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Devon Work Hubs and Coworking Spaces: Evidence and Contextual Update 2020

Final Report

Prepared for:

Devon County Council
Economy, Enterprise & Skills Team

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Covid-19

This study was undertaken between early February and early March 2020, prior to the full extent of the Covid-19 pandemic significantly impacting upon the Global and UK economies. Assessments of demand were taken prior to significant changes in working patterns were recommended by Government, particularly advice to work from home and to self-isolate where possible. The full extent of whether any changes to both demand and supply of co-working space will be impacted on a more permanent basis have yet to be seen, with follow-up conversations with study participants recommended at a later stage, as and when both the pandemic and economic impacts subside and the economy stabilises.

Devon Work Hubs and Coworking Spaces: Evidence and Contextual Update 2020

Executive Summary

Devon County Council commissioned this study to inform current work on Work Hubs and coworking in the county. The work was intended to provide an update on the *Potential for the Delivery of Work Hubs in Six Devon Towns* completed in 2010/11. Information and data were required to renew thinking and direction of travel on this key workstream and ensure DCC could adapt to emerging trends.

Recap of conclusions from 2010/2011 study

The 2010/11 study found evidence of significant demand for a Work Hub/coworking space in several Devon towns. However, only Devon towns with the right "mix" of potential hub users (i.e. creative, digital and social media, ICT, arts and professional services businesses combined with a younger, internet-savvy local population working in micros and pre-starts) were likely to generate sufficient interest and income to make a hub economically viable.

At the time, the concern was that these sectors were not well developed in all parts of Devon: it was noticeable that the highest levels of demand were in locations with many creative, digital and media sector businesses alongside professional services. The workspace requirements of the micros and pre-starts from other key sectors in Devon, such as food & drink and other rural & land-based enterprises, were at the time somewhat different.

National and global picture

Over the last decade since the previous study, the use of coworking spaces (including work hubs and flexible working provision) has increased greatly in the UK, across Europe and on a worldwide basis, with very significant increases in the amount of floorspace allocated to coworking and/or hybrid coworking/flexible space[1]. This growth has been matched by a decline in serviced office spaces.

While many Hubs are operated by smaller independents, larger operators have increasingly moved into the market, including WeWork and IWG/Regus. Some large operators have focussed on providing Hubs, while others have converted "traditional" serviced offices into coworking space. These trends have been primarily driven by demographic and workforce changes, alongside changes in corporate culture and government and regulatory drivers.

It is anticipated that this increase in demand for flexible workspace provision will continue and that significant levels of demand will both move beyond existing "primary" business centres (such as "global" cities) to other secondary centres, as well as there being a flattening of prices. It is likely that hybrid and mixed-use flexible provision will experience the highest growth rates. It is also anticipated that growth rates for flexible workspace in UK regions will continue at high levels.

Current Devon picture

In line with the national and international trends, the picture for Work Hubs/coworking in Devon is also currently positive, with reports of good levels of demand in many locations. The number of Hubs in the county has increased year on year over the last decade and several Hub managers said they were full and had waiting lists, as well as having plans for further developments in the future.

The principal driver of this demand is the current high level of self-employment and micro businesses across many sectors of Devon's economy. However, demand across Devon is influenced by other important factors as well, often depending upon geography and other available workspace options:

[1] https://www.statista.com/topics/2999/coworking-spaces/

- In Devon's cities and larger towns, the presence of a substantial core of creative, design, IT and professional & technical businesses has been a key component driving demand:
- In rural and coastal areas, there is often a more diverse business base together with the need for a meeting and/or community space which have combined to create demand: and
- A lack of suitable premises in some towns and villages was stopping Hubs from offering all that they wished, particularly communal space, although there were also some issues with business rates.

A major success resulting from coworking in Devon's Hubs has been the value and extent to which collaborative working has ensued. This collaboration has benefited both established and new-start micros and sole traders, both increasing productivity and keeping revenue in the local economy. The Hubs have also provided a highly important asset to communities which had previously lost communal meeting spaces, providing social and mental health benefits.

Future Devon picture and potential gaps in coverage

Overall, the demand for Work Hubs and coworking space in Devon is anticipated to continue to increase in the foreseeable future, based on the drivers of:

- Further increases in self-employment and the move to service sector businesses:
- The continued need for businesses to reduce costs and their fixed property liabilities:
- The uncertain world economic outlook: and
- Changing working patterns.

Based on these drivers and the views of key stakeholders, various towns in Devon were highlighted as potentially "needing" a Hub: Bideford, Seaton, Newton Abbot, Teignmouth, Kingsbridge and South Molton. Further work is required to fully assess viability in these locations and other areas.

A major difference between Devon and elsewhere is the absence of large corporate businesses and the use they make of coworking space for their staff. However, it is possible that this might change in the future, with individuals living in major urban centres elsewhere being attracted to Devon if they were able to work remotely in a thriving Hub. Similarly, it is possible that (more) public sector workers could also use coworking space. In combination, these could create significant opportunities for Hubs.

Recommendations and concluding comments

The recommendations were divided into three groups: 1) Fully appraising the viability of developing Hubs in the towns noted above: 2) Furthering the development of the Devon Work Hubs Network: and 3) Encouraging the increased use and expansion of existing Hubs across the county. The main recommendations can be summarised as:

- Appraise Hubs for their wider community and social benefits, as well as economic impact:
- Promote the use of Hubs in sectors beyond creative, IT and professional & technical:
- Offer start-up/home workers reduced rate spaces (to increase use):
- Encourage public sector workers into Hubs (increase demand in less viable locations):
- Encourage existing larger businesses to have staff in Hubs rather than commuting:
- Encourage day-trippers/tourists to drop in by having day rates and more flexibility:
- More flexibility over opening/access times to accommodate non 9am – 5pm workers:
- Encourage digital learning and dissemination of good practice in Hubs:
- Ensure businesses digital plans are up to speed to improve productivity:
- Targeted social media marketing campaigns (such as sectoral or age focus):
- Assess public sector buildings for possible use as Hubs: and
- Address the VAO/business rates issue – currently penalising Hubs over a certain size.

The growth of Work Hubs in Devon over the last decade has been mostly successful, although the majority are still found in areas of highest concentrations of creative, IT and professional & scientific businesses. The much wider benefits of Hubs to the community in more rural and coastal locations are now becoming apparent and it is in these areas that any future support would be best focussed.

Devon Work Hubs and Coworking Spaces: Evidence and Contextual Update 2020

1. Introduction and aims of study

In February 2020, Devon County Council (DCC) commissioned Transform Research to provide an updated version of the *Potential for the Delivery of Work Hubs in Six Devon Market and Coastal Towns* study conducted in 2010/11[2]. The aim was to inform DCC's current work on the theme of flexible Work Hubs and coworking in the county. This was to be achieved by providing information and data to update thinking and direction of travel on this key workstream for the authority and ensure that DCC are able to adapt to new and emerging trends and demands.

