
- Flexible space for workshops, seminars, talks, events, company away-days and training sessions
- Hot-desking facilities
- Space to accommodate exhibitions or events

The Making Rooms will provide learning, creating and making space where people can bring their ideas and creativity and turn them into innovative products, artworks and ways of working. The project will achieve the following outcomes:

- Create new businesses for the manufacturing and creative sectors through proactive start-up generation and support
- Increase employment, skills and training opportunities for the creative and advanced manufacturing industries; therefore strengthening and supporting two of the fastest growing sectors in Lancashire.
- Increase accessibility and engagement with SME'S in additive and digital manufacturing technology
- Provide a town centre location where local people and visitors can meet, design and create; a home to the industrious in Blackburn and Lancashire.
- Create new business opportunities by combining the arts, creative, digital, manufacturing and technology to generate new innovative products, collaborations and start-up businesses.
- Provide an innovative and engaging learning environment for pupils, students and anyone who wants to use the facilities.
- Provide students, graduates and emerging practitioners with space and further training and commissioning opportunities with larger organisations in Lancashire, and increase student retention.

Programming

The programme for The Making Rooms will encompass the following activities:

- Deliver training, activities and events to stimulate new product and business ideas and provide the space and support for business start-up and growth
- Provide technical expertise and support to businesses to enable them to produce 3D prototypes and/or parts for their business processes
- Rent 3D printing and machinery and equipment to established businesses across Lancashire to enable them to produce prototypes and parts
- Deliver educational workshops for schools – KS1,2 and 3
- Develop a Service Level Agreement (SLA) with colleges and schools across Lancashire to provide pupils and students with access to digital manufacturing workshops and programmes
- Rent hot desks and spaces for exhibitions, meetings and workshops
- Create projects and programmes of work that directly impact on the regeneration of the town

centre

- Host artist and design residencies (the residencies will be hosted by Lancashire based businesses who will have access to The Making Rooms facilities)

Membership of Fab UK

All Fab Labs in the UK are supported by Fab UK, an initiative led by The Manufacturing Institute to grow the Fab Lab concept. The Fab UK vision is to build on the expertise developed at FabLab Manchester to develop a UK network of similar facilities engaging with over 250,000 people by 2020.

The Making Rooms will be an active member of Fab UK, a network of UK based Fab Labs. This provides an incredible opportunity for Lancashire to engage makers, designers and artists from across the UK in collaborative and exchange projects.

By being part of this national network, Blackburn will develop a reputation as a creative, digital, accessible hub for emerging talent in the region. It will also create opportunities for partners across the borough and the county to learn and be inspired by other economic, regeneration and engineering collaborations. The potential for creative digital collaborations is exciting to the creative, education and health sectors and funders.

Additionally, as a member of Fab UK, The Making Rooms will also be part of the global Fab Lab network and have direct links with MIT in Boston, USA.

Support for Business and enhancing skills

Over 3000 businesses in Blackburn and Darwen employ less than 10 employees. The Making Rooms will provide the first stepping stone for many of these micros to engage in innovation. As a public facility in the town centre, The Making Rooms is also perfectly positioned to engage and inspire young people from a wide variety of backgrounds to pursue careers in STEM, helping to feed educational institutions such as Blackburn College, Training 2000, UCLan and Lancaster University.

The Council has engaged directly with existing and planned facilities in developing its plans for The Making Rooms to ensure there is no duplication of effort and that The Making Rooms will be complementary and beneficial to other technical facilities. Letters of support and encouragement from these organisations were obtained as part of the bid to the LEP for capital funding.

The Council has been communicating regularly with Training 2000 regarding their investment in the Advanced Engineering Manufacturing Centre. Training 2000 are investing in heavy engineering equipment such as 5 axis CNC, coordinate measuring machines and milling, but are not investing in industrial additive manufacturing, whereas The Making Rooms will focus on additive manufacturing combined with lighter fabrication such as laser cutting, electronics, etc. As this equipment will be complementary Training 2000 and The Making Rooms have agreed to cross-refer SMEs and to make use of each other's facilities.

