

SPADE

SHARED KITCHEN

Report Title;

The development of a Shared Kitchen at the SPADE Enterprise Centre on North King Street, Smithfield, Dublin 7.

Prepared by:

Dublin City Council's Economic Development Office

Date:

13.12.2022

Contents

1	Executive Summary:	3
2	SPADE Enterprise Centre Background:.....	4
2.1	Shared Kitchen @SPADE- Project Details:.....	8
3	Rationale for Dublin City Council Support:.....	10
4	Financial Information	12

1 Executive Summary:

SPADE Enterprise Centre has been in operation since 1990 providing space to existing and nascent entrepreneurs, with a significant interest in food start-ups. While trading profitably and boasting some notable alumni and existing enterprises and social enterprises such as itsa, moyee coffee, the delicious food company, Third Space and Inner City Enterprise the board of SPADE developed a vision to expand the offering and services delivered and set about planning the development of a new Shared Kitchen.

SPADE applied for support through the Regional Enterprise Development Fund (REDF) administered by Enterprise Ireland to develop the new shared kitchen. €1.3 million in funding was allocated in 2017 pre the Covid-19 Pandemic to develop the kitchen. Recently, an additional amount of €681K was awarded by Enterprise Ireland in October 2022 due to rising inflation costs. This funding was achieved through a recognition that despite creating sustainable alumni businesses and indirect jobs, a different approach needs to be taken to address the high numbers of food businesses exiting at start-up phase and failing to grow.

SPADE seeks to build upon existing infrastructure, investment opportunities and facilitate collaboration among key stakeholders to create a platform to launch and grow successful food businesses in Ireland. As a result, SPADE is embarking on the new 'Shared Kitchen' Project with the sole aim of creating more opportunities for young food companies to flourish. The 'Shared Kitchen' concept is gaining traction in the global food start-up industry as it allows entrepreneurs more flexible and affordable access to high-end food production facilities. SPADE has experienced increased demand from early-stage start-up food producers over the last number of years and the 'Shared Kitchen' idea offers an affordable and accessible offering for food entrepreneurs.

The purpose of this report is to share the SPADE Shared Kitchen potential and to seek support in achieving the financial resources needed to complete such an ambitious project for the Dublin 7 area.

Funding Requirements

Funding Requirement	
SPADE contribution	€635,000
EI Grant	€1,328,386
EI inflation grant	€681,000
Donations	<u>€110,000</u>
	€2,754,386
Contractor	€2,504,000
Design	€216,441
PM	€19,250
Archaeological	€72,506
Dev levies	€67,000
Utility connections	€86,000
Contingency	<u>€150,000</u>
	€3,115,197
Funding Variance	-€360,811

SPADE are seeking support of €250,000 from Dublin City Council representing just over 8% of the total project cost. The Economic Development Office have reviewed the application and supporting documentation in detail and recommend support be granted for this project.

2 SPADE Enterprise Centre Background:

SPADE Enterprise centre is a not-for-profit organisation with charitable status in operation since 1990. The SPADE Enterprise Centre is housed in a converted church on North King Street, Dublin 7. Since its inception, over 32 years ago SPADE has continued to make a difference and add tangible value to the community in which it operates by providing opportunities and essential space to nascent entrepreneurs and subsequently create local employment opportunities.

The initial venture proved a success and within a short time each of the original 25 independent workshop and office units in the building were let to a wide range of new businesses.

SPADE currently provides space for 40 own door businesses (including 14 food units) contributing to over 155 jobs in the North Inner City. (Notable alumni food businesses include: itsa, Oishii Sushi and Lolly & Cooks). SPADE has provided space for over 85 businesses since 2006, contributing to over 250 jobs. 51 have been food businesses, many of which have gone on to open their own unit regionally. This output has been achieved with minimum grant support and prudent management. SPADE is committed to providing 80% of its space to start up and early stage business with the remainder coming from social enterprises and socially focused businesses. The current churn rate at SPADE in last 12 months (2021) is 20%

Today, the campus supports a range of new and developing businesses in its Environmental Health Officer (EHO) approved food production kitchens and high quality, modern co-working office space. SPADE currently license their main building and three separate premises to a broad range of businesses including Social Enterprises, Tech Start-Ups, Professional Services, and Innovative Food Companies.

