

Growth Deal Round 2 Proposal: GFirst LEP

Name of Proposal	Supporting Retail Entrepreneurship
Name, Organisation and contact details of Proposal Sponsor	GFirst LEP Sarah Danson/Sarah Tyler

1. Proposal Summary

This proposal seeks capital funding to invest in the premises and equipment required for the 'Supporting Retail Entrepreneurship' programme which will provide incubation space and business support to those starting out in a career in retail and existing retail business development – focusing specifically on fashion, accessories and gifts

The funding will support the creation of an exciting retail space in Central Cheltenham, to be used by start-up retail businesses for short periods to launch their businesses. Reduced rates and flexible terms will be offered to those that can demonstrate ideas and products that show real potential for fast growth. Successful applicants will have well developed business plans, marketing plans that include digital strategies, the ambition to export and predicted employment opportunities as a result of that growth.

This initiative has the capability of developing retailers of the future, moving forward into their own retail premises or shared space throughout the county and therefore contributing to the regeneration of High Streets in Gloucestershire. Supported by the Growth Hub's planned provision of retail specific start up training and aligned with the University of Gloucestershire and Gloucestershire College's Fashion and Retail programmes this proposal will provide the physical space and resources to showcase exciting new businesses and entrepreneurs.

The location of the premises to be purchased for this programme will either be a standalone commercial property or will be in association with a major retailer. See point '5' for further detail. It is expected that this will be in Central Cheltenham, a vibrant retail centre for the county.

In addition these key sites will provide business support to existing retail businesses with a focus on services that will develop resilience in and support for economic growth of the retail sector. Activities will include support for digital marketing and e commerce, export, skills development and succession planning through apprenticeships and graduate placements.

This programme will be delivered by the LEP in collaboration with Cheltenham Borough Council, Cheltenham Town Centre Manager, the University of Gloucestershire, ATCM and NSA retail.

2. How this proposal fits with and supports the GFirst Strategic Economic Plan for Gloucestershire and the Growth Deal for Gloucestershire (both available at <http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Our-Vision/>)

This proposal enhances the GFirst LEP Retail Pathfinder activity¹ and the economic growth of the High Street through innovative ways of working with the retail sector, retail entrepreneurship, digital activity and growing exports. Using project based activity it will help to secure the growth and sustainability of the sector as it works through challenging environmental trends – such a multi-channel retailing. The proposal will help to profile retail as a career of choice by promoting clear education and progression routes from Level 2 to Level 7, including apprenticeship courses as well as supporting the development of work specific programmes and business support. This proposal will be the catalyst for the regeneration of key high street sites within Gloucestershire with the aim to increase footfall in the surrounding location through the continuous provision of new exciting brands and products. In addition the proposal will offer work based training opportunities and work experience placements for students and those who are unemployed.

'The Department for Communities and Local Government (DCLG) leads for the Government on the future of high streets and town centres. DCLG and BIS work together on delivery of national and local projects such as the Retail Pathfinder, and on ensuring that government plays a proactive role on forums such as the Future High Streets Forum¹⁶ and Distressed Town Centre Property Task Force.'
'A Strategy for Future Retail' Department of Business Innovation and Skills'

3. The problem / opportunity

'A Strategy for Future Retail'² published by Department of Business Innovation and Skills in 2013 identifies the following problems and challenges for retail in the UK:

- Retail is changing, there are fundamental shifts in the retailer/customer relationship
- New start-ups need to learn how to trade and understand their customers in a complex trading environment
- Different ways to shop and receive goods have affected the confidence of the high street and retailer, creating a fear factor on taking the next step.
- E-commerce and M-commerce appear to be a serious threat to the high street but they should be seen as an opportunity to grow
'Increasingly e-commerce is broadening to include m-commerce (shopping via a mobile device) and s-commerce (shopping via social media networks)

'In 2012 UK retail sales were £310 billion

The value of internet retail sales in 2012 was £29 billion, around 9% of total retail sales'⁷

