WORKHUBS

smart workspace for the low carbon economy

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June 2010

published by Workubs Network
www.workhubs.com

designed by Nick Harpley
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printed by Control Print, Redruth

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About this report

THIS REPORT is written with five primary aims:

- To find out what works best in the new workhub sector, particularly the services and facilities that most appeal to home-based businesses who might otherwise remain isolated and hard to support
- To review the carbon benefits of workhub use – do they help home-based businesses to make clever use of workspace and reduce commuting?
- To make recommendations to policy makers on appropriate targeted support for the workhub sector
- To respond to proposals originally made in the 2009 Taylor Review for exemplar hub facilities in the rural economy – and apply lessons to urban areas too
- To suggest ways that knowledge and skills can be effectively disseminated and shared in this new sector to maximise its contribution to low carbon enterprise.

Home-based businesses now account for over 40% of all enterprises in the UK, including the self-employed (DTI, 2005 – see appendix for all sources in this report). This has considerable environmental benefits by reducing demand for workspace construction and commuting.

Yet home-based businesses are often 'under the radar' of public sector business support and intervention.

With evidence of a new workhubs sector emerging to service the needs of this market, this report aims to inform all parts of the public sector on the most appropriate response to this trend as part of the shift to a low carbon economy. It also aims to inform workhub providers in all sectors of emerging best practice.

In preparing this report we have conducted an analysis of national data, carried out surveys of hub users and home-based businesses, visited 18 workhubs in urban and rural England, and consulted with a national stakeholder group. The project included two special regional focuses: on the needs of home-based businesses in the Milton Keynes South Midlands area and the response of the pubic sector to this group in the West Midlands (both summarised in chapter 5).

This report was written by Live/Work Network. Funding was contributed by the Department for Communities and Local Government, Homes and Communities Agency, Commission for Rural Communities, SEEDA, Advantage West Midlands and British Telecom to further the debate on how buildings are used as workspace in the UK. Research was carried out in 2009 and early 2010. The findings and recommendations in this report reflect the views of the authors and do not necessarily represent the views of these organisations.

1 INTRODUCTION

A new kind of work space has been emerging over the past few years, reflecting wider changes in the world of work. This is the phenomenon of 'hub' working, in spaces that are specifically set up to be workhubs

WORKHUBS ARE third-party-provided workplaces where the emphasis is on the flexible occupation of space, collaboration and virtual services. They provide the 'office-as-needed', and enable users to occupy space by the hour, rather than enter into long-term contracts. In many ways they operate like a gym or club, rather than a more traditional office space landlord.

The high level of flexibility and the emphasis on collaboration distinguishes the new workhubs from more traditional providers of serviced office space, and from business incubators and business parks. Some of these providers of more traditional office space are beginning to add some hub type services.

Many large employers are also going down the route of reducing their office premises and creating smart working environments, with an emphasis on touch-down and collaborative spaces for their increasingly mobile employees, enabling them to work effectively from any location.

Workhubs create flexible working environments, but they are open to the many rather than employees of a single organisation. Their users can be from any kind of organisation, and the emphasis is on having shared space and shared facilities. In this way space can be used more efficiently and higher occupancy achieved, bringing a lower carbon cost to economic activity.

While the users of workhubs can be from many different kinds of organisations, our focus in this report is the interaction between home-based businesses and this new form of workspace.

Working from home has increased by 20% over the past ten years, and all the signs are that this increase will continue for the foreseeable future. Two-thirds of those who work from home are running their own business, and are a very significant if under-valued part of our economy. The potential of increasing home-based enterprise is recognised by all the political parties, and is a key element of making 'Britain open for business'. Over the past few years new policy to support home-based working has been introduced into national, regional and local strategies.

However, the infrastructure that will support home-based enterprise is only just beginning to evolve. This report explores the role that workhubs can play in this nascent infrastructure. It suggests roles for both the private and public sectors in supporting and engaging with this new kind of workspace.

As this is a new, emerging market, our approach in this report is qualitative rather than quantitative. We provide case studies to illustrate what workhubs actually do, and analyse the actual and potential impacts in the context of wider changes in the world of work.

WHAT IS A WORKHUB?

A workhub is a flexible workspace offering an 'office when needed' service to modern micro businesses and mobile workers, including those that are home-based.

Shared facilities available to users usually include bookable desks, formal and informal meeting spaces, high speed broadband and costly or space-hungry technical equipment.

Workhubs allow their members to access professional facilities as frequently or occasionally as suits them. This allows them to make smart use of space, serving more business users than traditional offices could house.

Workhubs also provide an environment that facilitates business collaboration and networking, with members exchanging ideas and services and feeling less isolated. Many offer business advice, serving as an incubator for start-ups, and professional skills training.

'I didn't get the concept of The Hub until I started using the services myself. It's about being able to work at home on your project then coming in here to collaborate when you need a second opinion, or sometimes just a meeting space. Our biggest benefit is flexibility.'
Holly Lambert, operations manager at The Hub, Islington

2 SUMMARY AND RECOMMENDATIONS

Summary

MAIN FINDINGS

The proportion of UK businesses using the home as their workspace is rising rapidly. In 2005 the then DTI found that **41% of all businesses** (including the self-employed) were home-based (DTI, 2005).

In the 2001 census 9.16% of the workforce was working mainly at/from home. And two-thirds of these were self-employed. There is a very **strong link** between homeworking and self employment.

In 2009, **12.8%** of the workforce (3.7 million people) worked mainly at or from home, again with around two-thirds being self-employed (Labour Force Survey, ONS 2009).

Between 2001 and 2009, the number of home-based businesses (self-employed and mainly working from home) rose by 22% (2.3 million people in 2009).

The figure above excludes those who run limited companies from home. Many previously self-employed people have chosen to run their businesses as registered companies in the last ten years. A study on freelancing in 2009 for the Professional Contractors Group by Kingston University found that the number of freelancers (self-employed, plus directors of limited companies with no employees, plus freelancers working under a PAYE umbrella company) was around **4 million** people, and grew 20% between 1998 and 2008 (Kitching & Smallbone, 2009).

Homeworking is more **prevalent in rural areas** in the UK. At the end of 2009, 18.88% of the rural workforce was working at/from home, compared to 11.24% of the urban workforce. The proportion of rural workers who were self-employed homeworkers was 12.24%, almost double the urban figure of 6.75%. At least two-thirds of rural homeworkers were self-employed. (Source: ONS LFS Q4 2009).

While there are government business support products targeted at home-based workers, many if not most homeworkers remain **unknown** to business support agencies. And premises-related investment by government agencies remains focused on encouraging traditional working practices in offices separate from home.

Despite an increasingly large proportion of UK businesses basing themselves at home, much investment in workspace has continued to be in buildings which assume a separation of home and work and **commuting as normal.**

In the low carbon economy it is questionable whether this emphasis should continue to dominate investment strategies. Business parks, industrial estates and innovation centres rely heavily on construction and commuting and do not apparently reflect **new lifestyle trends** that are changing the way business operates.

In a period of tight investment (public and private), there is also a case to be made for **smarter investment** in buildings which support as many businesses as possible beyond those that occupy office space.

Home-based business has **carbon benefits**. These derive from reduced commuting and use of one property (combined workspace and home) rather than two.

Numerous studies show that the net impact of homeworking is to reduce travel (eg DfT 2005 and Dwelly & Lake, 2009). Using a workhub may erode some of the net carbon savings for homeworkers. However, for some people having access to a workhub **makes homeworking viable** and could therefore support low carbon working long term.

The home-based workhub users we surveyed overwhelmingly felt that combining use of the hub with homeworking helped them to **lower** their carbon footprint. This is in part by using shared facilities, and in part by reducing work-related travel.