From a skills perspective Training 2000's facility is aimed at higher engineering apprentices and existing workforce upskilling and so The Making Rooms, which will provide initial engagement and entry level training will act as a feeder to Training 2000.

As a small-scale demonstration facility, it would also provide the focus for skill development across a range of disciplines needed to underpin the 'maker movement'. With its on-site incubation facilities, it will provide the platform to encourage a new generation of 3D entrepreneurs and designers, young people with imagination to come up with consumer products or ground breaking solutions to traditional manufacturing issues both in the consumer and commercial sectors.

It can also provide a shop window for the 'art of the possible' where local entrepreneurs and designers can demonstrate their capabilities and other individuals can be inspired to explore new ways of designing and creating a wide range of components and products.

The Making Rooms will be offering managed workspace in the form of offices, artists' studios, workshops and meeting spaces. It is envisaged that the demand for these will be a combination of new start-ups arising from entrepreneurs, inventors and artists who use The Making Rooms and Fab Lab facilities and some displaced business from the Northgate Suite located in King George's Hall which has been converted from meeting space to a more accessible and flexible ground floor wedding venue for the registrars.

However, when start-ups grow or require more high-tech support they will be guided through to further support at other Lancashire innovation centres such as UCLan's EIC or Training 2000.

The Making Rooms will not have a detrimental effect on the 3 main Blackburn based managed workspace facilities, Blackburn Enterprise Centre, Blackburn Technology Management Centre, and the Business Development Centre Eanam Wharf which have high occupancy rates of 82%, 93.3% and 94% respectively and because much of the occupancy of The Making Rooms will be new business generated from the Fab Lab.

4. KEY ISSUES

The Council intends to develop a technical and creative innovation centre in the heart of Blackburn town centre using the former 'Bentleys' building adjacent to the Town hall.

'The Making Rooms' is the name for the new centre of creativity and innovation and will be a catalyst for makers and craftsmen and new manufacturing. The building will house a Fabrication Laboratory (Fab Lab) with a comprehensive range of 3D printing equipment alongside a number of other advanced manufacturing technologies. The equipment will be available for individual and commercial use.

The Making Rooms will also have offices for technical and creative start-up businesses alongside studios, workshops and open plan flexible spaces to provide: artist residencies, workshops, seminars, talks, events, company away-days and training sessions and space to accommodate an exhibition.

The Making Rooms will be used by four main user groups which will be targeted to ensure the facilities are well used, making a positive impact and generating sufficient income to offset operating costs. The main user groups are: Companies/SME's; Students and Education establishments; Entrepreneurs/inventors and the General Public.

As previously advised, the Council has obtained approval for £451,000 LEP funding to refurbish the 'Bentleys' building. The Council has also obtained approval for £275,000 Arts Council England funding to procure the technical equipment, furniture, fixtures and fittings required.

Dr Eddie Kirkby has recently been appointed as Director for the Making Rooms. Dr Kirkby came to Blackburn after 11 years at The Manufacturing Institute during which time he led the project that brought the first Fab Lab to the UK in Manchester in 2010, and set up a 2nd Fab Lab for TMI in Ellesmere Port in 2013. He has also been involved in setting up 12 other Fab labs across the UK

A three year business plan and cash flow has been produced which has been evaluated and approved by consultants working for the LEP and also by Council officers. The cash flow shows that The Making Rooms becomes financially sustainable after year 3 of operation. In the initial three years, the Making Rooms requires revenue support funding to remain viable. It is proposed that the Council provides this tapering support funding in the initial three years of operation as detailed in the financial implications below.

It is also proposed that The Making Rooms is operated by a Community Interest Company at arm's length from the Council. The Council would provide the CIC with an initial 3 year lease to operate The Making Rooms and the Council would nominate two board members onto the Board of the CIC.

These arrangements will enable both parties to maximise external funding opportunities for the benefit of The Making Rooms. Many external funders do not accept bids from local authorities, if the facility is operated at arm's length, the Council and the CIC can each submit bids to various external funders as appropriate to support and enhance the operation of The Making Rooms.

The design and build contract for the refurbishment of the building has been awarded to the company who submitted the most economically advantageous tender. The company are working on the internal design of the building and will complete all building works by the end of September 2016 to enable the facility to open in October 2016.