The work was intended to identify what key factors have remained the same or changed since 2010/11 and highlight what the opportunities are and if demand has changed or is expected to change. It aims to ascertain what can be done to capture the benefits of emerging trends, at current Hub locations *and* potential new locations, particularly away from the business centres of Exeter and Barnstaple. The work also examines links to Government thinking around Future High Streets, as well as the work that the IPM is doing around creating vibrancy in town centres. The key aims for the update are:

- A recap of the conclusions from the original study:
- An overview of the current national and global picture regarding how well work-hubs are doing and how things have changed since the last study:
- What works well currently in Devon:
- What does not work well within Devon with a comparison/differential with locations outside of the County (and overseas):
- Assess current demand:
- Envisaging future demand, plus any emerging trends, demands and opportunities that DCC needs to be made aware of:
- Identifying any gaps in coverage in terms of locations in Devon, where there may be demand; latent demand, or benefits from having a work-hub: and
- Identifying any potential funding sources and opportunities.

The work was undertaken by means of a primarily desk-based research exercise, involving a review of relevant literature, data and other evidence, some of which were provided by DCC, with the majority sourced by Transform. Additionally, some primary data-capture was completed by consulting with six existing Devon work-hubs, together with key partners (such as Cosmic). The six Hubs that were consulted served a range of different geographies across the county:

- City – Exeter:
- Market towns – Cullompton and Totnes:
- Coastal towns – Braunton and Sidmouth: and
- Rural area – Ashburton.

The findings from the study were required at short notice by the end of March 2020 and the brief indicated that the final report should be no more than 20 pages long. It was also to contain a series of recommendations that enabled DCC to identify some key actions to hone its approach for future work-hub and coworking interventions in the County.

[2] *The Potential for Delivery of Work Hubs in Six Devon Coastal and Market Towns*, Transform Research, June 2011 https://mk0devonnph9j1kyjbo.kinstacdn.com/wp-content/uploads/sites/132/2011/06/Work-Hubs-Final-Report-June-2011_0.pdf

2. Recap of conclusions from original 2010/11 study

As well as assessing the viability of work hubs in six individual towns across Devon, the 2010/2011 study addressed the key question: *what is the demand for work hubs in Devon*? The main points were:

A) The financial dilemma faced by workspace providers considering offering hub services: *"Supporting the economic development of home-based businesses does not always generate enough income to be sustainable on its own. Most work hubs rely to some extent on income from full-time users.*

B) Which highlighted a further key question for developing work hubs in Devon as part of the County Council's Strategy for Investment in Managed Workspace. Is the aim to provide a sound financial investment that generates a self-sustaining, profitable income stream or is it to provide support to pre and new start businesses?

The key finding of the 2010/11 demand assessment work was that only Devon towns with the right "mix" of potential hub users (i.e. sufficient numbers of creative, digital and social media, ICT, arts and professional services type businesses combined with a younger, mobile resident population) would be likely to generate sufficient interest and income to make a hub economically viable.

At the time, the concern was that these sectors were not well developed in all parts of Devon: it was noticeable that the highest level of demand was in Totnes, where most enquiries were from creative, digital and media sector businesses alongside professional services. The workspace requirements of the micros and pre-starts from other key sectors in Devon, such as food & drink and other rural & land-based enterprises, were at the time somewhat different. The study made these general points:

- **Identified demand for work hubs in 2010/11**
  The demand for hubs was very variable between the six towns, reflecting local factors, including population and business profiles, awareness of the work hubs "concept", existing managed workspace provision, etc. The number of creative, digital and media alongside professional services businesses was very important.

- **Future demand for work hubs**
  The key factors influencing future demand were identified as being the profile of businesses/pre-starts and awareness of the work hubs "concept", together with existing managed workspace provision and the ability to build upon local networks among established creative, digital and media businesses.

- **Awareness of work hubs**
  In 2010/11, it was found that many businesses were not aware of the concept of work hubs. Consequently, while those who were told about hubs received the idea with a mixture of both caution and interest, it was felt to be likely that there was a larger audience who were interested, but who were unaware of the concept.

- **A network of hubs and managed workspace**
  It was found that establishing a network of hubs would be very well received by the businesses that were canvassed during the study. Many already operate in several locations and have clients in other locations.

- **Other forms of managed workspace**
  It was found that in some towns, such as Exmouth and Newton Abbot, other forms of workspace were needed – such as small-scale offices and light industrial units. This was based on local businesses' needs.

The 2010/11 study concluded by noting a report examining the future of government workspace, in which many public sector employees' working patterns would change. The report envisaged that by 2020, large, centralised government offices would be gone and that:

> *"…At sub-regional level and dispersed around towns, flex offices are found in local neighbourhoods inc. government one-stop shops to help with jobs, tax, benefits, etc. ….Increasing numbers of employees, esp. part timers, are attracted to the prospect of walking & cycling to a neighbourhood government facility.[3]"*

While this has not yet happened, it is still possible that this scenario of hubs serving both private and public sector employees alike could be successfully developed.

[3] *Working beyond walls: The government workplace as an agent of change* DECG (HM Treasury) 2008

3. Current national and global picture

This chapter contains an overview of how well coworking spaces (including work hubs and flexible working) are doing in relation to the overall provision of business/workspace centres, at three geographic levels: nationally in the UK, across Europe and on a worldwide basis.

3.1 UK National Level

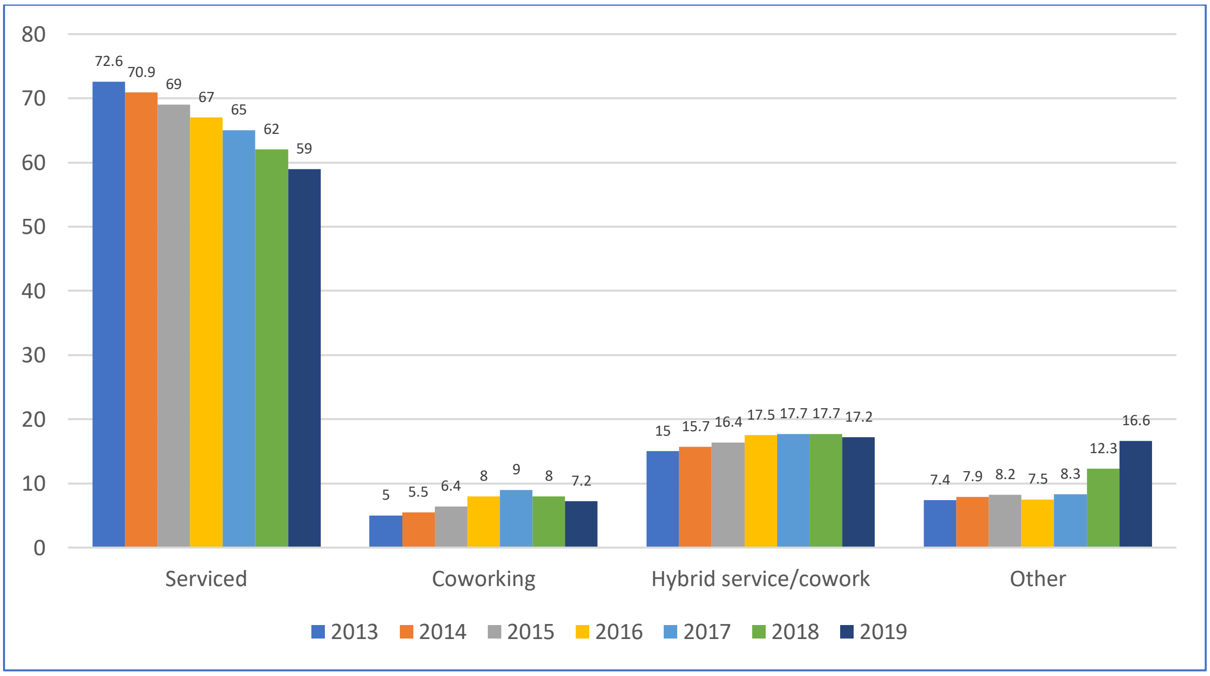
The *UK Market Summary – The evolution of flexible workspace*[4] identifies the following three key trends of note across the UK over the last decade:

- The flexible workspace sector (including coworking, hybrid and flex space) has been undergoing a period of sustained growth, often in double digit figures (see Figure 1 below):
- The sector has seen increasing diversity with more operators offering more choice of space across more locations: and
- There are now a greater number of operators of flexible space than ever before, with many "big" businesses traditionally only offering serviced business offices entering the market.