A third said that if they did not have access to a workhub, they might have to invest in additional work premises.

In our sample, twice the number of people travelled to a workhub on foot, and triple the number by bike, compared to national averages for commuting to work.

Half of those we surveyed said that using the workhub helped overcome a sense of isolation. The main uses made of workhubs by home-based workers were to hold meetings and undertake other **collaborative** activities.

HOW WORKHUBS WORK NOW

FOR THIS report the authors visited 18 workhubs in urban and rural England. Case studies on a number of these are in section three. They ranged from converted rural buildings in Wiltshire to renovated heritage buildings in market towns like Coalport and Scarborough and newly built centres in Sheffield, Hastings and Leeds.

Workhubs offer a new and distinctive service. Most are one-offs. Few know much about what works best in other workhubs. If it is felt to be good for enterprise and the environment to encourage workhubs, an important first step will be to use this report to help them share knowledge and good practice.

Most workhubs offer a combination of facilities and services such as professional bookable meeting space, a relaxed but quality environment for informal business meetings with clients and collaborators (including broadband) and networking/knowledge events.

The key 'offer' is collaboration. Both occasional and full-time users actively prefer to work in a building where they can network and form flexible business partnerships with others face to face. Our research suggests this often leads to new, unplanned business opportunities.

For home-based businesses, workhubs' main appeal is that they reduce isolation and offer professional space for meetings and collaboration. Workhubs operate as a backup 'office when really needed'.

Some workhubs have been set up and run privately, with no grants. Some come about from one company wanting to share its own space, coworking with other businesses for the social and financial benefits.

Private sector workhubs might only yield substantial profits if and when they can benefit from economies of scale – with one company running a series of workhubs, sharing staff and service costs.

Some workhubs are backed by the public sector, in buildings retained as assets by the local authority/regional agency with a contract to manage them agreed with a service provider. This approach can be self-financing in the right location.

There is a dilemma for workhubs. Supporting the economic development of home-based businesses does not always make enough income to be sustainable on its own. Most workhubs rely to some extent on income from full-time users. Some public sector-backed workhubs prioritise getting income from full-time users and supporting home-based businesses is not at the top of their agenda

Live/Work Network's report *Under the Radar* (CRC, 2005) found that many home-based businesses get no help planning their business and, unlike office-based businesses, do not know they might qualify for grants, training, funds and specialist advice.

WHAT WORKHUB USERS WANT: TOP 5 NEEDS

In-depth interviews with workhub users across the UK suggest the biggest benefits they get from workhubs are:

A professional front for their business – a well-run and easily accessible place to meet clients and colleagues and a 'business-like' address with reception/phone answering service

Business support – from experts like Business Link or the workhub managers and from their peers, other people who know the ropes

Networking and collaboration – a place where they can build up relationships with other people working around them, forming useful one-off or more enduring business partnerships, getting inspiration for better ways of working, and very often new clients for their own skills and services

Office-standard equipment and services – a fast broadband connection when your home service fails, someone reliable to mend your computer or check a software fault, use of a photocopier or fax machine (who still keeps one functioning nowadays?), a franking machine for bulk mailings

Value for money – squeezing the greatest returns from every trip away from the main home base, so a multi-purpose trip to the workhub that combines a trip to the Post Office, school, optician, and a food shop with some quality work time, business contacts and advice, IT support, skills training and a chance to blow off steam.

A good workhub can provide this service directly or it can serve to bring together a receptive audience for business-related training and advice. The outcome is the same: home-based businesses are given help to increase productivity, turnover and professional skills.

Helping workhubs to support home-based businesses should be a priority for the public sector if it can be shown that this produces demonstrable, proven benefits to the local and national economy. In chapter 4 we look at the emerging policy context, and the issues and opportunities around public sector involvement in more detail.

Ideas for government, local authorities and local enterprise partnerships

Based on this research, the authors propose the following ideas for government at national and local levels:

GOVERNMENT

- Recognise the important role of workhubs in a low carbon economy, particularly their ability to support the business prospects of the **growing numbers** of home-based enterprises in the UK through collaboration, networking and cost sharing
- Understand the **difference** between a workhub and managed premises. A workhub is focused on new ways of doing business that thrive on collaboration, very often with the home as a base and the workhub as back-up office. Peer support is as important to their ethos as professional services
- Consider setting up a **challenge fund** that local authorities could bid into to provide 'exemplar' workhubs, as envisaged by the Taylor Review (Taylor, 2008)
- As part of the moves towards reducing central office costs, moving to smarter government and 'working beyond walls' (OGC, 2008), government department and agencies could seek to work with private sector providers of third-party office space as touch-down and collaboration spaces for home-based and mobile **government workers**
- Gather data more systematically about the nature and extent of home-based business and its **economic value**.

LOCAL GOVERNMENT, REGIONS and LOCAL ENTERPRISE PARTNERSHIPS

- **Research** hidden home-based businesses in your area. Find out who works from home, what they do and ask them what will help their business. Tell them how you will respond
- Within your asset management strategy, consider using your own assets to provide workhub facilities where there might be strong demand and take up but recognise that strategic and political **support** and your local knowledge and marketing tools might be equally useful ways of supporting a workhub provider
- Rethink **workspace investment** patterns and land use to support a lower carbon workspace infrastructure, recognising the growing use of the home as a place of work
- Consider supporting workhubs as a way to increase the **occupancy levels** of buildings in your locality
- Use workhubs as a shop window for **business support** services
- Use workhubs as touchdown and **collaboration spaces** for home-based and mobile public sector employees
- **Monitor** home-based businesses as an essential element of drawing up local economic assessments.

3 THE EMERGING WORKHUBS MARKET

Understanding viability and delivery

OUR RESEARCH found that workhubs are being established by many private operators around the country – some by design, others by default.

Some told us they had themselves used a workhub and, on moving to a new area, perceived an unmet gap in the market. Others have set out to subsidise the cost of an over-large workspace, with a workhub structure evolving shaped by the preferences of people using the service. From this it is reasonable to conclude that the market for workhubs is being driven by factors including:

- **home-based businesses and freelancers** who can feel isolated, needing somewhere to interact, share costs, ideas and knowledge
- **micro, small and medium-sized businesses** who want flexible space to expand
- **businesses** looking to find people with skills or services for collaborative enterprises
- people considering **setting up business** or **going freelance** after redundancy or similar, looking to use the workhub to get professional advice, peer encouragement, access to networks and office quality services
- **large employers** who need space outside their traditional office network for employees to meet or work, cutting commuting times and distances
- a growing need for **flexible office space** that at relatively low cost can be available by the day or even hour
- a rise in **collaborative working** across traditional business/sector boundaries
- rising **transport** costs, poor access to public transport services and congested roads and motorways prompting people to seek local alternatives to peak time commuting
- greater parity between parents for **child care** responsibilities driving demand for more flexible, home-based working
- public sector-led drives to **reduce reliance** on a small number of **large employers**, encouraging instead diverse, specialist enterprises.

Distinctiveness or strength in numbers?

SEVERAL WORKHUB managers told us that to make their service viable they needed to build up a small network that would allow them to centralise some functions. Regus, a leading provider of serviced offices, for example, only opens new facilities in areas that pass rigorous vetting. But it has achieved economies of scale, so unit costs reduce as it expands. Even so it needs a discrete identity for its workhubs and is instead seeking partnerships with local workhub providers who can run a service 'powered by' Regus.

One solution might be for smaller local providers to set up a minimum number of workhubs close enough to make staff-sharing possible. This is the model being pursued by Forward Space in the Somerset area. International brands such as The Hub (which first started in Islington but now has hubs in Bristol, Bombay, Madrid, Toronto, Johannesburg and Atlanta – to name a few) share certain costs. But each is locally distinct.