In the meantime, the Council has obtained a short-term lease on 59-61A King William Street opposite the Town Hall in which The Making Rooms will run a temporary 'Pop-up' Fab Lab for initial engagement of target users and to raise awareness of The Making Rooms across Blackburn and Darwen.

It is proposed that the CIC Board would be supported by a Steering Group with representation from those sectors which are aligned to the target markets for the Making Rooms, this includes: representatives from:

- SME businesses;
- LSP;
- LEP; Chamber of Commerce
- Schools, FE and HE
- Work-based training
- Manufacturing and Industry
- Creative sector

In order to ensure The Making Rooms has the necessary support and works closely with the Council, it is proposed that the facility has a direct link into the Planning and Prosperity Department as much of the work which will be undertaken by The Making Rooms on enhancing skills and knowledge and supporting businesses and SMEs aligns with the priorities of the Planning and Prosperity Department.

5. POLICY IMPLICATIONS

The Making Rooms will contribute to the following Council priorities:

- Creating more jobs and supporting business – through skills development; business start-up; new product introduction; engagement of young people; creativity, technology and innovation support for business
- Improving health & wellbeing – Provide activities and interests for people; improve self-worth, confidence and employability by teaching new skills; enable the empowerment that comes from designing and making one's own products and devices.
- Improving outcomes for young people – engaging young people in creative and STEM activities; providing skills and personal development; providing opportunities and support for entrepreneurship and business creation.
- Making your money go further – By providing free open access to the facilities for people to design and make their own products and devices at little or no cost.

6. FINANCIAL IMPLICATIONS

Capital funding - building works

The Council obtained approval for £451,000 LEP Growth Deal funding to refurbish the 'Bentleys' building. In order to achieve the construction works in the most efficient, effective and safe way the works were tendered via a mini competition on a design and build basis under a JCT Major Project Construction contract.

Five companies were invited to submit a tender. They were chosen because:

- They are part of our existing supply chain with existing relationships,
- They have all of the correct professional memberships, insurances, liabilities.
- They have carried out refurbishment works of similar value for the council previously.
- They have sufficient resources to deliver the scheme
- They are local to Blackburn with Darwen.

Officers were confident that a mini competition would achieve efficiencies in time scales, getting the building into operation and realising revenue sooner. Due to the multi-discipline, high profile nature, challenging programme and town centre location, a proven track record of successful delivery and project management on a similar scale is essential.

Officers produced a set of Client requirements and will act as client representative working with our existing supply chain to ensure the chosen design is fit for operation, delivers the most efficient programme and demonstrates best value over the project life cycle.

The successful bidder who provided the most economically advantageous tender has been awarded the contract. The building works are scheduled to be completed by October 2016 at which point the Making Rooms can open for business.

In the meantime, the Council has obtained a short-term lease on 59-61A King William Street opposite the Town Hall in which The Making Rooms will run a temporary 'Pop-up' Fab Lab for initial engagement of target users and to raise awareness of The Making Rooms across Blackburn and Darwen.

Capital funding - Equipment, fixtures and fittings

The Council has also secured £275,000 funding from Arts Council England (ACE) for the procurement of the 3D printing and technical equipment required along with furniture, fixtures and fittings needed.

A total of £245,000 has been allocated to procure the equipment and furniture and £30,000 of ACE funding will be invested in artists commissions to raise the profile of the Making Rooms and encourage visits from key target markets.

The technical equipment will be procured in accordance with the Council's procurement guidelines to ensure best value and compliance with public procurement regulations

Revenue Funding

Dr Eddie Kirkby was appointed as Making Rooms Director in February 2016. Dr Kirkby came to Blackburn after 11 years at The Manufacturing Institute during which time he led the project that brought the first Fab Lab to the UK in Manchester in 2010, and set up a 2nd Fab Lab for TMI in Ellesmere Port in 2013. Eddie has also been involved in setting up 12 other Fab labs across the UK and facilitated the development of the Fab UK network.