Gfirst LEP has recognised the importance Retail has to the Gloucestershire economy, and is working closely with Government on the Retail Pathfinder initiative. Through this work it has become clear that the sector needs support in a variety of ways. In particular, the need to ensure a regular flow of new

¹ Gfirst LEP has taken the lead on the 'Retail Pathfinder' initiative, with resulting actions being incorporated into the first BIS retail Strategy (Sept 2012)

² Information taken from 'A Strategy for Future Retail Industry and Government delivering in Partnership' Department of Business Innovation and Skills October 2013

⁷ Information taken from 'A Strategy for Future Retail Industry and Government delivering in Partnership' Department of Business Innovation and Skills October 2013

Retail entrepreneurs who have the right support to turn their ideas into successful businesses.

The proposal offers an opportunity to -

- Support key regeneration sites in Gloucestershire
- Raise the profile of retail as a career
- Work with the newly launched Fashion and Retail Management degree programmes at the University of Gloucestershire and Fashion Academy students at Gloucestershire College, providing high street incubation sites for students that can demonstrate exciting new products, designs and entrepreneurship.
- Provide high street incubation for those who have built an on line presence to 'test' high street activity.
- Provide low risk flexible 'launch pad' sites for inward investment
- Provide work experience and work based training opportunities for college and university students
- Provide retail training (up skilling, including on-line training) for retailers across the county
- Increase footfall to the surrounding areas
- Provide platform for testing the viability of activity such as Click and Collect in specific locations
- Provide a platform for testing new technology and applications with the sector in a real environment

4. Rationale for intervention

Gloucestershire has a reputation for starting and growing great businesses and this proposal will support retail specific start-ups, entrepreneurship and Inward Investment. Entrepreneurship and retail economic growth are key priority areas for GFirst LEP and this proposal is seen as providing specialist support specific to these important activities. In addition to this The Growth Hub successfully runs a number of Enterprise Centres across the county, these sites are fully utilised and are offered with additional supporting activities designed to provide business success and growth.

Retail and the interaction between customer and retailer is changing, the digital world is certainly taking retail into a different place – retail entrepreneurs need to embrace this and use it to their benefit. What this space will provide for the individual retail entrepreneurs is direct exposure to the public, it will provide face to face contact and allow them to learn about their customer. If the individual has only had experience in selling digitally then this space will allow the individual to continue selling digitally but to also understand more about customer services and handling customer enquiries.

This space will also allow the individual to network and work with other retailers in a similar position and sharing space could be a way forward for the individuals moving on after the incubation space. Sharing space would in term mean sharing bills, best practise and so on. Partnerships with other retailers is a clever way of rethinking the use of space.⁸

This space will build the confidence of the retail entrepreneurs and will allow them to understand fully what they want from their business and its capabilities and what is the best direction for them.

In response to the changing retail environment, the new space will provide a safe area for training, peer learning, access to suitable mentors for already existing retailers wanting to adapt to the changeable retail environment and further themselves.

⁸ Information taken from 'A Strategy for Future Retail' Department of Business Innovation and Skills

5. The proposal in detail

Securing of the funds for phase one of this proposal will enable the purchasing of a key high street site, the site will be refurbished and re fitted to provide flexible space that can be utilised to promote a range of retail products focusing on fashion, accessories and gifts. IT and payment facilities will be provided along with a range of shop fittings to meet a range of retail requirements – clothing, accessories, and shoes for example.

The site would also have an area for training and up skilling – this would be used by the tenants, local retailers from across the county, college and university students with a specific interest in retail etc. The site will be chosen to provide retail space, storage space, an area for digital training and skills training.

A project manager will be employed on a part time basis and will be involved with the operational implementation within the premises to ensure that the day to day running of the facility runs smoothly and that all of the entrepreneurs receive appropriate support. The individual will also facilitate and deliver a training programme for the space.

The costs for a City centre property are approximately £200,000 providing a substantial ground floor shop unit with accommodation to the front and rear at first and second floors.