Figure 1 below shows the growth of flexible workspace, relative to the decline in "fixed" serviced business offices over the last decade, in terms of the number of workspace centres available in the UK. It illustrates clearly the move away from serviced premises, which accounted for nearly three quarters of the market in 2013. By 2019 this figure had decreased to less than 60%.

In contrast, there has been continued growth of various forms of more flexible provision, be it coworking, hybrid (an amalgam of serviced and coworking spaces) or other (incorporating options such as "managed offices" etc.) It is in this other, flex category that growth has been greatest in the last two years, while coworking centres alone increased markedly up to 2017, before being increasingly included in the mixed hybrid offer.

Figure 1: UK Workspace Centres – Split between centre types (%) 2013 – 2019



Source: The Instant Group *UK Market Summaries* 2018 and 2019

[4] *UK Market Summaries: The evolution of flexible workspace* Research report 2018 & *Flex is Leading the Way* Research report 2019 The Instant Group: Rethinking workspace

The move away from serviced premises has meant more choice for customers, in terms of the number of options to assess when taking up space. Interestingly, it was also apparent that the increase in options had changed the profile of customers using the centres: with *"more large businesses looking to use this type of space*" – because of the lower financial risk and greater flexibility they provide.

In terms of demand and whether the significant increase in provision has led to the market reaching saturation level, the *UK Market Summary 2019* report noted that: *"Demand for flexible office space across the UK continues to grow at a fast pace. The Instant Group's proprietary data projects that by the end of 2019 we will have seen an uplift of 23% in just the last 12 months."* The report concludes by summarising the flexible workspace situation in the UK as being:

- Continued growth across the UK, albeit with the London space profile changing:
- Larger operators taking more space for corporates/bigger businesses:
- Recent change in demand towards "space as a service": the Managed Office: and
- Demand for flex workspace is growing in the regions, fast by 10% 2017 – 2018.

3.2 European level

The Flexible Workspace Outlook Report 2019, covering Europe, describes how the growth of flexible workspaces also took place across the continent between 2013 and 2018. The scale of this growth was very significant: with a +135% increase in the number of operators and a +205% increase in the number of flexible workspace centres. The growth was driven by a range of factors including:

- **Demographic/workforce changes**
  The growth of the tech and gig economies has seen very marked increases in the numbers of part-time, contractual and self-employed positions – now closely matching the number of FT employment levels in Europe. There has also been a marked growth in self-employment amongst those aged over 45.

- **Change in Corporate Culture**
  Many large companies have sought to improve their flexibility to be able to respond to business and market changes. This has often been by means of altering their size and staff/skills composition. This has greatly increased the use of flexible workspace options.

- **Government/Regulatory Drivers**
  Europe-wide governments have been supporting and funding start-ups and SMEs, sometimes directly investing in workspace to help stimulate economic growth. Changes to accountancy rules have increased the visibility of a businesses' real estate strategy, putting pressure on them to ensure real estate portfolio performance is optimised. This has pushed multinationals to take less core serviced space on long-term leases and rely more on flexible workspace.

The outcome of all these factors has been a significant growth in the number and size of flexible workspace providers operating across major European cities. The biggest increase has happened since 2015, with only slow growth in the period before that. However, individual cities are at various stages of the flexible workspace evolution, with some having much greater provision than others:

- Amsterdam and London are the stand-out cities in terms of the proportion of take-up and physical office space that flexible workspace accounts for – at around 10-15% of take-up and 5% of total office stock at end 2018: while
- At the other end of the scale, flexible workspace in Stuttgart and Dusseldorf accounted for only 1% of take up and office stock at end 2018.

There are two major providers that dominate flexible workspace activity in Europe: International Workplace Group (IWG), which incorporates Regus and Spaces; and WeWork. While there are a significant number of other active providers, not all of these are active across Europe. Apart from the major global and European players, the majority of flexible workplace operators tend to stick to a few big centres or operate within their own national borders.

3.3 Worldwide

Many of the trends in workspace provision noted above at the UK and European levels have also been very evident globally. The Financial Times reported on how *"Big business moves into co-working spaces"*[5] back in 2016, with multinationals such as WeWork then having coworking locations in 29 cities in eight countries, while Regus was offering co-working at more than half its 2,800 locations around the world. These numbers have increased significantly in the period since.

In particular, the overall pattern of growth in flexible workspace has been apparent in most countries across the world for the same reasons – the increasingly flexible structure of employment, the rise of the tech and gig economy, shifts in corporate culture and use of space, government support and accountancy changes –. The report on the *Global Flexible Workspace Market with Focus on Co-Working Spaces Market (2019-2023 Edition)*[6] highlights that this pattern is likely to continue:

> *"Growth of the overall global flexible workspace market has also been forecasted for the years 2019-2023, taking into consideration the previous growth patterns, the growth drivers and the current and future trends. IWG Plc., WeWork Cos Inc., Servcorp and Bizspace Ltd (Verde Partners) are some of the key players operating in the global flexible workspace market."*

The report concludes by stating that global flexible workspace market is expected to increase at high growth rates during the forecasted period (2019-2023). This growth is underpinned by various growth drivers: the need to reduce costs, uncertain property costs, uncertain world economic outlook, changing working patterns and increased self-employment. Some further points of note underpinning the forecast future global growth that have been identified by IPE Real Assets report *Flexible Workspace: Look Beyond We Work 2019*[7] are:

- **Demand moves to secondary cities and towns**
  Demand will expand outside primary city-based markets as companies look to secondary cities to cut costs and increase affordability. (Manchester and Toulouse topped UK and French markets in 2018).
- **Prices to flatten**
  Prices are set to flatten in some of the largest flexible workspace markets. Despite growing demand, short-term oversupply of all flexible office space including co-working and hybrid will see rates flatten.
- **Increased popularity of flexible workspace**
  The popularity of taking on flexible workspace is rapidly increasing and companies of all shapes and sizes (Microsoft, Amazon and Sky) are dropping traditional leased buildings and turning to flex space.