SPADE recognises that despite creating sustainable alumni businesses and indirect jobs, a different approach needs to be taken to address the high numbers of food businesses exiting at start-up phase and failing to grow. SPADE seeks to build upon existing infrastructure, investment opportunities and facilitate collaboration among key stakeholders to create a platform to launch and grow successful food businesses in Ireland.

As a result, SPADE has embarked on a new 'Shared kitchen' Project. This new space is being supported by Enterprise Ireland with the sole aim of creating more opportunities for young food producers to flourish. The 'Shared Kitchen' concept is gaining great traction in the global food start-up industry as it allows entrepreneurs more flexible and affordable access to high-end food production facilities. SPADE has experienced increased demand from start-up food companies over the last number of years and the 'Shared Kitchen' approach offers an affordable and accessible offering for new food entrepreneurs.

The goal of the shared kitchen is to

- Provide an environment conducive to the creation of a Food start-up cluster enabling knowledge sharing, collaboration, and innovative ecosystem
- Create a valuable workspace, state of the art kitchen facilities fully compliant with food safety legalisation
- Foster food entrepreneurship
- Provide life changing opportunities for marginalised backgrounds by providing support and creating entry points into self-employment opportunities
- Support the future leaders of our hospitality industry
- Support community led start-up and social enterprises to create artisanal food products for sale locally
- Provide a venue for agencies to provide business supports and mentoring
- Align with the Dublin Regional Enterprise Plan 2024 and other relevant local, regional and national policies,
- Support Climate Action goals in line with the Milan Urban Food Pack and the UN SDGs

SPADE CLG is a nonprofit organization and does not have any shareholders.

Leadership, Management & Corporate Governance:

The Board of Directors of SPADE are selected from a diverse background and incorporate a broad range of experience and skills to facilitate SPADE's mission of supporting the growth of small food businesses and in turn employment by lowering the barriers to entry in the industry. The following directors are presently in situ:

SPADE Board of Directors		
Role	Name	Experience
Chairperson appointed Jan 2020	Debbie Bailey	Debbie is a Chartered Director and horticulturalist whose primary careers include extensive experience in Europe as a tour operator and tour development manager at Abbey Travel, as an executive director at Bailey Waste Recycling Ltd and latterly running her own business as a landscape horticultural consultant. Debbie is former Company Secretary of SPADE and currently serves as Chair of the board at SPADE. She has served as non-executive director and chair of several not for profit and educational institutions over the last 15 years. She is also heading up the team tasked with the complete landscaping of the newly constructed Hospice in Wicklow
Director Appointed Nov 2020	David Lynch	David is Associate of the Chartered Insurance Institute and owner / CEO of Capital Cover Group Ltd. Insurance broker and underwriting agents on behalf of Lloyd's of London. Established in 2000, Capital Cover Group employed 30 when it was sold in 2018 to Arachas Corporate Brokers. David is also a Board member at SPADE Enterprise Centre, an educational institution, and volunteers at committee advisory level on several local and overseas charities and NGOs.
Trustee and Board Director Appointed Sept 2021	Ian French	Retired Chartered Surveyor with extensive experience in commercial property. Served on several voluntary boards
Treasurer – Chairperson of Finance/ License Committee. Appointed Nov 2020	John Fitzgerald	Independent Finance Consultant working in the Enterprise and Property areas.
Board Director. Appointed Nov 2020	Angela Leigh- Doyle	Professional Banker with extensive experience in business and retail banking, change management and digital transformation
Trustee and Board Director Company Secretary. Appointed 2014	Gerald Griffin	Solicitor in general legal practice.
Board Director appointed 2008	Sean Conlon	Chartered Accountant & Finance expert
Board Director appointed 2021	Kenneth Carroll	Sales and Operations Director of the family firm John D Carroll Catering. Following the firm's acquisition, established his own company in 1994. Carroll Food Services is one of the largest independent contract Catering companies in Ireland. With its recent acquisition of Premier Dining's portfolio of clients in 2017, Carroll's has broadened its reach into the business and industry,

education, and public sectors.