An example property, currently on the market, provides the following:

Gross frontage – 4.75 metres

Ground floor area – 116.41 metres squared – incubation space, storage, customer service desk

First floor front – 44.13 metres squared – Workshop training space

First floor rear – 20.62 metres squared - offices

Second floor front – 44.13 metres squared – Workshop training space

Second floor rear – 20.62 metres squared – offices

The LEP is in discussion with Cheltenham Borough Council with regards supporting a reduction or a total waiver on business rates.

The incubation store will accommodate up to 8 businesses at any time, in the form of 8 mini pop up shops – enabling them to showcase and sell their products whilst continuing to benefit from further business development support and mentoring as they test the viability of their offer and business plans.

Space will be offered to individuals on a bespoke basis, the intention is that all occupiers will pay a modest rent and a commission on sales. This will provide the revenue funding required to cover overheads including the salary of the Project manager. Duration of stay will also be flexible and the current successful model utilised by the Growth Hub Enterprise space will be used to help determine rental periods. This model takes into account businesses and marketing plans, mentor recommendations and allows change of circumstances to be appropriately evaluated.

The space is considered a stepping stone/starting point for entrepreneurs and investors to test their products, marketing, ideas and abilities in a high street location. In order to be considered for a space within the store the individual will have to present a sound business plan, marketing strategy and identify why and how they feel use of the space will be beneficial to them.

The store will provide the opportunity to test digital activity and on line platforms not just for those occupying the space but for the wider retail community. The intention will be that retailers in the

locality will be able to utilise the store to develop their e-commerce strategy by providing a secure on line environment for them to test their products in the digital space and whilst doing so develop the skills they require to strengthen their digital skills and knowledge. This activity is currently being tested via the Digital Capability fund and lessons learnt from that project will be progressed through this route. Retailers building their on-line activity and interested in exporting will be signposted to The Growth Hub for additional support from the Hub and UKTI.

This project would work closely with schools, colleges and universities giving fashion, retail, design and business students the opportunity of work experience within the incubation stores. This activity offers a range of benefits for the work experience individuals and occupiers. Work experience - helping with customer service, sales, displays, digital activity and for occupiers support in store with advertising, websites, e-mail enquiries, dispatching of on line orders, marketing research etc

Discussion with local authorities town and city teams have taken place and they have confirmed that the proposal is realistic and that they will offer their support for the proposal. This includes - activities to support the purchase and refurbishment of suitable stores, support for tenants and inclusion in local high street activity, grant schemes where available, flexibility with regards to business rates, promotion of the stores with the local community and support to ensure the sustainability of the stores and inward investors.

The aim of this project is to highlight retail career opportunities as well as the opportunity to support 'home grown' talent and the potential 'big brands' of the future. With this in mind we are working with the local authorities and town teams to identify suitable locations for those leaving the incubations stores and will work in partnership with them to progress individuals into new locations s appropriate.

The current opportunity leads us to base this proposal on the purchasing of one property in phase one. With regards to this Nigel Jobson International Property Manager at Supergroup has offered to be a mentor for the project. He has also agreed for one of his site project managers to attend viewings with us. They have already identified a number of suitable sites and are making recommendations on size, design and refit including indicative costs to inform our proposal outcomes.

We have researched other similar initiatives such as RE:SO in the Solent LEP area – 'An innovative collaboration between Southampton Solent University and the city's Marlands Shopping Centre will see the launch of an exciting new student-run store that will be stocked with their original creations.' The Other Retail Group who own Eastgate Shopping centre in Gloucester City have expressed interested in this proposal and working with us on future developments.

We have visited The Source in Sheffield, www.thesource.meadowhall.co.uk They have offered to provide support for project and skills development and delivery. They also shared their experience of running The Makers Emporium in Rotherham.

Gloucestershire College have just launched a training hair and beauty salon in Gloucester City, discussions with the college with regards to this proposal have been very positive. They have expressed interest in supporting retail apprenticeships for SMEs via the incubation stores.

These initiatives have helped to refine this proposal and our longer term aims for the countywide rollout to retail high street programmes in the county, utilising a range of models such as those above.