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5 https://www.ft.com/content/c8255158-fffe-11e5-ac98-3c15a1aa2e62

6 https://www.researchandmarkets.com/reports/4765074/global-flexible-workspace-market-with-focus-on-co?utm_source=GNOM&utm_medium=PressRelease&utm_code=rmrh9p&utm_campaign=1283028+-+Global+Flexible+Workspace+Market+2019-2023+with+Focus+on+Co-Working+Spaces+Market+&utm_exec=chdo54prd

7 https://realassets.ipe.com/flexible-workspace-look-beyond-wework/10032030.article

4. Current picture in Devon

This chapter describes the current picture in Devon, based primarily on the views of the managers of the local Work Hubs and the key stakeholders that were consulted together with the analysis of the available data. It covers the following:

- Current reported levels of demand:
- What has been working well in Devon:
- What has not always worked well within Devon: and
- A comparison/differential with locations outside of the County (and overseas).

4.1 Current reported levels of demand

The discussions with Hub managers and stakeholders found that, overall, the Hubs were experiencing good levels of demand. Three said they were full or nearly full and had waiting lists. Their positive comments included the following:

> *"(Its going) Brilliant – there's lots of talent hidden away in Devon's spare rooms and we're enticing them out! We've got a waiting list."*
> *"We're full and its going well. Local need is key as we're replacing those places to meet and share that have been lost in rural areas"*
> *"We're bustling – a good community of freelancers, start-ups and small businesses. We outgrew our original space really quickly and now have another as well."*

The other three Hubs said that while they were doing well, it was "*a bit slower than we had hoped.*" One said they needed to do more marketing to fill up and another that they were going to re-think their current charging strategy, which had been intended to drive customers to become members. The third had reduced the amount of coworking space they had available, letting it as a serviced office to a local business.

It is worth noting that the main overall finding – of generally increased levels of demand for work hubs and coworking spaces at many locations across Devon reflects the changes in the business profile of the county over the last ten years. The three key changes can be summarised as:

- An increase in the overall number of micro businesses (0 – 9 employees) between Jan-Dec 2010 and Sept 2019 of 3,365 (+10%) in terms of local units in the county:
- An increase in the number of businesses trading in the key sectors of IT and communication (+1,000), professional and scientific (+1,000) and arts, entertainment & recreation (+2,000): and
- An increase in the overall number of people who are self-employed in the county of +14,600 between 2010 and 2019.

These changes are discussed in more detail, including at the District level in section 5.1: *Future demand and key trends in Devon*. The following sub-sections note some of the key points that emerged from the discussions with the Hub Managers about the factors driving current increased levels of demand.

Business profile

In terms of the profiles and types of businesses using the Devon Hubs, it was evident that these were broadly the same as was found elsewhere, although there was little evidence of larger corporates or bigger business taking any substantial amounts of space for their employees:

- One Hub reported that they were full of "*small creative, design and IT businesses*" – and wanted to keep it this way because the businesses collaborated and worked jointly on many things:
- Another had mainly creative and professional & technical micros/sole traders:
- A third said they also had mostly IT and professional & technical micros, although this Hub was slightly larger with offices containing other businesses, such as construction, letting and property agents: and
- The other Hubs reported having much more diverse membership in terms of business sectors, although their clients were still principally micros, sole traders and freelancers.

Hub types: coworking and shared space
Reflecting local demand and the availability of suitable premises in each location, there were distinct differences between the Hubs in terms of the amount of space they allocated to coworking and shared office space and, as noted above some also offered fixed, serviced offices. One offered only coworking space while another offered a full range of workspace options. Nonetheless, between them there was a broad pattern which conformed to that found elsewhere in the UK and abroad: a rough split of 25-30% co-workers and 70-75% shared offices for those premises *without* fixed office space included.

Tourist trade
Two of the Hubs (both based in or near coastal/tourist locations) reported that they had a few tourists "dropping in" for a day or two during the summer season. However, this was too small a percentage of their trade to accurately quantify. Two of the other Hubs did not offer day rates – only monthly membership – so this option was not available for visitors. Several of the Hubs noted that they preferred to encourage "members" as it was felt that this resulted in a better community.

4.2 What is working well

The Hub managers and stakeholders were asked about what had been working well in Devon's Hubs and what could be learnt from these positive aspects. They identified a wide range of positive lessons and benefits that they associated with the provision of flexible coworking space across the county.

Collaborative working
A very common theme that emerged was the importance of collaborative work between Hub users and how this had helped many to set-up and establish themselves, then go on to achieve positive business outcomes. Most Hub managers saw this *"magic ingredient"* as being key to their success. Further to this point, several of the Hubs with communal spaces highlighted the significance of the space for enabling collaborative working and building positive working relationships.

Creating a buzz
Related to collaborative working, other managers and the stakeholders highlighted the importance of creating a "buzz" in the Hub to attract new customers and to make people want to work there. The provision of coffee/tea in a friendly, relaxed but professional environment were felt to be key to this.

Providing an essential community service
All of the Hubs in a rural or coastal location said that they provided an essential service for the local community, which had seen closures of many or all of the places in which people could meet, such as the post office, shop, library, etc. This "service" was valued beyond the Hub users themselves by the wider community. Interestingly two of the Hubs were also offering various community services – including Community connectors, space for community organisations and Police offices.

Occupying disused buildings
It was also noted that in several locations across Devon, Work Hubs had opened in previously disused, unoccupied or half empty buildings. This was seen as being a major benefit both to the local and county-wide economy, helping to stimulate areas that were in many ways struggling.

Masterclasses
Alongside their workspace provision, some of the Hubs also offered masterclasses or training in things such as digital, social media, IT, admin, etc. for local sole traders and micros. Most said that these classes had been successful in attracting new customers, although one felt they had been "*very mixed*" with a decline in interest over time. Another said that getting the regularity right was key – *"a monthly class and networking session afterwards goes well, but don't overdo it*."

Social media and postcards/leaflets

The use of social media to help promote the Hubs has, as would be expected, generally been very successful with LinkedIn and Facebook both being highlighted as good PR avenues. Perhaps slightly more surprisingly, there were also mentions of the value of postcards advertising Hubs (left in local community centres, pubs, shops, etc.) and leaflets in similar locations. Overall word of mouth was also felt to be central to the success of promoting any Hub.

Further benefits

A range of additional, further benefits were also identified by the Hub managers as accruing from coworking, including the following:

- Lower commuting/transport costs:
- Flexibility of use (space available when you want it):
- Psychologically helpful (better than being alone):
- Other people to share work issues with:
- A place that is not home (separating work and family):
- Join community of like-minded people:
- Good for environment (CO2 footprint reduced): and
- Keeps revenue in local economy.

(Appendix III contains a list of the available quantified metrics for the benefits that can accrue from coworking, taken from a range of different sources. It is important to note that many of these are highly specific and that they have varying levels of applicability to Hubs in different parts of Devon.)

4.3 What has not always worked well

Various different matters associated with running coworking and associated office workspaces were raised by some Hub Managers about things that had not gone as well as they had originally hoped. Each of these is described below though it should be noted that not all of the managers raised them.

Business rates

This was an issue raised by two Hubs. It concerned the fact that they felt that they should not be charged business rates on communal space (only on let space), as this was an essential part of the offer and a service to the community. It was something from which they derived no income. One Hub owner, who was looking to open a new Hub in Devon or Somerset went so far as to say that he would have to use smaller premises than he wanted in order to keep the rates down, otherwise the whole venture would become unviable. He requested that DCC use their influence to make District Councils and the VOA "*see sense*". This issue is related to the next matter raised...

