

## **Work Hubs (Executive Decision)**

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### **Purpose of the Report**

To update Members on work towards the development of a work hub in Area East.

### **Public Interest**

This complements our work to encourage viable and growing businesses in the villages and market towns in Area East and thereby increases the potential for more local job creation and employment opportunities.

### **Recommendations:**

- (1) To note discussions on a joint venture with potential third party partners
- (2) To approve the allocation of the £8,000 ring fenced funding as follows:
  - Up to £1,000 for the provision of hot desk facilities at Churchfield
  - Up to £5,000 for research into the viability a work hub in Area East
  - Up to £2,000 to support creative art work/show room space in Wincanton

### **Background**

In March 2015 Members agreed an allocation of £8,000 from the Members Discretionary budget towards the development of a work hub, subject to a worked up proposal being brought back to Committee for approval. Members were aware that this would form part of ongoing work to support businesses particularly in town centres through schemes like the Retail Support Initiative.

At the end of last year visits were made to business hubs in Wells, Frome and Langport, with a view to developing a proposal for the vacant office space at Churchfield - this was part of a wider, corporate look at how to support micro and small businesses through the provision of office space, with good broadband speeds and other business support services.

The Frome business hub is generally regarded as an exemplar. It is an entrepreneurial lead facility, which offers flexibility, altruistic approach, central location and vibrant atmosphere. At the time of the report, preliminary discussions had just taken place with the owner of the Old Health Centre, Wincanton - the preferred location for a work hub in the town. A successful work hub operating from that site would give a much needed boost to town centre footfall.

In March Members prioritised work to bring forward a work hub in town centre locations as follows:

1. Wincanton
2. Castle Cary
3. Bruton
4. Rural settlements

Members were advised that to develop a work hub, similar to the Frome model, in the vacant space at Churchfield would be difficult because it is predominantly a public service/service sector building and the (relatively) small amount of remaining accommodation would struggle to capture the vibrancy of the Frome Work Hub. Additionally, the preferred approach would have been to facilitate something with a commercial provider at the Old Health Centre site because of its very central location, utilisation of a redundant building and potential to attract third party funding - Heart of Wessex Local Action Group (HofW).

### **Progress Update – Work hubs**

The advice from established Work hubs is that it is problematic to get an accurate estimate of demand for the facility until the hub is open/occupied. This means that there is an element of speculative investment in commercially operated hubs. To attract significant funds from either the District Council (as a joint venture) or the Heart of Wessex LAG it will be necessary to build a business case which would include a demand survey. There has recently been a tender for similar research into the potential demand in Yeovil and Chard. A copy of the invitation to tender is attached at Appendix A. Members may wish to consider embarking on a similar piece of work for the 3 towns in Area East.

There has been a lack of tangible progress with the preferred site in Wincanton. In the meantime the new owners of the Constitutional Club in Castle Cary had indicated that they would be willing to sell the building which they acquired for development in March 2015. As the discussions around this site are commercially sensitive, a fuller explanation has been provided for members by a separate confidential briefing note. Similarly, a separate confidential briefing note about the Old Health Centre, Wincanton has also been circulated.

Both the interested business in Castle Cary and the owner of Wincanton Health Centre have been made aware of the potential for Heart of Wessex LAG funding but both would need to build a business case as part of any application. Members may wish to consider an allocation of up to £5,000 to assist with identifying potential demand. This would also assist any subsequent bid for District Council investment funding corporately, should a joint venture be welcomed.