Dr Eddie Kirkby has advised that Fab Labs appeal to four main target markets, these include:

- Companies/SME's
- Students/Education establishments

- Entrepreneurs/inventors
- General public.

However, depending on the location of the Fab Lab, the type of hosting organisation for the Fab Lab and the skills set and experience of the Fab Lab management team, each Fab Lab attracts a varying amount of custom from these four target markets.

Because the Council is involved in the development of the Making Rooms, we have the ability and influence to assist The Making Rooms to maximise income from each of the four main target groups via our existing relationships and partnering arrangements with a range of organisations. These include; the Hive business network, the Chamber of Commerce, The Lancashire LEP, Blackburn College, Secondary and Primary Schools and Training 2000. As a public facility in the town centre, The Making Rooms is also be perfectly positioned to engage and inspire the general public to become regular users of the facilities.

A three year business plan and cash flow forecast for The Making Rooms has been produced. This business plan and cash flow forecast was submitted to the Lancashire Enterprise Partnership as part of the business case for capital funding support from the LEP. The business plan and cash flow forecast was evaluated and approved by the consultants working on behalf of the LEP, this resulted in the LEP awarding the Council £451,000 towards the Making Rooms project.

In order to ensure that The Making Rooms has sufficient cash flow to be financially sustainable whilst it grows its customer base and generates income, it is proposed that the Council provides tapering support funding for the initial three years of operation. The revenue support would reduce over the three years from £70,000 in Year 1, to £50,000 in Year 2 and £40,000 in Year 3. Thereafter, The Making Rooms will be financially sustainable and be able to operate without any financial support from the Council.

7. LEGAL IMPLICATIONS

The Making Rooms BwD CIC (Company Number 10187412) has now been incorporated at Companies House. It has been set up as a Community Interest Company (CiC) limited by guarantee. As with all CICs, this entity must use its assets and any profits for the public good. As part of the establishment process for the CIC, the Council's application was required to pass the "Community Interest Test" for which the CIC Regulator had to be satisfied that the activities of the new CIC (detailed in the Community Interest Statement) are for the benefit of the community. The CIC will also be subject to the "Asset Lock" requirements, which ensures that any assets of the CIC (including any profits and surpluses generated by its activities) are used for the benefit of the community.

The Council proposed the following Members as the first directors of the CIC:

- Councillor Andy Kay, Executive Member for Resources; Deputy Leader
- Councillor Phil Riley, Executive Member for Regeneration; Senior Deputy Leader

The CIC's governance arrangements are detailed in its Articles of Association. Dr Eddie Kirkby, Making Rooms Director would also sit on the Board in an advisory capacity and act as company secretary for the CIC. A first meeting of the CIC will be held in due course to appoint any additional directors and put in place the necessary operational arrangements.

8. RESOURCE IMPLICATIONS

The capital funding required to refurbish the building and procure the necessary technical equipment, fixtures, fittings and furniture has been obtained via grants from the Lancashire Enterprise Partnership (£461,000) and Arts Council England (£275,000) .

The Council's Property section will manage the building contract and provide Clerk of Works support with assistance from The Making Rooms Director on behalf of the Making Rooms CIC.

The Council's Legal Services has provided support in ensuring that the Community Interest Company was successfully established as a legal entity and is able to trade from the date of opening. Legal Services will also continue to provide advice and support to the Council in relation to the operation of the CIC, and also provide support in preparing the lease for 'Bentleys'.

On an ad hoc basis, Council officers from Regeneration, Schools and Education will be called up on to provide advice, support and guidance to ensure that The Making Rooms is well positioned to maximise usage by companies and SMEs and schools and colleges.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

Consultations on the Making Rooms have taken place, in particular with the two funders; Lancashire Economic Partnership and Arts Council England. Both funders were satisfied with the rationale for establishing the facility and have contributed £451,000 and £275,000 capital funding respectively to develop the facility.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

Councillor Andy Kay, Executive Member for Resources and Councillor Phil Riley, Executive Member for Regeneration have been appointed as first directors of The Making Rooms BwD CIC.

VERSION: 0.01

CONTACT OFFICER:	Martin Eden
DATE:	19 May 2016
BACKGROUND PAPER:	None