Lack of available/affordable suitable space

Several of the smaller Hubs do not have room for either a meeting/private space and/or a communal space and this has been a problem for them. There are several issues intertwined here: the business rates issue outlined above; the cost of the actual "extra" space; and, most crucially, in most small Devon towns and villages, the lack of any suitable larger premises. The Hubs said that support with addressing these problems would be welcomed.

Pricing strategy

There was a need for Hubs to be flexible over their pricing strategy. It seemed that those that could offer most options were most likely to be full (although it was acknowledged that greater demand provided the opportunity to offer more flexibility). The idea of trying to "make" people become members by charging a higher daily rate (although meant to be constructive) can backfire.

Opening times

Similarly, for some Hubs there was a need to reconsider their hours of opening – with most open only between the hours of 8am and 6pm, Mon-Fri. 24 hours opening was often only available to those who had their own office space (rather than coworking space). This was possibly losing business from customers who work to different overseas time zones, have to work nights or are simply "night owls".

Website issues

One Hub does not have its own website (it is part of another organisations Website) – it is in the process of setting up its own site as this has been an issue – particularly with marketing and driving customers. This review noted that while most of the websites of Devon Work Hubs were excellent, several were somewhat less than optimal, in terms of providing:

- A clear explanation of what was available/costs:
- Flexibility over options:
- Current business tenants: and
- Online booking.

Marketing tactics that had not been overly successful

- Not all events work (some talks had not been well attended or popular):
- After work drinks don't always work (tending to tail off after initial enthusiasm): and
- Articles in other organisations/people's newsletters had not produced many leads.

Devon Hubs Network

There were also some suggestions about the Devon Hubs Network – the feeling of several managers and a stakeholder being that the Network could do more to promote specific Hubs and awareness of coworking in general. As a marketing tool and a means of collaboration between network members it was felt to have potential, but that considerably more needed to be made of it.

4.4 Comparison with elsewhere

Comparisons with elsewhere are muddied by the fundamental differences in the business profiles of the locations in which Devon's Hubs operate and those in which Hubs in "global" cities operate. The picture is further clouded by the differences between the areas in which Devon's Hubs operate: i.e. some in cities/large towns, others in coastal areas, some in market towns and many in a rural context.

Appendix I contains examples of Hubs from areas in the UK, such as Somerset, Cornwall and Kent, as well as Hubs in "global" cities in USA, Germany and Australia. As would be expected there are some quite marked differences between the Hubs in big cities and those in Devon. Nonetheless, the overall set-up and manner of operation are broadly similar in the different locations – particularly when comparing Devon with neighbouring areas. Table 1 below summarises the main differences between the Hubs in Devon *outside of the main cities and towns* (such as Exeter) and Hubs in global cities:

Table 1: Summary of common differences between Devon rural Hubs and "global" city Hubs

Differences	Devon rural	Global cities
Client business profile	More mixed sectorally	More focused on target sectors
Client business size	Micros, self-employed, sole traders	Increasing no. corporate employees
Hub providers	More independents	More big business
Space	Small, limited by premises available	Much larger, flexible spaces
Opening times	Mainly Mon-Fri 8am – 6pm	Often 24/7 and 7/7
Aim	Often providing a necessary meeting place for the community	Providing a necessary business service
Culture	Reducing isolation + benefits of collaboration	Stimulating enterprise and entrepreneurship

Of course, in assessing the identified differences it should be noted that not all Hubs conform to these patterns – the table presents a summary of the most commonly observed differences.

5. Future demand and potential gaps in coverage across Devon

This chapter discusses anticipated future demand in Devon in the context of both the emerging trends described above and the current coverage of Hubs across the county. Again, this is based primarily on the views of the managers of local Work Hubs together with the input of key stakeholders combined with analysis of the available data. The chapter covers:

- A discussion of potential future demand, covering key emerging trends, demands and opportunities:
- Potential gaps in coverage in terms of locations and population in Devon, where there may be demand; latent demand, or benefits from having a work-hub/coworking space: and
- Links to Government thinking on Future High Streets and work on creating vitality in town centres.

5.1 Future demand and key trends in Devon

All of the Hub managers and stakeholders consulted were confident that future demand for flexible workspace in general and coworking space in particular would continue to increase in Devon for the foreseeable future. As noted, several Hubs are already in the process of expanding their provision. These views corresponded with those reported earlier in chapter 3 on the global picture, which forecasts continued increases in flexible workspace, based on the key drivers of:

- Increased self-employment and move to service sector businesses:
- The need for businesses to reduce costs and their fixed property liabilities:
- The uncertain world economic outlook: and
- Changing working patterns.

In terms of the first of these drivers, the rate of self-employment across Devon is much higher than in GB as whole: currently standing at 15.7% compared with 10.8% nationally. This difference has been consistent over the last decade: with the two figures increasing from 13.7% and 9.0% respectively in 2010, producing an overall increase of nearly 15,000 more self-employed people in Devon as shown in Table 2 below. Various ONS assessments of self-employment[8] and forecasts to 2023[9] indicate that this trend will continue for the next few years.

Table 2: Changes in numbers of self-employed people (2010-2019) by District

Devon Districts	Change in self-employment	%
East Devon	+1,600	+12.4%
Exeter	+5,300	+71.6%
Mid Devon	+1,100	+15.1%
North Devon	+3,300	+36.5%
South Hams	+1,800	+19.7%
Teignbridge	-1,200	-13.1%
Torridge	+4,600	+57.5%
West Devon	-2,000	-30.7%
Devon wide change	*+14,600*	*+21.1%*

Source ONS: Annual Population Survey (APS) 2010 – 2019

Interestingly, the table shows that some of Devon's districts have experienced much greater increases in the numbers of people who are self-employed than other districts. The largest increases in the number of self-employed people have been in Exeter, Torridge and North Devon. Aside from Teignbridge and West Devon all districts had increases in the number of self-employed.

[8] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/labourmarketeconomiccommentary/may2019#self-employment-in-the-uk

[9] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/trendsinselfemploymentintheuk/2018-02-07

As well as the level of self-employment in an area, the sector profile of businesses has been another key driver of demand. Table 3 below highlights various Devon towns (called "clusters" including their surrounding wards) that have experienced a significant growth in the number of employees working in the three sectors that most commonly associated with Work Hubs and flex space: creative, ICT and professional & scientific businesses.

The table shows that Seaton has had marked growth in all three sectors, totalling 180 new employees, while Newton Abbot (+310), Teignmouth (+145), Cullompton (+125), Ilfracombe (+90), Kingsbridge (+50) and South Molton (+40) have had sizeable growth in two sectors. Ivybridge grew only in IT.

Table 3: Changes in employee numbers in three key Hub using sectors (2015-2018) by town clusters

Town clusters (inc. nearby wards)	Creative: Culture, arts & entertainment	ICT: Information & communication	Professional, scientific & technical
Seaton	+125	+30	+25
Ilfracombe	+65	+25	-25
Newton Abbot	+190	+120	-545
Teignmouth	+25	+120	-15
Ivybridge	-20	+200	-270
Cullompton	+120	+5	-185
South Molton	+20	+20	+90
Kingsbridge	-20	+40	+10
Devon wide change	*+2,000*	*+1,000*	*-2,000*

Source ONS: Business Register and Employment Survey (BRES) 2015 – 2018

Again, it is worth noting that these three sectors all are forecast to continue growing in the immediate future. PWC's sector forecast to 2025[10] indicates a growth rate of 1.2% in jobs each year for the service sector and 2.3% for business services (between them covering all three of the sub-sectors in the table above). Furthermore, the ONS forecasts noted above also indicate that they are among the sectors in which self-employment is likely to increase most significantly in the future.