### **Drop-in Workspace at Churchfield**

Whilst the letting of the remaining office space at Churchfield is a high priority, there is an opportunity to do some market testing with the “meanwhile” use of the Lime Room (former Registrar’s office) on the first floor as hot desk space. Anecdotally we are told there is a market for this type of space on “easy in - easy out” terms and work hubs elsewhere do offer bookable desk space on flexible terms. Previously this sort of arrangement has been difficult to accommodate because the District Council has sought a licence, which required payment up-front and three months’ written notice. (This was in 2010 when a Development Worker for a national charity, who lived locally, shared office space in the Area Development Team)

The basis of this arrangement was:

- Access was during normal office hours (out of hours by arrangement)
- Photocopying/postage was re-charged to the Charity
- The Charity’s public liability insurance applied and no additional insurance provision was made
- Use of meeting rooms would be charged
- Web and telephone lines were the Charity’s responsibility

Provision has recently made available for internet access via wifi ‘hotspots’ in the building. We are awaiting confirmation on whether it will be necessary to provide an additional wifi ‘hotspot’ in the Lime Room or if adequate coverage could be gained through the newly activated ‘hotspots’ in the main meeting room and reception. As most businesses are fully mobile, initially it is not suggested that computers are supplied or telephone lines installed.

The District Council would normally expect approx. £1,700 per annum (inclusive of service charge) from this space.

The low tariffs at other hubs, work out around £2.50/£3.00 per hour but these are packaged and usually include other benefits such as a mailbox service, registered business address, parcel receiving, newsletter, café use, fax facilities and are usually purchased as a bundle and invoiced monthly. As a pilot, until a longer term tenancy is in place, a simple “pay as you go” arrangement is proposed at Churchfield. A minimum usage would probably need to be applied (eg: 10 hours) because there is a real cost associated with raising invoices, a refundable deposit could be charged (c£25) on first use. Charges would (initially) be invoiced monthly although an e-booking + pay system which could be established if there was sufficient demand.

Charges for printing and meeting room use would be invoiced as above. This approach would also make more people aware that meeting rooms are available for external hire.

As this is a “meanwhile” use it is being undertaken “at risk” for a 6-month trial, a conventional tenancy would equate to around £850 (of which around £250 would be service charge). For a six month trial only the service charge would be levied, this would be recharge at end of period when we will review income generated to inform future plans. It is suggested that up to £1,000 is allocated to facilitating use of the Lime Room for a 6-month period starting in January 2016. Two work stations could be created using surplus furniture stored at Churchfield.

There are additional administrative implications associated with running a pilot scheme but this can be accommodated within the Community Support Team assuming a 6-month pilot with 2 desks. Access to the building would usually need to be between 9:00am–1:00pm, with users parking in the public car park.

Marketing the space will be critical and it is suggested that a combination of social media, The Window, business network e-groups as well as traditional mediums are used proactively to market this.

A full evaluation of uptake, income, cost would be brought back to Members in June 2016. If, in the interim, a suitable long-term tenant wanted to take up the space then the work station occupants would be given 4-weeks’ advice.

### **Progress Update – Retail Incubators**

When the update on the Retail Support Initiative was presented to Members in June the report included a table showing town centre retail unit occupancy, this table is updated below:

<b>Town</b>	<b>Number of open retail units</b>	<b>Number of closed retail units March 2015</b>	<b>Number of closed retail units September 2015</b>
Wincanton	84	12	6

Castle Cary	61	3	6
Bruton	30	2	3

The number of vacant units had been consistently higher in Wincanton and therefore this is the preferred town to bring forward a scheme. There had been interest in the old Alldays building in the High Street for an ‘emporium’ some years ago, but this had not come to fruition because the private individual promoting the scheme could not agree terms. There has been some interest in the former Green Dragon unit although this hasn’t translated to occupancy (the art installations in the window have provoked comment). There is still turnover but some of the previously vacant units have now been occupied and the new retail unit on the corner of Carrington Way is also occupied. The former Alldays unit still represents the greatest challenge, not least because of its size and the reducing term of lease which can mean more onerous obligations for a tenant.