SPADE Collaborators:



Advisory Board & Management:

Shared Kitchen Advisory Board	
Member name	Experience
Debbie Bailey	Board member, as above
David Lynch	Board member, as above
Ken Peare	Graduated from Trinity in 1966 with BBS Honours Degree. Joined General Foods Ltd, a top US food marketing company as marketing trainee, held 6 positions in 6 and half years. Returned to Ireland to work at Irish Biscuits first as Marketing Manager, promoted to Marketing controller after one year. Joined ITM in 1974 and took the company (Wardell Roberts plc) public. Made 5 acquisitions in UK and Ireland 1986-92. Business was privatised in 1992 through DCC supported management buyout. Continued as non-executive director.
Bernard Rooney	Bernard started his career working in Toronto Canada in major office supply company in logistics. production planning and clerical duties. He returned to Ireland in 1970s to work in several firms, primarily in production management and planning, joining start-up company Kelkin as General Manager. In 1989 he was appointed Managing Director of Kelkin following sale of company to Wardell Robert’s and ultimately to DCC in 2001. Bernard was appointed to the board at DCC Food and Beverage division. He retired from Kelkin in 2008 but remained as non-executive director and board members until 2016
James Burke	James Burke has personally worked in the food sector for over 23 years. Having started in SuperValu in West Cork, and then moved to

	<p>Superquinn he spent 10 years at the operational side of the business and 10 years at head office.</p> <p>During his career in Superquinn James became group purchasing manager with responsibility for purchasing over €350 million of product, and he was also appointed to the board of the company. In his current role as business consultant, James provides strategic advice and business planning for some of Irelands best known companies within the food and retail sectors e.g. Country Crest, Donnelly's and Maxi Zoo.</p> <p>James is a current member of the TASTE Council (the strategic advisory group for the speciality food industry) which involves continuous contact with the Artisan sector.</p> <p>He is also a former advisory Board Member of AMS the €100 billion European buying group and he was a director of Aontas (the Irish buying company). He is also one of only ten people in Ireland who holds an MBA in Retailing and Wholesaling from Stirling.</p> <p>James Burke and Associates specialises in working with retailers across all channels, food producers and state agencies who support both of these groups</p>
Bernie Everard	<p>Appointed as General Manager at SPADE Enterprise Centre in July 2021, promoted to CEO in Aug 2022, role to include Shared Kitchen Project. Previous roles include CEO of Laois Chamber of Commerce, Business Development Manager at Kildare Chamber of Commerce.</p> <p>Bernie graduated with a BSc in Food Business from UCC and started her career in the Food and Pharma sectors. She spent 10 years as a business owner in the Irish Craft sector supplying retail and hospitality sectors through direct and online channels.</p>

2.1 Shared Kitchen @SPADE- Project Details:

What is a shared Kitchen:

A shared kitchen is a culinary production facility that can accommodate multiple food producers simultaneously and is dedicated to growing early-stage wholesale, retail and/or catering food businesses. Also, referred to as a food incubator.

Shared Kitchen incubators are a concept that lands at the nexus of several trends: the artisanal food movement, the sharing economy, expensive start-up costs and the current spike in entrepreneurship as a career. Food is a powerful tool for job creation, economic development, and multi-cultural inclusion.

The design and management aims to maximise revenue for the operator by maximising the number of paying users per square foot 101 hours per week, offsetting high operating kitchen costs and affording a budget to implement essential value-added services to help support and grow businesses. The affordable pricing solves the sensitivity of users while equipping them with all necessary value-added support to grow in a flexible working environment.

Internationally, kitchen incubators in cities are invested in through local government funding. Once operational they are considered financially sustainable. Urban manufacturing provides diversity of employment in cities crucial for employment opportunities for those marginalised and those from minority backgrounds.

The Shared Kitchen development will be an extension of SPADE. SPADE currently has 14 food businesses in occupation. The new facility will allow for 40 members in year 1 and up to 85 by year 3 with booking capacity for 24 food producers operating in the Shared Kitchen space at the same time (24 kitchen stations in the open plan kitchen)

The proposed kitchen incubator at SPADE will provide more than the physical space. Our vision is to create a collaborative community where food entrepreneurs receive the mentoring and support that they need to take the plunge, start their food business, and allow them to focus on their primary objective – quality food production and brand creation. A recent survey conducted by 180 shared kitchen facilities across the US reported that 68% of facilities have increased their users in the past three years (ESI, 2020) This is indicative of the shared kitchen trends around the world in developed economies and suggests the potential success for a shared kitchen facility in Dublin.