The LEP is also in discussion with a major national retailer – at this stage we cannot give details due to the sensitivity of current negotiations and client confidentiality; however they are a significant brand that would be a major draw to an area. They have expressed a desire to demonstrate commitment to Corporate Social Responsibility (CSR), and approached the LEP to discuss possible ways of doing this.

This proposal has the potential to provide an excellent opportunity for CSR in an appropriate and exciting way for both the retailer and Gloucestershire. It would provide an opportunity for match funding and an ideal way to launch this proposal in association with a flagship brand.

At this stage the project team will continue to research mainstream commercial opportunities as well as progressing the discussions with the retailer.

6. Delivery

Phase 1 - £400k

The aim of the programme is to deliver one store to be purchased and developed from June 2015 with anticipated occupancy from Oct 2015.

Phase 2 -£400k

A second site will be purchased and developed from January 2016 with anticipated occupancy from July 2016.

This project will be managed by GFirst through the Growth Hub working with the partners already identified.

7. Detailed Project Plan

Full details of this plan will need to be developed by GFirst working with the partners identified. GFirst LEP will retain responsibility for delivery of the proposal.

GFirst will continue to work with GFirst LEP Retail sector group to maximise opportunities from this opportunity.

8. Reporting and Monitoring

The Project team will report to the LEP Board and to the Accountable Body (Gloucestershire County Council) on a quarterly basis, with monthly reporting being monitored by the project team.

The project will produce monthly reports outlining –

- Income generated
- Costs incurred
- Number of businesses taking space
- Inward Investment opportunities
- Numbers of jobs created
- Number of businesses exporting
- Numbers of apprenticeships
- Workforce skills development
- Business support
- Added value activity eg - work experience
- Project based activities eg - digital high street
- Progression – business survival and growth
- Numbers of people in receipt of training

9. Risks

- Lack of interest from business start-ups – discussions with the team responsible for delivery of the Growth Hub Enterprise spaces has already identify past and current tenants that would benefit from this type of retail space
- An Inward Investment proposition will be developed that can be used to market the space to investors in and out of county, for example we will work with the London School of Fashion and UKTI IST for retail
- Businesses unable to sustain enough activity to fulfil their commitment to the space – everyone interested in participating in the programme will need to have a developed business and marketing plan and will be interviewed prior to acceptance by the Growth Hub Enterprise team. They will be allocated a mentor who will support them before, during and after their occupancy.
- Businesses will not be able to sustain activity once leaving the programme - all businesses will be supported to develop an exit strategy. For example we are already working with town and city centre management teams to identify 'next step' retail space and this will be promoted to those exiting the programme.
- Programme will be monitored and evaluated monthly so that any issues arising can be addressed promptly
- Liabilities – all revenue costs will need to covered by tenant income, training courses, workshops, project based activity, exhibitions etc.

10. Outputs

Phase 1 2015-2021

<i>Outcome (per annum)</i>	<i>2015</i>	<i>Over 6 years</i>
<i>16 start up businesses supported – minimum of 6 student/graduate start ups</i>	<i>16</i>	<i>96</i>
<i>8 businesses investing in longer term tenancies in county high street sites</i>	<i>8</i>	<i>48</i>
<i>8 businesses achieving progression and proven GVA growth/employment growth in a two year period</i>	<i>8</i>	<i>48</i>
<i>Creation of at least 8 new jobs as a result of the start ups business supported</i>	<i>8</i>	<i>48</i>
<i>Creation of a minimum of 8 apprenticeships</i>	<i>8</i>	<i>48</i>
<i>10 new retail exporters</i>	<i>10</i>	<i>60</i>
<i>6 work placements created for unemployed individuals</i>	<i>6</i>	<i>36</i>
<i>Retail career programme launched with colleges and secondary schools</i>	<i>1</i>	<i>6</i>
<i>Regeneration of one key high street site</i>	<i>1</i>	<i>1</i>
<i>Development of 4 added value activities / projects</i>	<i>4</i>	<i>24</i>
<i>Training courses</i>	<i>12</i>	<i>72</i>
<i>Workshops</i>	<i>6</i>	<i>36</i>
<i>Exhibitions</i>	<i>4</i>	<i>24</i>