Looking at the third driver, the use of coworking spaces by larger businesses in order to reduce costs and their fixed property liabilities, as well as lessen employee travel, etc. the consultations with Hub managers and stakeholders revealed some interesting points:

- While the initial reaction might be that there are insufficient "big" businesses in Devon to drive significant levels of demand for coworking space, several Hubs have been approached about providing 10-15 spaces by Devon SMEs. They could not offer this, as it was beyond their capacity:
- Consequently, it was felt that this type of demand would increase in the future, but the problem was whether suitable sized and affordable buildings were available to meet the demand: and
- Further to this the question was also raised as to whether the public sector constitutes "*big business"* (in terms of its number of employees it clearly does) and if/when public sector workers will begin to make widespread use of coworking space to reduce travel time, property liabilities, etc.

Overall, the evidence and available opinions combined to indicate that demand for flex and coworking space would increase in Devon for the foreseeable future. This was based on the key drivers of continued increases in self-employment, move to service sector businesses and growing demand from larger businesses/public sector. Similarly, it was felt that changing work patterns and the uncertain world economic outlook would further contribute to this demand. The challenge was often seen as being the availability of suitable premises in Devon's small towns and villages, although it was acknowledged that with appropriate conversion, village halls, community centres, etc. could be used.

[10] https://www.pwc.co.uk/assets/pdf/ukeo/ukeo-sectoral-employment-march-2016.pdf

5.2 Potential gaps in coverage across Devon

Identifying gaps in the current coverage of Work Hubs and flex working space is not straightforward because of the range of factors that impact on local demand and businesses' needs. The 2010/11 study adopted a focussed approach, individually appraising six Devon towns to examine the demand and supply issues in the context of the local business profile and available business premises.

This study has taken an overarching view, examining broader trends and influencing factors. This approach benefits from oversight, but clearly lacks detail at the local level. Nonetheless, the available evidence and opinions of those consulted shows potential gaps in coverage. A review of population (as a proxy for potential demand) and geography (as a proxy for potential competition) found that:

> **Population**
> Population statistics show that of the 25 largest towns in Devon there are potential gaps in Tiverton, Bideford, Teignmouth, Newton Abbott, Dawlish, Northam, Kingsteignton and Seaton. (N.B. It is known there are plans in some of these towns for hubs and that in others there have been hubs in the past).
>
> **Geography**
> In terms of distance to travel to the nearest existing hubs, there are potential gaps in Teignmouth, Dawlish, Okehampton, Holsworthy, Seaton, Kingsbridge and South Molton. (Again, in some of these towns plans are already underway and/or Hubs have been tried in the past).

Based on the trends above and the views expressed during the consultations, together with the proxy assessments; views on latent demand, and anticipated benefits from having a hub/coworking space in more rural/market town locations, six towns were highlighted as potentially "needing" a Hub:

- Bideford
- Teignmouth
- Seaton
- Newton Abbot
- Kingsbridge
- South Molton

Detailed assessments are needed in each of these towns, to ascertain local demand, business profile, existing facilities and supply of viable properties before a hub plan can be properly developed. It should also be emphasised that numerous other towns in the county need to be considered as well, including Holsworthy, Northam, Ilfracombe, Dawlish, Kingsteignton, Great Torrington and Okehampton. These all contain potential latent demand and several also offer the benefits of a work hub/coworking space in locations primarily serving rural or more remote areas.

In this last respect it is worth highlighting the smaller, more remote locations noted above that are most likely to have experienced the closure of places that have traditionally been meeting places for the community, such as Post Offices, shops, libraries, etc. The dual role of a Work Hub as a "Community Hub" as well in providing a meeting and social place can be extremely valuable. This could represent a significant opportunity for further investigation in many of these towns.

5.3 High streets and creating vitality in town centres

The Future High Streets Fund[11] is a government initiative to rejuvenate the UK's high streets. It is a £3.6 billion investment intended to "*breathe new life*" into town centres with expert and tailored support. A register of empty commercial properties is also planned – helping businesses & community groups find space and support investment in local areas – bringing empty properties back into use.

The IPM's High Street UK 2020 work identifies the top 25 factors that create vitality in town centres[12]. Many of these link to work hubs/coworking, i.e. anchors (driving footfall): networks (creating strong links): diversity (attracting different groups): walking (encouraging local working): place marketing (improving the local offer): barriers to entry (making it easier for micros to open) and adaptability.

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11 https://www.gov.uk/government/news/further-funding-and-expert-support-for-high-streets

12 https://www.placemanagement.org/research/managing-places/town-and-city-centresdowntowns/town-centre-policy-and-research/hsuk2020/

6. Concluding comments: Key Trends and Recommendations

This chapter summarises the current Work Hub situation in Devon and the anticipated future trends for workspace provision in the county. The discussion then puts forward suggestions for how both existing and new Hubs might be best placed to benefit in the future. The chapter covers:

- A summary of the key emerging trends and associated commentary of their implications for Devon's Work Hubs: and
- A set of recommendations for benefiting from the emerging trends and addressing some potential gaps and issues in current coverage and provision of Work Hubs in the county.

6.1 Key trends and associated commentary

Works hubs and flex coworking spaces have been developing in many locations across Devon in the last decade. Although they are predominantly located in the major population and business centres, they are also dispersed around numerous more rural locations. Overall, the main trends nationally and internationally (also backed by local evidence and stakeholder opinions) indicate that demand will continue to increase in Devon for the foreseeable future. This was based on the key drivers:

- Continued growth in self-employment:
- Increases in service sector businesses, especially professional, IT and creative sectors:
- Growing demand from larger businesses and/or the public sector:
- Changing work patterns: and
- The uncertain wold economic outlook.

The available evidence indicates that, in addition to providing space for start-ups, micros and the self-employed, Work Hubs in towns and villages (particularly those in remote rural/coastal settings) bring significant other benefits to their localities, which include:

- Reduced travel costs and environmental/CO_2 impacts:
- Reduced sense of isolation/improve wellbeing:
- Improved collaboration between like-minded businesses:
- Increased productivity compared with home working:
- Community focal point (replacing lost post office, village hall, etc):
- Positive economic impact on local community as spend kept local:
- Integration of people and businesses into community together:
- Offering workspace appropriate for new start and established businesses: and
- Stimulation of other community activities.

While the overall pattern has been of growth, there have been various different issues encountered by Hubs that have impacted in varying degrees of their success. In Devon, these have included:

- Business rates:
- Lack of available/affordable suitable space:
- Pricing strategy:
- Opening times:
- Website issues: and
- Optimal marketing tactics.