Benefits and features

Open-plan, 5,500 sq. ft. kitchen space capable of facilitating 40 monthly users (members) in year 1 and up to 85 by year 3, providing approx. 200 jobs by year 3.

Services include:

Shared kitchen

- Open-plan kitchen with 24 workstations
- State of the art kitchen equipment with dry and chilled storage
- Open 101 hours per week
- Event space for food focused activities
- Rentable by the hour

Value added services for small food businesses as a membership model

- Event space for monthly meet ups for up to 100 people per month

- Workshops – food safety, nutrition, culinary skills, food education and business modules
- Tasting and demonstration venue
- Meet the buyer opportunities
- Business mentoring supports in collaboration with agencies
- Networking events
- Shared marketing and PR initiatives
- Potential for distribution and delivery service

Unique value proposition

The Shared Kitchen has several unique value propositions that sets it apart from other competitors in this space

- Excellent Location: SPADE is based in a central city location and is very accessible to those in the Dublin area
- State of the Art Facilities: Their kitchen will offer a full range of high spec cooking facilities, chill, and freezer space plus storage for each business
- Affordable – below market rate rent including utilities, rates, pest control, waste collection and Wi-Fi
- Health and Safety: Compliance with Food Safety Authority (FSA) and HSA
- Flexibility: SPADE’s approach offers flexibility by allowing start-up food businesses to rent a space in the kitchen on a half-day or daily basis.
- Community-Centric: This community-centric facility aims to provide business opportunities and employment to those who live in the area with a focus on food and nutrition education for the local community
- Enablement SPADE is enabling those who have a dream or a passion for food to kick-start their journey by removing barriers to entry
- Mentoring: Access to consultants, experts, government agencies - Dublin City LEO, Enterprise Ireland, Bord Bia, Dublin Food Chain, TUD, Teagasc
- Networking: Access to market opportunities, investors, buyers, and mentors
- Sustainability: addresses the high exit numbers of food businesses at start-up phase
- Placemaking – contributes to the north inner city becoming a food hub
- Proximity to public transport – the location is flanked north and south by separate LUAS lines. A desk survey of 50 prospective users resulted in 70% very likely to use public transport to the location
- “15 min City” ideally situated to create sustainable neighbourhood in line with the Dublin Regional Enterprise plan to 2024
- Support the Climate Action Plan in line with The Milan Urban Food Policy Pact "to develop sustainable food systems that are inclusive, resilient, safe and diverse, that provide healthy and affordable food to all people in a human rights-based framework, which minimize waste and conserve biodiversity while adapting to and mitigating impacts of climate change”, and the UN SDGs in particular SDG 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities.

Long Term Aim of SPADE’s Shared Kitchen:

The long-term aim of SPADE Shared Kitchen is to transform food entrepreneurship in Dublin. They aim to strengthen resilience and the potential for scaling among start-ups and identify and nurture collaborative initiatives that meet regional/ local enterprise needs. The shared kitchen will make it simpler and more affordable for anyone to turn their food passion into a sustainable business.

SPADE aims to create:

- future leaders for our hospitality industry
- employment and nurture career development
- life-changing opportunities for clients

- An inclusive and diverse workspace by lowering the barriers for entry. Social responsibility is extremely important to SPADE so they will focus on promoting diversity and inclusion across the food sector. SPADE will work with welfare and probation services to support individuals who are rebuilding their lives by providing opportunities and mentorship to enable them to reintegrate into society and grow their own businesses

3 Rationale for Dublin City Council Support:

The project aims to address the high exit numbers of food businesses at start-up phase and be a platform to launch food businesses from the food incubator into larger own door units regionally once their market is established in Dublin. This will result in a step change transformation for food entrepreneurship in Ireland and deliver more businesses with export ambition. If successful, it will create the largest food industry cluster in Ireland. Currently there is a lack of small food production units in Dublin region and city centre to cater for the number of new start up food businesses. SPADE continuously have a waiting list of 50 businesses looking to rent affordable space close to their customer base. Cost of monthly fee at SPADE is competitively set at €25 per square foot, equating to between €700 - €2500 pm. Commercial kitchens priced by the hour can cost a start up in the region of €2000 pm. In addition to providing affordable space for food entrepreneurs, the SPADE Shared Kitchen space will provide a community based eco system for incubator and start-ups companies through innovation, empathy and bringing people together for participation and collaboration. SPADE endeavor to lower the barriers to entry for food businesses to a wide range of clients from a variety of backgrounds, ethnicities and social economic statuses.