If one company or service runs a chain of workhubs (for example in one county or region), it is essential that each has a locally distinct identity. The name on the door, décor and equipment offered by a workhub in, say, a remote market town may well need to be very different to a workhub in a creative city quarter or near a university.

One notable finding from our case studies was that workhub users valued very highly working in a building or location that they felt offered something **unusual or unique**. They preferred using a facility that to them felt special.

Meeting room at Enterprise HQ Coalport

PROPERTY COSTS

THE MAIN variable at each workhub was how the building was acquired. Examples we found included:

- a brand new building paid for by EU/RDA grants, retained as an asset by the public sector, leased on peppercorn rent to (public sector) management team
- cheap rented town centre building used by a not-for-profit company that is grant-funded to provide services including training
- iconic town centre building, owned by the council, converted from museum into workhub with multi-million pound renovation, peppercorn rent
- newly-built city centre office block once intended for two large companies, bought by RDA to use as workhub. High commercial long lease cost passed on to workhub operator
- small company using a building it owns to fill surplus space with other businesses paying rent for open plan shared office space.

So there are a variety of approaches based on local circumstances, including local property costs, identified local needs and the differing approaches of local or regional agencies.

The types of property occupied are affected by prospects for income from customers, which varies greatly. As recently as a year ago some members of Digital Peninsula Network in Cornwall could get **full-time use** of the workhub for just £250 a year. Yet in Hove at The Werks the charge is £1,800 a year. Forward Space's Frome workhub charges £3,000 a year.

INCOME FROM CUSTOMERS

THE KEY challenge is to make enough money to be self financing while also dedicating sufficient time/space/staff/kit to help members. Occasional users and users of virtual services alone are unlikely to pay enough, even in quite large numbers, to sustain the cost of maintaining decent services and facilities. Other sources of revenue are often necessary.

Reception at Hastings Media Centre

These are examples of what occasional members/users pay per month in various workhubs we visited:

- £120 (Scarborough)
- £65 to £100 based on hours (Hove)
- From £20 up to £225 based on hours (Frome)
- £14 (Penzance)
- £10 (Coalport).

However, workhubs offer other services such as training sessions, meeting space hire and hosting of events. Some workhubs also have full-time tenants using serviced offices or co-working spaces. This has the advantage of providing a predictable income stream.

The full-time users interviewed for this report all preferred to base their business in a workhub environment, where the wide reach of users/members sharing the workhub was seen as good for business.

Some of the hubs in our case studies have shown themselves to be viable businesses without having to provide full-time office space however.

Challenges for workhubs

THE EARLY challenges for any workhub include:

- assessing the likely scale of **start-up funding** to create an environment with genuine appeal – the décor must be much more welcoming than in most managed workspaces
- a hardnosed assessment of **income streams** from virtual/part-time users, recognising that home-based businesses do not pay to use their home and are unwilling to pay high prices for office space
- If they also have full-time tenants, achieve a **balance** between them and other hub users – ideally target full-timers who prefer a collaborative environment and like being close to a pool of freelancers who may work flexibly with them on one-off projects
- Finding the 'under the radar' market of home-based businesses who are **potential users**
- Having the **right mix of services** to attract users and provide additional income streams.

Longer term challenges include:

- identifying opportunities for economies of **scale**, sharing costs (especially staff and IT support) across a number of workhubs or similar to make the cost of individual workhubs stack up
- persuading **mainstream** providers of business support and training (for example) to run at least some of their operations from the workhub as a venue that is 'close to market'
- promoting the workhub as a centre for increasingly home-based **employees** of the public sector and private sector companies, including economic development teams and Business Link staff
- **hiring** event and meeting space to non members
- offering local businesses and the community **out**

of hours use to maximise income on weekends and evenings
- extending services such as **virtual office** phone answering, telephony and broadband to local businesses
- **sharing knowledge** between different workhubs to promote the sector as a whole.

Use by mobile employees

WE WERE surprised from our case study visits to find very few workhubs being used by the big major employers locally, public or private. There could be particular advantages for public sector employers using workhubs as touchdown bases for:

- business support advisers
- economic development staff, wanting to be close to real businesses
- training agencies, as opposed to running the occasional training session
- college business support programmes
- home-working public sector staff.

The advantage for workhubs themselves might be a regular core income from this use. The benefits for organisations having their staff use workhubs regularly could include:

- freeing up of office space in the employing organisation
- bringing public services much closer to their target market (for example neighbourhood improvements, economic development, environmental projects, public consultations, education and training)
- networking and collaboration with local business
- better understanding of business needs
- support for more staff to work from home to cut commuting and facilities costs.

Across many sectors and services managers are still expecting their teams to work in a centralised building, interacting more with colleagues than with the people and businesses they are paid to serve.

Tracking the economic benefits

COMPARED TO full-time tenanted workspace, the income workhubs derive from home-based or virtual users is low in terms of unit cost (income from each business/member). Yet this aspect of a workhub's economic development role may be the most significant. Most workhubs we visited had many more people using them flexibly than daily. The impact of workhub membership on these 'under the radar' businesses should be a **key output** for any workhub – and a requirement if it is supported by the public sector in some way. Ideas might include surveying members to see how much of their turnover is attributable to workhub membership (eg turnover paid to/from other members and turnover that resulted from collaborative working with other members).

With Business Link nationally charged with supporting networking and collaboration, might there be scope to redirect some budgets, based on an agreed output eg number of businesses helped by the workhub to collaborate on projects significant to their growth and benefits to the local economy?

Tracking the economic benefits of the businesses using each workhub is not hard. Workhubs can ask users about contracts/work attributable to workhub membership (networking/collaboration) and how much they spend on other local shops and services when they visit the workhub in a typical month.

Where should hubs be based?

IF IT is left to the market to determine location, we believe the results would be uneven across the country. The larger third party office providers will not, without support, target areas that most need support for new entrepreneurial activity. On the other hand, workhubs in areas where there is simply insufficient demand for them might end up heavily subsidised and under-used, unless they also incorporate other uses (as some of our case studies do).

A workhub set in a high profile or landmark building might transform the appearance of a street and that should encourage more established home-based businesses and others to come into less well off areas – a market town centre for example. Examples we found included Forward Space in Frome and Digital Peninsula Network in Penzance.

A market town that offers a well-run workhub in a striking building might strongly influence which town businesses choose to travel to, bringing with them their spending power and, to the workhub, their business skills and experience. Younger start-up businesses (often home-based and living in the town) would benefit from working occasionally alongside them. This is the lesson from market town and small city workhubs visited in Frome, Coalport, York, Penzance and Scarborough.

The rural example is important because ONS data (reported in *Under the Radar*, CRC 2005) shows it is very often wealthier areas outside market towns where the incidence of home-based business is higher, as are earnings, but broadband services may be poor (very, in some areas). These are people most likely to have to travel into town centres to buy essentials, visit the Post Office, dentist, optician etc.

Newer ONS data from the Labour Force Survey obtained for this report shows that at the end of 2009, in rural parts of the UK, 18.88% of all workers were working from home (11.24% in urban areas), while 18.56% were self-employed (11.93% in urban areas).

Rural areas: strong workhubs potential

	Urban UK		Rural UK	
	Homeworking as % of workforce	Self employed as % of workforce	Homeworking as % of workforce	Self employed as % of workforce
North East	9.29%	9.03%	13.6%	13.90%
North West	9.81%	10.94%	18.3%	19.43%
Yorkshire & Humberside	9.44%	10.94%	18.2%	17.58%
East Midlands	10.11%	10.17%	16.6%	15.57%
West Midlands	11.16%	11.33%	21.8%	19.17%
Eastern	12.04%	12.43%	18.2%	18.21%
London	13.53%	16.32%	N/A	N/A
South East	13.51%	12.84%	21.0%	20.28%
South West	12.59%	10.22%	21.4%	22.57%
Wales	9.15%	10.68%	21.3%	19.44%
Scotland	7.17%	8.82%	15.5%	15.69%

Source: ONS Labour Force Survey Q4 2009

The proportion of rural workers who were both homeworking and self-employed was 12.24%, roughly double the rate in urban areas (6.75%). Note: many home-based businesses are run by directors of small companies, who are not self-employed. These figures are therefore understating home-based business.