The diverse nature of the locations within which Work Hubs operate in Devon, including cities, market towns, coastal towns and remoter rural areas, makes the identification of cohesive recommendations covering all locations and all trends difficult. This is because, when assessing the potential value and impact of a Hub, the urban and rural locations have different costs and different economic and social impacts: while the economic viability of Hubs in many remoter rural areas is more questionable, their impact in terms of benefiting the wider community they serve is likely to be significantly greater.

6.2 Recommendations

Based on the trends described and the views of stakeholder and Hub managers, a variety of suggestions were identified and put forward for the benefit of Work Hubs in Devon, particularly in the more rural areas where there is more likely to be a need for public sector intervention. These have been grouped into three main areas:

1. **To encourage growth/expansion of existing Hubs and development of new ones**
   - Appraise Hubs for their wider community and social benefits, as well as economic impact:
   - Promote the use of Hubs in sectors beyond creative, IT and professional & technical:
   - Offer start-up/home workers reduced rate spaces (to increase use):
   - Encourage public sector workers into Hubs (increase demand in less viable locations):
   - Encourage existing larger businesses to have staff in Hubs rather than commuting:
   - Encourage day-trippers/tourists to drop in by having day rates and more flexibility:
   - More flexibility over opening/access times to accommodate non 9-5 workers:
   - Encourage digital learning and dissemination of good practice in Hubs:
   - Ensure businesses digital plans are up to speed to improve productivity:
   - Targeted social media marketing campaigns (such as sectoral or age focus):
   - Assess public sector buildings for possible use as Hubs: and
   - Address the VAO/business rates issue – currently penalising Hubs over a certain size.

2. **To fully appraise the viability of Hubs in potential new locations**
   - Conduct demand assessments, including community benefit in each town:
   - Assess building availability and other work-space options in each town:
   - Examine forecast population and business sector growth: and
   - Market test and identify comparator towns to inform appraisal.

3. **To assist the Devon Work Hubs Network**
   - *App for the Devon Work Hubs Network*
     An App that allowed co-workers to access and make booking across the network, as well as communicate and share with other hub users was put forward. This might encourage use of other neighbouring hubs if one was "full".
   - *Combined membership of the Devon Work Hubs Network*
     A "single" membership of all Hubs in the network, enabling priority booking and/or reduced rates was put forward. Could be useful for larger businesses with staff working out of more than one Hub.
   - *Work Hubs website revamp and social media marketing*
     The Devon Work Hubs Website needs substantially revamping as a proper marketing tool for driving business. Virtually no referrals come through it at present. This was felt to be a missed opportunity.

In conclusion, while the development of Work Hubs in Devon over the last decade has been broadly successful, it has primarily been led by the market – with most hubs clustered in urban areas of highest concentrations of creative, IT and professional & scientific businesses. The much wider benefits of hubs to the community as a whole in more rural locations are now becoming apparent and it is in these areas that any future interventions would be best focussed.

Appendix I: Examples of Work Hubs and Coworking Spaces elsewhere

UK Work Hubs and Coworking Spaces

The review examined some Work Hubs and Coworking Spaces from similar or neighbouring areas to Devon, to identify if there were any lessons or good practice that could be learnt from. The Hubs highlighted below all offer flexible co-working space, offices and boardroom/meeting rooms, together with diverse other benefits such as tea/coffee, bike spaces, showers, café, etc. Clients are mainly drawn from the IT, creative, design and media sectors together with SEs, community arts organisations and RE/environmental consultants. Overall, they were very similar to the Hubs in Devon, albeit with a few differences in their offers as noted below.

Cornwall **The Work Box**, Truro and Penzance https://theworkbox.com/home/
The "*latest in flexible Work Hub facilities for freelancers, home-based businesses, professionals and entrepreneurs*".

Somerset **The Old Church School**, Frome http://www.forwardspace.co.uk/
"We create inclusive, collaborative communities of like-minded people: And to make sure you don't spend all your time at your desk the hub has a cafe, lounge, garden, shared resources, event spaces."

Kent **Dragon Coworking**, Rochester https://dragoncoworking.co.uk/contact/
It is *"a creative community where the coworking businesses will collaborate, communicate and help build each other's businesses up."*

Cumbria **Herdwork**, Bowness on Windermere and Kirby Lonsdale https://herd.work/
'Reverse commute' idea leads to new coworking space in Kirkby Lonsdale: *"We believe it's time to stop the young talent exodus from rural Britain and offer a solution to work-life balance."*

Cheshire **Industry**, Chester https://industrychester.co.uk/
Ran a free popup coworking hub at Watergate Street in Chester's city centre in early 2016 for two months to promote the idea to the wider Chester audience.

International Work Hubs and Coworking Spaces

The review also assessed some Work Hubs and Coworking Spaces in other countries, again to identify if there were any differences or examples that could be learnt from. While each of the three countries assessed displayed some individual characteristics, the overarching patterns in each were broadly the same: large growth in coworking space over the last decade, increased involvement of large, multinational providers alongside greater variety and quality of overall provision.

Australia

The amount of space available at Australian coworking locations is growing **over 60% year over year**[13]. There are various ways in which many Australian Hubs differ from UK Hubs:

- Many offered 24/7 access but had "rigorous" selection processes to join:
- They often have targeted membership – I.e. only certain sectors, start-ups or under 35 years old:
- Provide free legal, accounting, design, digital marketing, and PR advice: and
- Green credentials including using renewable energy and environmentally friendly products.

The Cluster, Melbourne https://www.thecluster.com.au/
Operating since 2010, The Cluster is devoted to helping businesses grow and feel connected. Building a productive coworking community that challenges the status quo and offers a "new way of working."

Startino, Gold Coast https://www.gchub.com.au/
The hub operates business incubator and event spaces designed by innovators, for innovators, where start-ups and scale-ups can connect, collaborate, grow, raise investment and expand.

[13] https://www.coworkingresources.org/best-coworking-spaces/australia

United States

In 2015, 35% of U.S. workers were freelancers and this figure continues to increase[14]. Coworking chains are increasingly important, offering multiple locations in most major cities. Specific US offers include:

- Maximum flexibility on monthly and daily terms:
- Entrepreneurial emphasis, selling themselves on *"invaluable energy factor; the contagious enthusiasm of working with other creative, motivated people that makes you feel alive… ready to take on the world":*
- Now a very large market, meaning a wide range of offers, many targeting on specific sectors or groups:
- Often the Hubs are huge in terms of floor space and number of desks – offering much choice: and
- There are lots of large-scale "chain" providers including Impact Hub, Knotel, Regus and WeWork together with many independents.

The Mill Space, Willmington, Delaware https://www.themillspace.com/
A community of doers who *"work hard, play harder, and get things done. Our community ranges from programmers to lawyers, from solopreneurs to established businesses."*

25N Coworking, Chicago, Illinois https://www.25ncoworking.com/
"*Changing the way we work*" offering "*more than workspace… a community built on the people we connect with and opportunities we create… expertly designed to spark collaboration & productivity."*

Germany

Germany epitomises the division in coworking space provision between the (often multinational) chains offering "*luxury office-as-service*" in contrast to independent local outfits, forming "*the co-working movement, where it's about a culture rather than a product*"[15]. Local trends include:

- Large flexibility on terms (price and length of stay) though provision very much focussed on large cities (Berlin accounting for 350 out of the c.800 coworking spaces in the country in 2018):
- Two thirds of coworking space is taken by larger, more established businesses alongside the usual start-ups, freelancers and sole traders – because it involves less risk and capital investment[16]:
- Most coworking space is targeted on younger people, with emphasis on "coolness", being "hip" and "laid back", though not all are open 24/7 – some still 9-6pm and/or weekdays only: and
- Various innovative coworking concepts are being tested, including *Toddler,* a coworking location combining work and family[17], a pop-up coworking space at Berlin Central Station and an interesting combination of coworking, co-living and recreation at *Coconat,* a "workation retreat" in Belzig[18].