Integration with Economic Development Office Strategic Pillars:

1) Human Development

Provide opportunities in the local community for increased choice, new skills, potential employment
Providing creative, collaboration and networking opportunities to a wide range of backgrounds to thrive, grow leading to an enriched life and the lives of their families

2) Placemaking and Clusters

Opportunity to create city centre food clusters with a focus on sustainable food businesses.
Centralised retail opportunity for food businesses within the centre at SPADE
Creation of networks and community of food entrepreneurs in a city centre location
Proximity to fruit markets, Victorian Market, aligning to creation of food quarter in north inner city

3) Promotion and Investment

Contribute to the promotion of Dublin as food destination, opportunity for Food tourism,
Potential attraction FDI investment in the food sector

4) Climate and innovation

Development of a sustainable building using best practices in city centre location
Local food producers using local products, reducing food miles
Potential for shared sustainable delivery opportunities – cargo bikes -reduction of food miles
Innovative learning environment enabling food producers develop and produce sustainable products
Garden planning – biodiversity, pollinator friendly, low maintenance, organic

Key Performance Indicators:

- New commercial space (5,600 sq ft) for SME manufacturing completed by April 2023
- Meet demand and turnaround the high numbers exiting start-up phase by providing affordable kitchen space and support. # of businesses hosted / supported over 3 year period is: 75
- Occupancy: Year 1 – 35%, Year 2 – 45%, Year 3 – 60%
- Up to 50 businesses accommodated in the space on an on-going basis
- 460 learners participating on programmes (workshops and courses) over 5 years. 92 of whom are directed at marginalised and disadvantaged through the social impact organisations we have partnered with. Cost of support per participant €272 of grant funding.
- Provide space for marginalised and equalities groups. Food enterprise has the potential to offer business ownership opportunities to a diverse range of individuals from various equalities groups. Number of female owned and operated businesses supported – Target 45% by Year 5.
- Number of minority owned and operated businesses supported – Target 26% by Year 5.
- 10% space allocation for those with food talent from disadvantaged backgrounds (ID by Partners)
- Estimated churn rate of 25%
- Jobs creation and sustainability. Target of €8-€10,000 cost per job per grant funding. Target of 263 jobs created by Year 5. Target 200 jobs during Scheme. Y1 88, Y2 53, Y3 60, Y4 32, Y5 32

4 Financial Information

Income sources

- Enterprise Ireland €2.1 m Regional Enterprise Development Fund 2017-2020
- Enterprise Ireland €681k Inflation Fund Oct 2022
- Donation of €110,000 received to date
- SPADE funds €635,000

Assumptions:

- Number of direct employees projected for first 3 years of project 3 with total salaries €165,000 per annum
- Project build €2.503m fixed price, for fully fitted facility including fully fitted kitchen, dry and frozen goods storage, event space, storage area, admin, changing rooms
- Hourly fee of €10 per hour for members and €15 per hour for non-members.
- Inflation at 10% on operating costs
- Occupancy at SPADE Enterprise Centre to stay at 2022 rates (90-95% occupancy)

Funding Requirements

Funding Requirement:

SPADE contribution	€635,000
EI Grant	€1,328,386
EI inflation grant	€681,000
Donations	<u>€110,000</u>
	€2,754,386
Contractor	€2,504,000
Design	€216,441
PM	€19,250
Archaeological	€72,506
Dev levies	€67,000
Utility connections	€86,000
Contingency	<u>€150,000</u>
	€3,115,197
Funding Variance	-€360,811

Requested support from Dublin City Council: €250,000.

It is envisaged that the Dublin City Council Contribution will support the culinary fit out costs for the shared kitchen outlined in the final tender at a cost of €274,515.00.