Both urban and rural areas saw proportions of homeworking increase between 2005 and 2009, according to ONS. In urban areas the rise was 28.63%, in rural areas it was 10.21%.

Workhubs in rural areas might play a role in stimulating demand for better broadband services, and there is a potential for synergy with other broadband-focused rural initiatives.

Regus operates a strict protocol – its 'investment case' – for assessing the viability of a potential site. This is an approach smaller workhubs might find useful. Town centres and residential areas have replaced industrial as its preferred location. Beyond that the chief determinant is the address, with a dedicated team working on a template for new offices and a web broker feeding leads on local pricing. Also important is the number of small businesses and recent start-ups.

These locational issues and the potential for public sector involvement are explored further in the next chapter.

Local economy: the ripple effect

WORKHUBS BRING the twin benefits of spending power and footfall to an area. Where a workhub is proposed it should be explained to people running or considering running surrounding shops and facilities how they might benefit. They and local residents should be actively encouraged to take part in consultation/plans for re-use of buildings.

Local authorities could consider prioritising people with the drive and business plan to establish a workhub in council-owned buildings an authority wants to keep, but use more **productively**. This might mean choosing between preserving it for public or voluntary sector service use (eg local charities or social services) or prioritising a workhub that will give an enterprise boost to the local economy.

'When you work at home you find lots of things going on that you didn't know existed – cafés, local printers, all the people who don't go off to work at 9am and you always wondered what they did. You spend more there and that transfers to this area when you're at The Hub.'

Jon Bootland, Director of the Sustainable Development Foundation, whose team of six regularly use The Hub, Islington.

Lessons from a leading private sector provider

REGUS IS one of the world's leading providers of serviced offices. It was a UK pioneer of virtual office services and drop-in access to its business lounges. In the UK it has over 8,000 home-based users of its virtual office clients.

For many users of the independent workhubs visited for this report, Regus may seem too mainstream, indeed some took pains to point out how their hub differed from this market leader.

But its own self-image is closer to the workhub model and the success of founder Mark Dixon's business is to a large degree down to keeping well tuned in to shifts in working trends.

The lesson here is that Regus has detected a change in working practices that independent workhubs are also tapping into. Large offices in main business centres or out of town industrial locations are the typical Regus product. But in the UK they are now

Flexible friend

In Regus' flagship Berkeley Square offices people are studiously crouched over laptops in the Business World lounge. With uniformed staff providing a discreet and impeccably courteous service, it makes for an atmosphere uncannily like an airport lounge for business class travellers.

South regional director Celia Donne is quick to point out that the dress code does not extend to clients. 'In some of our centres you'll see people in jeans. There'll be a lot more creative types – they're not all like this.'

Regus has over 139 offices in the UK, mainly in urban areas. They offer individual serviced offices, virtual office services (phone answering), meeting rooms and, in those that have an expanded business lounge, wifi access, coffee, printers, admin support and a place to catch up with work on your laptop or meet an associate or client.

Telepresence, an advanced form of video conferencing facility, is available here and in the less high profile centres, giving Regus an international reach.

Not surprisingly overseas travellers make up a significant proportion of its clients, with some staff working flexible hours to accommodate clients wanting virtual meetings across the timezone.

Beyond the business lounge is a string of offices of varying size and meeting rooms. Breakout areas include discreetly cabled coffee tables allowing people to plug in laptops. The decor in the Mayfair office is modern chic. Other offices, including the Pall Mall suite a five minute walk away, are playing catch-up.

Company loyalty is encouraged through the Business World card, giving bearers access to Regus facilities anywhere in the world and discounts on a wide range of services, from legal advice and stationery to couriers.

being offset by smaller centres in market towns, offering shared desks and the Regus business lounge.

'We've just opened one in Newbury and we're due to open another in Horsham,' says south regional director Celia Donne. With the Newbury centre close to her own home, she now frequently works there, in keeping with Regus' policy of encouraging remote working for clients and its own staff.

'We talk a lot about hub and spokes models,' says communications manager Henry Collinge. 'We place our own teams in centres close to their home.' Hub and spokes, they explain, boils down to a company operating with a core team at 'the hub', with hotdesking for staff there or at 'spokes', ie Regus offices, nearer to home or where business takes them. 'We don't want people travelling unnecessarily,' Donne says.

Another more recent innovation by the company is its adaptation of the 'coworking' concept (freelancers sharing one space). Campus, a new brand of workspace on offer at Regus's Manchester office, is largely targeted at smaller companies, allowing full-time or just drop-in space in a shared working environment.

Finding out what new and established clients want is done through regular customer surveys. 'We ask what else they'd like us to be doing,' says Collinge. 'A number of our centres have business lounges but they're quite small and the feedback says clients would like them to be larger.'

Where Regus has been particularly effective is targeting home-based businesses. 'It's a surprising mix of businesses,' Donne says, 'and in a recession that is a strength.' Among them are a substantial number of blue collar industries, from security firms and taxi companies to self-employed traders including plumbers and electricians.

Regus also has the advantage of a marketing budget any workhub would envy. 'Homeworkers are notoriously hard to reach so local papers are the key to visibility,' says Collinge. 'We've sent out mailshots with the *Sunday Times* and we use a lot of the regional papers. Radio has been very successful. We'll do anything from a direct advertisement to competitions, offer comment or interviews or suggest topics for discussion.'

The interest in the new workhubs sector demonstrated by Regus – particularly in finding new ways to service smaller (eg market town) locations – suggests a faith in growing demand for such services.

The question for the public sector is how it can help this to happen more rapidly in more challenging locations for the market – which is a young one. And how can workhubs be encouraged to assist home-based businesses to collaborate and network?

Carbon control

By operating at close to full capacity, Regus believes it wastes less energy than a traditional office – with all its offices working at around 85% occupancy, rising to 90% in London. Motion sensors are installed in meeting rooms so lights automatically switch off in unoccupied rooms, low energy bulbs are used and equipment is switched off when not in use.

4 ROLE OF THE PUBLIC SECTOR

Enabling the market to grow

IN THE previous chapter we looked at the commercial issues facing workhubs and the viability of workhubs. In our case study visits we found public sector agencies playing a variety of different roles in helping to set up or support workhubs, just as they support other kinds of business premises and business support initiatives.

The public sector role is usually one of **enabling** workhubs rather than providing or managing them. Support can come in various forms and need not involve large amounts of public spending.

We are in a period of much tighter spending. The new government is changing priorities and the rationale for government intervention. Overall, there is likely to a rebalancing of the economy, with a stronger emphasis on private sector growth and entrepreneurship.

In this environment, issues inevitably emerge around the nature and extent of public sector support for the workhubs sector. In this chapter we look at the policy context, the case for future engagement and outcomes that government bodies could require from workhubs they support. Please note that the recommendations in this chapter and the report in general are those of the authors and do not necessarily reflect the views/intentions of the funders.

Policy on home-based working and workhubs

OVER THE past few years public policy at national, regional and local levels has begun to incorporate supportive policy for home-based working, purpose-built live/work property and workhubs.

The new Planning Policy Statement 4 (PPS4) sees live/work as a key component of planning for sustainable growth in its policy EC2: 'Planning authorities should ensure that their development plan… facilitates new working practices such as live/work'. It also encourages them to ensure that their development plans 'encourage new uses for vacant or derelict buildings, including historic buildings' (CLG, 2009).