If funding were to be successful for phase two the outcomes and figures for **both phase one and phase two** would be:

Phase 1 2015-2021

Phase 2 2016-2021

<i>Outcome (per annum)</i>	<i>2016 - 2021</i>	<i>Total Phase 1 and 2 2015 -2021</i>
<i>16 start-up businesses supported – minimum of 6 ‘student/graduate’ start ups</i>	80	96 + 80 = 176
<i>8 businesses investing in longer term tenancies in county high street sites</i>	40	48 + 40 = 88
<i>8 businesses achieving progression and proven GVA growth/employment growth in a two year period</i>	40	48 + 40 = 88
<i>Creation of at least 8 new jobs</i>	40	48 + 40 = 88
<i>Creation of a minimum of 8 apprenticeships</i>	40	48 + 40 = 88
<i>10 new retail exporters</i>	50	60 + 50 = 110
<i>6 work placements created for unemployed individuals</i>	30	36 + 30 = 66
<i>Retail career programme continues colleges and secondary schools</i>	1	6 + 5 = 11
<i>Regeneration of one additional key high street site</i>	1	1+1 = 2
<i>Development of 4 added value activities / projects</i>	20	24 + 20 = 44
<i>Training courses</i>	60	60 + 72 = 132
<i>Workshops</i>	30	30 + 36 = 66
<i>Exhibitions</i>	20	20 + 24 = 44

11. Other Sources of Funding:

Match funding and private sector leverage:

Potential match funding from major retailer under CSR, value to be confirmed as negotiations are in the early stages and subject to change. Working assumption: **£400K**

In kind investment and support:

In kind investment from University of Gloucestershire – student support and advertising of space

In kind investment to support apprenticeships -Gloucestershire College

In kind investment from local authorities including business rate relief, business support

Grant investment from local authorities – to be confirmed

In kind investment from private sector retailers – shop fittings, mentor

Ongoing revenue to ensure sustainability:

Revenue of tenants (rent @ £50pw, commission @ 15% **tbc**) estimated total £60K pa

Revenue from training courses - £600 per course

Revenue from workshops - £500 per workshop

Project based activity - £1000 per project

Exhibitions - £750 per exhibition

12. Other public funding for this proposed project

Not applicable

13. The 'ask' to Government

The total ask to Government from the Local Growth Fund is **£400,000** in **2015/16** for phase 1

Pipeline project:

The project would also benefit from government funding/support for **phase 2 - £400,000**. For **2016/17**. This will be included in future funding 'asks' under LGF.

14. Value for Money

For an initial investment of £400K by Government, it is estimated that this programme will deliver the outputs detailed in point 10.

15. 'Fit' with national strategies, 8 Great Technologies, other strategic developments

The proposal fits with the GFirst LEP Retail Pathfinder objectives and the national Retail Industrial strategy.

The national drive to get more retailers having a digital presence and exporting and providing support to develop GREAT British brands working with UKTI Trade and Investment.

The government's ambition to support inward investment within the retail sector working with UKTI Investor Support.

Supporting the regeneration and evolution of the high street and therefore the economic development of the retail sector.

Skills development within retail working with NSA for Retail.

Supports the work with ATCM and the continued roll out of the Retail Toolkit.

15. Detail how the proposal complements or links with other LEPs' plans or existing provision, and the relationship to key bodies

- The proposal complements Gloucestershire's SEP investment in growth businesses, and programme of skills development, but is an opportunity to focus specifically on Retail. but offers capital investment specifically to support retail.
- Supports the investment of the University of Gloucestershire in the development of retail skills activity in the county.
- Supports the careers advice and progression within retail.
- Supports the development of retail apprenticeships
- The LEP's ambition is to continue to work with government to promote the economic growth of the high street and bring new retail investment.