The Town Team has been keen to bring something forward in these premises for some years and supported the ‘emporium’ idea. Following negotiations with the agents for the Co-op (who hold the lease) it would seem that there is a willingness to consider a “meanwhile use” as a creative centre with art and craft activities. Although the aim of the project is to make it self-sustaining, this is a large unit, with higher costs so it will be harder to achieve financial viability. Terms need to be agreed with the Co-op but these would include a vacant possession clause within 4-6 week if a commercial end user came forward - the premises would continue to be marketed during this time. There is likely to be a need to pump prime this initiative, in which case Members are asked whether they would wish to provide up to £2,000 towards a creative centre with art and craft activities subject to the sign off of a worked up proposal by the Ward Members and Chairman. As a principle, this sum should not represent more than 40% of the cost with at least 30% of the remaining funds having been contributed by private investment (not generated by rental income from the flat above). If a longer arrangement was entered into it would not preclude the premises also being considered for a Retail Support Initiative grant.

### **Financial Implications**

Within the Members Discretionary budget there is a ring fenced allocation of £8,000 towards work hubs. If the schemes outlined in this report are supported this would be broadly allocated as follows:

- Up to £1,000 for the provision of hot desk facilities at Churchfield
- Up to £2,000 to support creative art work/show room space
- Up to £5,000 to research demand for a work hub

For information there is currently an unallocated sum of £6,320 remaining in the Members Discretionary Budget.

### **Implications for Corporate Priorities**

A well supported business community

Measured by: An increase in satisfaction by businesses with the specialist support they receive in South Somerset

A vibrant and sustainable Yeovil, Market Towns and Rural Economy

Measured by: Increasing local sustainability measured by the average level of self containment for South Somerset Wards

**Other Implications**

Included within the Area Development Plan

**Background Papers:** Area East Committee Agenda & Minutes March 2015

## **Appendix A**

### **Invitation to quote**

#### **Work space demand study – Yeovil and Chard**

South Somerset District Council is seeking to undertake a study into the demand for serviced workspace in the District, specifically for Yeovil and Chard.

Robustly establishing the demand for serviced workspace is an important precursor to a wider project that will see SSDC provide serviced workspace if there is proven and sufficient demand. This is to ensure that the council's investment is based on a sound understanding of the likely future demand for business accommodation in the District.

It is important that this assessment is based on the South Somerset economy. There will need to be separate elements for each Yeovil and Chard so demand in each of these areas can be determined before the council proceeds with the project. Should demand be determined then the wider project will be progressed with a further detailed appraisal of costs, suitability of sites etc.

### **Project requirements**

In order to identify whether investment in serviced office space would be successful, an in-depth assessment of market demand is required.

It is anticipated that the study will include 3 elements of work:

1. Socio-economic context of South Somerset

This would provide an overview our historic record of business start-up; where possible a demographic profile of those business start-up figures; sectoral changes and trends; the likely commuting patterns generated by serviced workspace. Recent market trends within key sectors will provide some indication of the types of workspace that will be required

2. Demand analysis:

A better understanding of the key target groups in the South Somerset area and their likely future demand for business accommodation focusing on the nature of current workspace in South Somerset, how much business space will be needed in the future (and what type), at which locations additional workspace will be required, what types of facilities firms desire in a workspace and their preferred lease terms for commercial property. This to include, but not limited to, the views of:

- Entrepreneurs
- Home-based businesses
- Those considering starting a business
- Existing micro enterprises
- Business advisory organisations

Local property agents should also be consulted in order to establish whether they have had enquiries for office space and what the clients requested

3. Supply analysis:

This will involve examining the existing provision of workspace in South Somerset which includes the characteristics of the local property market, checking the current commercial databases and cross checking this with property agents in the area. It is also important to get an indication of vacancy rate within the overall stock of premises because that will impact on the success of the new workspace to the market and therefore a key consideration

**The final report must include:**

- Assessment/ overview of the socio-economic context of South Somerset
- Separate analysis of demand for workspace in the preferred locations Yeovil and Chard
- Analysis of the existing provision of work space in South Somerset
- A business database of potential serviced office space users should be created and shared with SSDC
- Any other aspects that are considered essential and subject to discussion between the provider of this work and SSDC