At the regional level, economic strategies and spatial strategies in several regions now recognise the potential of home-based working. Examples include the South East Plan, which includes in its policy for 'smart growth': 'Through local development documents and local transport plans, local authorities will support and promote advances in information and communications technologies (ICT) and new ways of working by positively promoting the development of ICT-enabled sites, premises and facilities suitable to support changing and flexible working practices and home-based businesses' (GOSE, 2009).

There are similar policies in the draft South West Plan and the London Plan. Many local authorities have been including similar proposals and more detailed guidance in development frameworks. (For a review, see Dwelly 2008.)

The Taylor Review of the rural economy (Taylor, 2008) has an extensive review of the value of home-based working, live/work and rural business hubs. It specifically recommends support of 'the further development of both rural enterprise hubs and live/work units.' It goes on to suggest an 'exemplar programme' to evaluate and encourage best practice.

The Department of Communities and Local Government's response to the Taylor Review in 2009 was to agree with these recommendations, recognising the value of live/work and workhubs in the rural economy. The issue is how best to take forward the recommendations.

This emerging policy support has been supplemented in many parts of the country by support for both workhubs (as shown in some of our case studies) and live/work development (for a more extensive review, see Dwelly, 2008).

Inside a live/work unit

There is a particularly strong case for the development of workhubs in rural areas. The evidence shows that the incidence of home-based working increases as a proportion of the workforce as settlements become more sparse. In terms of reaching the hard-to-reach, workhubs would have great value if located to serve rural home-based business.

The Department for Business and regional agencies currently have policies for supporting business premises, although this has tended to be interpreted in terms of providing more traditional office space. Although some innovation centres may provide virtual services and meeting space, the use of such buildings is optimised for businesses that **do not want** to be home-based. Economic development policy tends to focus on businesses that employ staff, and businesses that have growth potential, seen in terms of creating new jobs, are highly valued. (For more on this, see the Discussion chapter).

These aims are of course valuable. However, it is increasingly being questioned whether the approaches are:

- sufficient to achieve the 'entrepreneurial revolution' aspired to by the new government
- bypassing a dynamic and growing section of the UK economy, ie home-based businesses
- compatible with achieving a low carbon economy.

Projects such as the European-funded Sustainable Economic Growth project, in which Surrey County Council and SEEDA were the UK partners, proposed a new approach to economic development that challenges the traditional spatial assumptions of economic growth. It puts a high 'smart' value on **spaceless growth**, ie where by using modern technologies companies can 'expand into smaller space', new companies can operate effectively from home and home-based businesses can expand as virtual organisations, without owning central premises at all.

We have also found in this project that home-based businesses prefer to work in **collaboration with associates** rather than to enter into employment relationships. Public policy needs to move forward to engage with the significance of this, and focus less exclusively on employment as an indicator of success in small business growth.

There are signs that the necessary changes in thinking about public policy are underway. The new government has made clear its support for home-based business. One example is that it will be implement the recommendation of the Taylor Review to remove restrictions on tenants of social housing that prevent them working from home. It may want to consider reviewing similar restrictions imposed by private landlords and some new home developers.

The significance of the Taylor Review

The Taylor Review strongly advocates a new approach to creating a dynamic rural economy. It argues:

'Greater recognition of the ways that economic growth can improve sustainability, especially by providing opportunities for people to work near where they live, needs to be central to planning decisions to underpin rural economic regeneration. Taking into consideration local circumstances and conditions, development of all types of business and enterprise should be considered.'

The rural economy is characterised by higher proportions of small and micro businesses, self-employment and home-based work. In the 2001 census, an average 17% of working rural residents work from home, nearly double the levels in urban areas, rising to 31% in the most rural areas. Labour Force Survey data for the last quarter of 2009 showed that these figures had risen to 19% of the rural workforce working from home – compared to 11% in urban areas.

Providing better support for home-based businesses is identified as a key factor for developing thriving rural areas. In addition to noting the need for better data, the Taylor Review recommends stronger national planning policy to support home-based businesses and that Local Development Frameworks include policy supporting home-based work.

Specifically on workhubs, it recommends:

'Regional development agencies and regional planning bodies should support the further development of both rural enterprise hubs and live/work units. An exemplar programme should be set up in one or more interested regions to identify best practice and further test the practical issues relating to these enterprise hubs and live/work units in rural areas.'

One of our recommendations is that this challenge could be taken up by means of a Workhub Challenge Fund (see below, page 16).

Several ministers in the new government have in th past identified home-based enterprise as being key in moving towards a more entrepreneurial society. The challenge in public policy will be to provide support for a new approach to business that takes an 'information age' approach to business, with a more flexible approach to the locations of work and an emphasis

on low carbon working practices. In this context, not having premises, not travelling and even not having people on the payroll could be indicators of healthy, low carbon economic growth.

The Coalition Programme published in May 2010 (HM Government, 2010) proposes measures to boost entrepreneurship and self-employment, including loan funds and mentoring, extensions to superfast broadband – including to rural areas – and the right to request flexible working extended to all employees.

The policy documents on which these measures are based show strong support for home-based business, and the importance of flexible working (particularly in the public sector) for productivity and reducing central costs (eg Conservative Party, 2009 & 2010). It seems clear that the new government is forward-looking about new ways of working, and is open to innovative approaches to facilitating entrepreneurialism.

The following section indicates the kinds of support that agencies might provide to support the viability and growth of workhubs.

Ways to support workhubs

WE HAVE found examples in our research and case study visits of specific actions by government agencies to support workhubs. These include:

- using existing buildings and prioritising spending on equipment/facilities (as happened for example at Enterprise HQ, Coalport)
- one-off grants from programmes such as the European Regional Development Fund (eg Digital Peninsula Network, Penzance)
- maximising planning gain/community infrastructure contributions (eg requiring workhubs on some live/work developments). This has happened on many sites with consent, eg the Duchy of Cornwall's new live/work quarter and workhub at Newquay.

PERHAPS THE strongest incentives for the public sector to engage with workhub development are:

- their ability to connect with **hard-to-reach** home-based businesses
- their role in promoting and sustaining **low carbon** working practices
- their potential role in **regeneration** initiatives.

The rural dimension

There are spatial implications to this involvement. We have noted the specific public policy interest in rural areas, but the issues and advantages we have summarised here are by no means limited to rural areas.

In terms of viability, it may be that the more remote the location, despite the higher numbers of existing home-based businesses, it may be more of a challenge to achieve the **footfall** of customers necessary. However, supporting rural workhubs may achieve positive local economic outcomes – supporting 'under the radar' businesses and helping to reduce car travel.