Betahaus, Hamburg https://www.coworker.com/germany/hamburg/betahaus-hamburg
"*A community-driven coworking space…accelerating start-ups and creative & digital professionals…a crystallization point for freelancers, companies … a place of learning, sharing, ideas & experiments."*

Wizemann Space, Stuttgart https://www.coworker.com/germany/stuttgart/wizemannspace
"An idea and innovation hub…a platform for creative and entrepreneurial action for a better world. An ecosystem of know-how, events & ideas."

It is important to note in assessing the examples above that many of the lessons noted are based on the experience of what has happened in large or global cities. There is therefore a question about the degree to which many of the comparisons are relevant to much of Devon.

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14 https://www.themillspace.com/about/

15 https://www.thelocal.de/20191029/who-works-the-future-of-berlins-co-working-scene-germany

16 https://batogroup.com/content/newsletter/newsletter_attachment_938_1531237246.pdf

17 https://www.coworkingtoddler.com/en/home-en/

18 http://coconat-space.com/work/

Appendix II: Potential Funding Sources

The brief requested a list of potential funding sources and opportunities for investment in business premises such as work hubs and coworking spaces in Devon. DCC used Grant Finder for this purpose but this did not identify anything for the county. However, it was noted that it was possible that support might be available through the ***'Stronger Towns Fund'*** – as there was going to be a proportion of the fund retained for a competitive element, so it would depend if it fits with the criteria when they are published. Across the UK, the Grant Finder identified a few funds of note, for example:

- Doing up vacant shops:
- Town Centre Property Investment Funds (mostly in Wales):
- Small capital grants for businesses (i.e. not necessarily for creating workspace for other businesses, but for doing up premises for their own needs): and
- A handful specifically for creating workspace (e.g. the Opportunity Investment Fund in Tottenham).

The list below outlines the fairly limited range of capital grants that are available for businesses – all on a geographic basis. (NB. There are also some sector-specific schemes that were not included).

Black Country Land and Property Investment Fund
This is a £150 million fund designed to support redevelopment and regeneration projects in the Black Country. The fund will target projects that promote the re-use of brownfield land and buildings and the delivery of supporting local infrastructure. The scheme is designed specifically to support the delivery of key projects, where there is a risk of market failure, by de-risking private sector investment.

Derby - Regeneration Fund
The Regeneration Fund is aimed at supporting the development of office space for businesses in Derby. The funding is available to private sector companies looking to embark on projects that will provide accommodation for businesses. The Regeneration Fund has access to resources up to £10 million which will fund a number of projects.

Northampton Business Incentive Scheme
A scheme to provide incentives to businesses to help them take on empty or vacant premises and to expand and grow in Northampton. A maximum of £10,000 per business is available to improve the trading environment through reducing the number of empty retail units in the town centre and industrial units outside of the Enterprise Zone but within the boundaries of Northampton.

Opportunity Investment Fund (Tottenham)
The Opportunity Investment Fund is a £3.67 million programme aimed at enabling investment in workspace and employment projects in Tottenham. It is targeted at projects that will help existing small and medium-sized enterprises (SMEs) grow and bring new operators into the local economy who can drive and curate entrepreneurship, business growth and diversify the local economy.

Powys Town Centre Property Investment Fund
This scheme is available to commercial and residential building occupiers and owners within the towns of Brecon, Llandrindod Wells and Newtown in Powys to bring vacant commercial and residential floor space back into beneficial business use. Applications are restricted to a maximum grant of £200,000.

West Dunbartonshire Business Property Improvement Grant
The aim of the scheme is to assist with the costs of property improvements necessary to expand businesses and create additional employment. Maximum funding is 30% of project costs, to a maximum amount of £3,000.

Appendix III: Metrics on the Benefits of Work Hubs and Coworking

The brief requested *"quantification/metrics as to impacts on… travel; GVA; Employment; earnings uplift; flexible working for parents and carers; Carbon savings*." This appendix presents the available metrics, unfortunately those that were identified are limited in depth and scope. Furthermore, most of the examples are very specific and consequently have limited levels of applicability to the operation of Hubs in Devon and coworking spaces located in different parts of the county.

GVA and employment return on investment

An evaluation of the Westminster Hub[19] estimated *"£21 million of additional turnover from the current cohort and £63 million over 10 years. About a third of this accrues at the borough level. This presents an excellent social return on the council's investment: Westminster leveraged £13.68 in GVA locally and £40.80 in total for every pound invested. (In term of jobs, the Hub) … is estimated to generate 1,339 jobs over 10 years, at a cost of £547 per job created.*"

SEEDA regional development agency's investment in enterprise hubs[20] achieved an estimated: "*GVA of between £75.5 million and £88.4 million, representing a return on investment of £10.70 for every pound invested. These figures compare favourably to DCLG's cautious estimate of a £5.80 return for every £1 invested in typical industrial and commercial property schemes. (In term of jobs, the Hubs) estimate jobs created at a cost of £4,400 per job"*. (Cambridge Economics 2010)

Carbon savings

These vary from Hub to Hub depending upon the distance travelled (saved) by the co-workers and the vehicles they (would have) used. Calculating greenhouse gas emissions involves converting "*activity data' such as distance travelled, litres of fuel used or tonnes of waste disposed into carbon emissions*." Conversion factors spreadsheets provide the values that should be used for such conversions and provide step by step guidance on how to use the factors. A new set of conversion factors is produced each year, together with a methodology paper.[21]

Positive externalities for communities

The Institute for Public Policy Research[22] reports that (based on Hubs in London): *"when footfall increases in a neighbourhood, local businesses benefit in increased revenue. However, this benefit will not be reflected in the price that users are willing to pay, meaning there will be fewer viable open workspaces than could benefit the community. Many of the benefits of open workspaces are also public goods: a strong cultural scene in the capital is publicly valued and shared, but again the true value is not reflected in the price paid by non-commercial artists."*

Value for Parents and keeping spend local

The IPPR also noted in the same report that (co-workers) "*highly valued being able to work close to home, telling us: 'proximity to home = short travel time = more energy for work. I often work seven-day weeks and sometimes long hours so the less travelling the better.' In particular, parents valued not having to commute long distances."* They also highlighted that: *most (co-workers) purchase meals locally, and that socialising and purchasing goods for business use were also very common. … Camden Collective has quantified local spend for its own users, finding that tenants spend £23 on business-related items and £35 on socialising every week."*

[19] *Hub Westminster Evaluation*, Sheppard S (2014) Westminster City Council

[20] *Valuing the Benefits of Regeneration,* Cambridge Economic Associates (2010), Department for Communities and Local Government

[21] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

[22] *Start Me Up: The Value of Workspace for Small Businesses, Entrepreneurs and Artists in London,* Institute of Public Policy, 2016