Workhubs can become self-financing. However, there will often be a need for early support that the market may not be able or willing to provide. We suggest a potential role for the public sector here by, for example:

- Intervening to support workhubs in locations where the market is not strong, especially **rural market towns** and more **deprived urban** neighbourhoods needing an injection of enterprise

Woodend workhub has helped to brand Scarborough as a creative business hotspot

- Identifying **buildings and land** in appropriate locations that could find new use as a workhub, for example iconic or architecturally or historically significant buildings on or near high streets
- **Retaining as a public asset** any suitable buildings while contracting a workhub provider to make better use of them. Freehold ownership can be an important tool of quality control
- Linking rationalisation of public sector (especially local authority) **office buildings and services** to potential use of workhubs. These could provide drop-in office facilities for staff who work on the road or who could home-work. This is especially appropriate to market towns and minor council offices. This would chime with the Operational Efficiency Programme (HM Treasury, 2009) and initiatives for smart working environments for government employees (OGC, 2008) and the emphasis on public sector flexibility in the government's Coalition Programme (May 2010). It is also adding a stronger focus on entrepreneurship to local service provision
- Using **planning gain** where live/work developments of significant scale (say over 20 units) are proposed to require the developer to invest in workhub facilities. These might transfer to community or public sector ownership
- Avoiding expensive investment in new build or major capital costs. As we move on from the era of business premises in out of town locations investment should be focused on **smarter** use of resources that makes a big difference, like refurbishing or re-equipping facilities to create effective shared working environments
- **Incentivising** workhubs by funding the least profitable activities that offer the most significant local economic benefits – supporting a large number of home-based businesses and helping them collaborate
- Thinking 'beehives not battleships': we are entering an era of smart buildings and projects that help people collaborate to achieve things rather than trying to create huge new enterprises that put the competition out of business. This means funding workhub activities that achieve **market penetration,** helping workhubs to reach as many local micro businesses as possible to facilitate a new approach to business growth
- Supporting bids to raise **private finance**. Not all workhub providers want or need public sector investment but raising private loans to cover capital investment and renovations or improvements has proved onerous. The public sector role could commit to leasing space, thereby providing a reliable source of core income for the workhub, or other forms of support for raising private finance.

Rural workhub at Holt, Wiltshire

PROPOSAL: A CHALLENGE FUND FOR EXEMPLAR WORKHUBS

Taking forward the basic proposal on workhubs in the Taylor Review (see page 14), one way to encourage their wider and faster provision might be an Exemplar Workhub Challenge Fund that local authorities could bid into (possibly managed by the HCA or Local Enterprise Partnerships). Its aim would be to kick-start market investment.

The focus should not be on funds to pay for expensive new build. Instead we suggets it could make funding available to invest in:

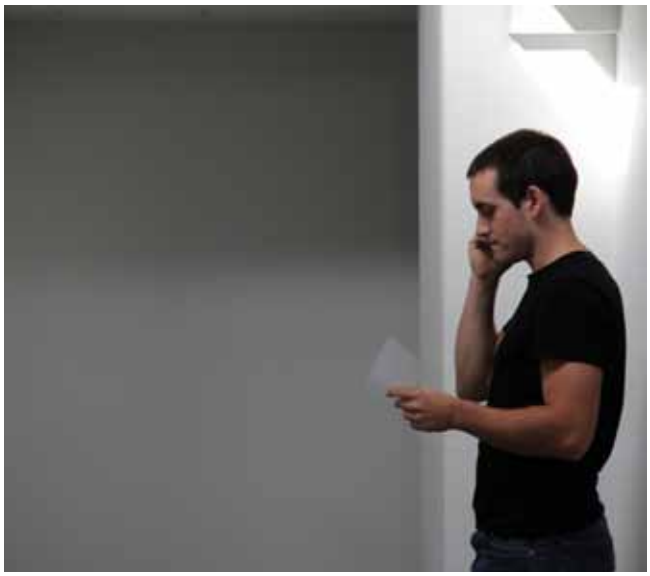
- Renovation of an under-used historic building
- Rural market town revival
- Equipment and furnishing
- Next generation broadband capacity
- Some running costs for a limited start-up period.

To qualify, a bidding local authority or workhub operator would need to demonstrate that the proposed workhub would meet a minimum number of conditions (see below).

Conditions for any support

GIVEN THAT revenue support is becoming increasingly hard to source, we believe any financial support for workhub provision would need very clear criteria. These might include requiring evidence that proposed workhubs would:

- appeal directly to and be used regularly by 'under the radar' **home-based businesses** that do not usually use traditional managed workspaces or offices and are relatively isolated from opportunities to collaborate or network
- be in areas where the market is **unlikely** to invest in these facilities or they would be a much lower priority than more affluent urban locations



Stimulating the market

Home-working can better benefit the economy if home-based businesses can draw on the services of a workhub that understands how they do business and how they can be best supported. The public sector can help make sure workhubs are:

- Located within a **reasonable distance** of concentrations of home-based workers
- Recognised and understood as offering something **unique** and that **how they can help home-based businesses** is widely publicised
- Able to support the **cost of reaching out** to home-based businesses or helped to do so by other local services
- **Affordable**, with tariffs that compare favourably with commercial rents
- Well positioned to attract **additional income streams** (eg offering a base for training courses) to make their early years more viable
- Able to serve **rural** as well as urban areas, where strategic thought is needed to attract the footfall that comes naturally in a town

Public sector intervention could be targeted towards helping identify suitable buildings and researching local home-based businesses, helping workhubs market themselves to local micro businesses and recognising workhubs as a partner for business support services.

- be **self-financing** once established, with income coming both from hub users and from additional services such as providing or hosting training and business support
- **operate as smart working environments**, ie with more members/users than they have space to house and offering evening and weekend uses – making the hubs a lower carbon option than offices which have have a 'one person, one desk' model and 9-5 operating hours
- offer quality meeting spaces for business and creative **networks**, encouraging networking and collaboration
- track the economic and **business benefits** of networking and collaboration to home-based users (eg higher turnover, raised employment levels, enhanced skills) to justify further investment and show the value of hub membership
- plan ways to make available high quality 'drop-in' and full-time workspace to employees of large companies and the public sector, specifically to **reduce commuting**
- form links with other workhubs to **reduce costs** and stretch investment, for example by having staff work across a number of hubs and by sharing pooled facilities such as virtual office services and training
- make imaginative use of redundant or **under-used buildings** in good town and village locations, including public sector assets
- generate funding from the developers as part of a **planning gain** package, if co-located with clusters of live/work units, helping with the cost of building or equipping the workhub or further stretching any public investment. Many live/work developers see a workhub as a potentially useful way to stretch limited public funds (Dwelly, 2008)
- if they have benefited from planning gain, to **perform tasks** such as monitoring work use of live/work properties, supporting member businesses and making facilities available to the wider community
- monitor the **carbon impacts** of the hub and its users, and implement a sustainable travel plan.

5 UNDERSTANDING THE DEMAND

What home-based businesses need

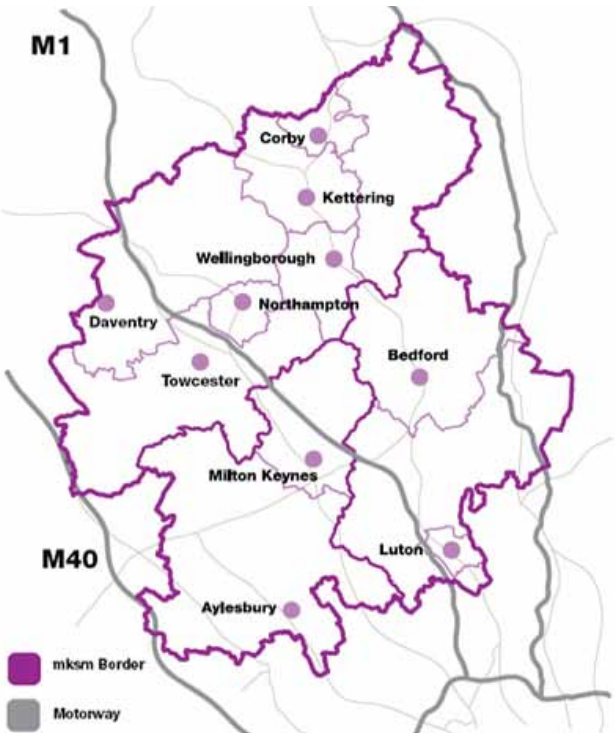
TO TEST the needs of home-based businesses and their response to the workhubs concept, we carried out a snapshot survey and focus groups in one area, Milton Keynes and South Midlands (known as mksm).

Research in 2009 by Business Link (Business Link, 2009) into small and medium-sized home-based businesses in south-east England revealed a large regional incidence of home-working, at 44% of all businesses.

It found the largest group of south-east home-based businesses (44%) worked at home all the time. Just under a third (32%) divided their working time between home and another location. Both types of home-using businesses were more likely to be start-ups, and most were managed by women or men over 55 years and in a rural location.

Analysis of Labour Force Survey data in 2008 by Kingston University's Small Business Research Centre suggests that, across the UK, businesses without employees rose by up to 20% in the 10 years from 1998 to 2008 (Kitching & Smallbone, 2008). There is evidence too that some people made redundant in the economic downturn have, instead of joining the dole queue, signed up to business as a sole trader.

Live/Work Network was commissioned by SEEDA, as part of this project, to research the needs of home-based businesses in the Milton Keynes South Midlands growth area to assess likely demand for any future workhubs there.



Small businesses represent a hugely significant proportion of the labour force in both the unitary authority of Milton Keynes and neighbouring Aylesbury. In Milton Keynes, 87% of all businesses employ 20 or fewer people, and about 70% employ one to four. It is, according to ONS, one of the most economically productive locations in the UK. In Aylesbury Vale, close to four in five businesses (78%) employ four or fewer people.

What home-based businesses want

HOME-BASED BUSINESS in the mksm area put forward their views via an online survey (with 65 responses), one-to-one phone interviews and a focus group. In an attempt to identify home-based businesses in a wide and dispersed area, Live/Work Network sought the assistance of a wide range of business networks and support agencies, organisations including universities and those providing managed premises and local online media outlets. The most effective source proved to be online business networks.

The relatively small number of respondents reflects the difficulty finding home-based business, poor broadband coverage in some areas and no doubt a natural hesitancy to reveal personal information to an unfamiliar agency. Caution should therefore be exercised in statistical interpretation of the responses. The responses do however fit well with views expressed by workhub users interviewed in depth across the country for this report. The survey and accompanying interviews showed that home-based businesses want:

Meeting space: professional space to meet clients or colleagues or to offer training or tuition. 46 of the 65 said they would be inclined to use informal meeting spaces in a workhub facility regularly or occasionally. 44 said they would use bookable meeting rooms.
Focus group member: *'Most of the time I try to turn the invitation round so that I visit a client instead of the other way round.'*

Isolation busting: a place to meet people where networking and collaboration evolves naturally, without the forced camaraderie of a business breakfast. 15 said they would network regularly, 37 make occasional use. 26 said they would use informal workspace.
Focus group member: *'Everyone used to do their networking in a coffee shop in central Milton Keynes. Now it's closed there's only a place where it's difficult to park. All we need is somewhere to sit in peace.'*

What should a workhub offer? Responses from potential users

Fast and easy access
In the mksm area, 50 wanted car parking facilities. This is a reflection on the geography of Milton Keynes (designed to be car friendly), the cost and difficulty of parking in the centre, and the quality of public transport. It is worth noting that most workhubs we visited were at sites chosen for being easy to reach on foot, bike, bus or train

Collaboration and networking opportunities
These were favoured by 37, with 38 wanting opportunities to socialise, suggesting the two are related. 42 said they would use a café/bar frequently

Smart but not intimidating feel
27 wanted a smart, business-like atmosphere and 23 said they wanted a less formal, lower key setting

A reception area/service
A clearly defined reception area was favoured by 37

Breakout space
An outside seating area was favoured by 36 and 33 said they would like comfortable sofas and/or armchairs

Personalised phone numbers
These were favoured by 28

Relaxed dress code
29 preferred a relaxed dress code and 27 said they disliked formal dress. Only seven wanted a formal dress code and one in three had no strong views

IT expertise in the building
25 wanted in-house IT expertise

A location with character
24 said they preferred a village or town centre location as opposed to a business park setting (11)
Survey respondent: *'A workhub in my village would be ideal. It has great parking, wonderful facilities and you can do the shopping before you go home.'*

Job/contract alerts
24 said they would welcome these

Modern well designed interior
The designer look was favoured (15) over the traditional office look (4)

Own space
Many more expressed a preference for their **own office or studio** (20) than wanted open plan working (3). 22 said they disliked open plan working. But this response should be considered against the low number (14) interested in renting office or studio space

Flexible tariffs
Asked what they might be prepared to pay to use a workhub, answers ranged from £10 a month to £200. Six suggested fees up to £30, eight gave figures from £40-100 and just two were prepared to pay more.

Focus group member: *'I usually use hotels but they can get very noisy. I've asked the staff to turn the music down and they've refused. Once I was meeting a client and they started cleaning the floor around us.'*

Opportunities for collaboration: 46 said they would use a hub to find people to bounce ideas off or discuss ways to collaborate.
Focus group member: *'I work on my own but regularly meet someone who works in a totally different business and we bounce ideas off each other.'*
Focus group member: *'At [workhub] Funkbunk, opportunities for collaboration have come up more times than I can imagine.'*

Professional quality office equipment: Few home-based businesses are likely to invest in industry standard equipment and technology where the cost outweighs the likely use. In a workhub this equipment would almost certainly get frequent use. 39 respondents said they would regularly or occasionally use equipment like copiers, printers and projectors.

Business support and advice: 38 would welcome the chance to get professional advice on business matters at a workhub. Equally a significant number said this was their area of expertise. For them the workhub would provide a rich source of potential clients.
Focus group member: *'You'd be more visible in a workhub. If you were there and someone had come to see a graphic designer, for example, and they see that there's an independent financial adviser there they might ask if they are any good.'*

Specialist training and support: 32 said they would be interested in specialist training and 31 said they would value IT support and advice. Some respondents were IT consultants or trainers. Again a workhub would offer a good base for their services. For those seeking to improve their knowledge and skills, in online media for example, a workhub would almost certainly be a preferable venue to an educational institute.
Focus group member: *'Youngsters were brought up with computers so have no fear but I've had to learn. Last summer I was told me how media networking works and now I'm in LinkedIn it's as if the doors have opened.'*

Reasons for homeworking

Easily the most popular aspect is choosing which hours to work, at 80%.

In second place, at 68%, broadband and technological advances have made running a business from home easier.

Other reasons for working at home are, at 63%, they like doing so, having total control over their working conditions (65%) and being available at short notice to deal with household matters (including, in one case, the needs of a disabled wife).

Cost and convenience are big factors. 65% wanted to avoid the cost of a commercial lease and 52% did not want the commitment. 52% said they would not use a rented office enough to justify the cost, a sentiment expressed repeatedly by workhub users interviewed for this report.

Work/life balance: 52% said they could make better use of time otherwise wasted travelling to work, and 37% noted a dislike of commuting.

Chris Brookes, Start-up Research Ltd

Chris Brookes is a market researcher who set up her business in January 2009, having been made redundant 11 months earlier. 'I had no luck finding another job and people kept saying to me "You've got all the skills. Why don't you do it on your own?". I hit a really low point last year when, after I'd been on the dole for six months, the JobCentre insisted I do a literacy and numeracy test. I've got an English degree and an MBA!'

Since launching her own company, run from the living room table, Chris says she's found work coming from unexpected sources. 'Straightaway I got one day a week consulting for a company in Bedford. I've also got some work teaching. I'm doing a research proposal for a local college and I've picked up a little job through an email group I'm part of, where people post details of any expertise they need. It's still a worrying place to be but I'm feeling quite positive and really enjoying the break from having to stay in London all week because. I'm still working long hours but it's now my decision.'

PROFILE OF HOME-BASED BUSINESSES IN mksm

Diverse professional skills

PEOPLE RESPONDING to our online survey represented a diverse range of services, with many offering a mix of professional skills:

- legal, finance, business and IT (solicitor's practice, financial advice and planning, book-keeping, accountancy, training, coaching, management consultancies, and office support)
- creative/marketing (architect, PR consultants, copywriting, graphic design, fine art, sculpture, jewellery, exhibition design, web design, consultancies, market research, photography, publishing)
- health: midwifery, personal training
- retail and personal services: food produce and sales, designing and manufacturing children's products, accessories and gifts, florist, book sales, genealogy, educational goods and hardware, hair and beauty treatments, dog care/walking/boarding, personalised wine labelling, life coaching
- tourism: information and promotional goods.

Business profile

THE SURVEY was clearly just a snapshot in one area. Results should therefore be seen as qualitative rather than as representing statistical trends. However, it was interesting to note that a high proportion of respondents (46%) were registered as a limited company, almost as many as the 49% describing themselves as self-employed or freelance.

Almost all worked for themselves, with small numbers working in partnership or with complex work arrangements combining self-employment with paid positions or portfolio roles in different areas of expertise.

Most were well-established businesses, with 45% saying they have worked from home for over five years and 48% saying one to five years. Just five started working from home in the past year.

Jennifer Nicholls, Tamar IFA Ltd

Jennifer Nicholls is a freelance independent financial adviser operating under the company umbrella of Tamar IFA. Now in her early 50s, she went freelance less than a year ago after finding her job increasingly stressful. 'I was driving all over Buckinghamshire, from one branch to another and the bank refused to move me back to Milton Keynes.' After 20 years working for major banks, stockbrokers and pension companies, the change of pace and environment was stark. But Jennifer loves her new lifestyle.

The home office could be improved, she says. 'There are wires all over the floor and the tumble drier is next to me. I have to go upstairs to get a mobile signal too. But my quality of life is so much better. I'm doing the same job, but this time for myself.' Jennifer now deals with clients who actively seek out her services and, since getting the grasp of online networking, is benefiting professionally and socially. Her main challenge has been becoming self-sufficient with IT. 'Last summer I started using online networking works and now it's as if all the doors have opened. Just the other day I got an email from America congratulating me on becoming their first UK-based IFA.'

Survey respondent: *'I prefer to work with freelancers and I don't want the worry and costs associated with security or health and safety. I set up my business to eliminate these expensive and time-consuming elements. The ability to wirelessly connect to my files remotely, email on the go and carry out research using mobile computing and phones has removed a lot of the need to have these in a location away from home. All the support services I need – printing, accountancy and specialist advice – I source on the fly.'*

James Rudd, Meynell Redhouse Ltd

James Rudd runs a local online newspaper and a small publishing company. He is also a photographer and offers consultancies in website maintenance and marketing. His base is a garden shed, ordered through eBay and self built. He set up his home businesses a few years ago after being made redundant. 'I couldn't face the commute to London again so I tried to work in the house but with a three-year-old daughter it was impossible.'

With his daughter now at school, his working day is more peaceful but he also has more time to spare for her at the end of the day. 'All I need here is my laptop, mobile phone, camera and broadband.' When not shedworking, James uses coffee shops with wifi or, in London, borrows office space from friends. He says he'd welcome a workhub in Towcester. 'The main problem for shedworkers is motivation. It's easy to get distracted but I don't struggle myself and in an office people waste a lot of time not doing any work at all.'

How workhubs can counter the downside of home-working

Those whose working arrangements were least suitable (eg dining room table) were most likely to encounter problems, notably an inability to draw a line between home and work. Of those who felt there were disadvantages to running a business from home:

- Most (58%) cited a lack of professional meeting space. Some said they felt uncomfortable inviting people into their home or concerned about safety
- Isolation was identified as a problem by 52%, though that left 48% who said it wasn't
- 44% said other household members disturbed their work. Two said the problem extended to neighbours and visitors, who assumed their being at home meant they were available for 'community services'
- Lack of mental stimulation or interaction was a problem for 37%, a problem associated with isolation.

Employee numbers

just me	48%
2-4 people	29%
varies by contract	10%
5 or more	5%
other	8%

Top five advantages of homeworking

1.	The flexibility to work when I want	92%
2.	Not paying for separate premises	87%
3.	Don't waste time commuting	80%
4.	Avoid commuting costs	72%
5.	Total control over my working conditions	70%

Funkbunk is a workhub in the mksm area

Summary

OUR RESEARCH drew a picture of an area where behind their front doors (or garage or shed doors), a substantial number of people are running sophisticated business operations.

This is supported by 2001 census data, certainly now an underestimate, that shows in some wards extremely high percentages of homeworking per head of population. In rural Aylesbury, three wards have a home-based business in nearly a quarter of all homes. Four market towns in Aylesbury and Milton Keynes alone had over 500 home-based businesses each in 2001. Nearly one in three had employees, others are working with others with complementary skills as and when their work requires.

These are self-motivated people making a real contribution to the local economy and the social fabric of their communities. Almost all have a well-established base for their business at home, and they enjoy the flexibility it offers and having more time to work or pursue other interests. But their responses also suggest a workhub would be a welcome source of support.

Business begins at home: one region's response

The West Midlands has a notably high proportion of homeworkers. The regional development agency Advantage West Midlands has been taking a proactive approach to this part of the region's economy, with a series of initiatives to support micro home enterprise. This chapter looks at these, in particular the first UK workhub established to exclusively target home-based business

A changing workforce

The census in 2001 identified the West Midlands as one of the UK's two hotspot regions for home-based businesses (the coincidence of homeworking and self employment), along with the South West.

In 2001, 4.34% of the working population were employed this way – a figure that rose to 8.04% in rural areas. It is important to recognise that these figures do not include those who run their own companies, who are classed as employees of their own businesses. In the last ten years many self-employed people have chosen to become company directors for a more favourable tax regime. However, we can use the self-employed homeworkers as a base to measure workforce trends towards use of the home as a workplace.

For this report we have obtained new data from the Labour Force Survey run by the Office for National Statistics. Our new analysis shows a recorded rise of 18.8% in homeworking and 17.9% in self-employment in the region since the 2001 census.

From the last quarter of 2001 to the last quarter of 2009, the numbers of those that were both homeworking and self-employed – our base of home-based businesses – increased by 27.13% to 191,756 (see table).

Tough economic conditions in recent years have been one factor that may explain this large rise. More recent data shows that self-employment in the West Midlands rose by 9.2% in the 12 months to May 2010 alone - perhaps reflecting start-ups by those made redundant.

Change in West Midlands workforce 2001 to 2009

	All workers	Home working	Self-employed	HW and SE
	- 0.8%	**+ 18.8%**	**+ 17.9%**	**+ 27.13%**
2001	2,464,949	268,476	263,814	150,836
2009	2,446,113	318,948	310,928	191,756

Source ONS Labour Force Survey

THE WEST Midlands has seen a greater increase than the UK in the co-incidence of homeworking and self employment since 2001. But notably, this increase has occurred at the same time as a decline in the overall numbers in work in the region. There is a small but tangible shift taking place in the region, away from workspace-based employees towards home-based self-employed.

Hotspots of home-based business can be measured two ways – by actual numbers of self-employed people working from home or by their proportion of the workforce.

Areas with notably high incidences include Herefordshire, Malvern Hills, Wychavon, Stratford on Avon and Staffordshire Moorlands. In Telford and Wrekin district, Newport and Ironbridge have relatively high numbers of home-based businesses.

In some urban areas, there are also high numbers of self-employed people working from home: Birmingham, Dudley, Solihull, Coventry, Walsall, Warwick and

Stafford. Proportionate to the working age population, the urban percentages are small. But given that many jobs – at all levels – rely for paid work on a small number of large employers, this diversity could be significant to a region which is trying to diversify its economic base.

The rural context

IT IS important to recognise that rural parts of the region have significantly higher incidence of home-working and home-based business. The rural parts of the region saw a very high rise in numbers of home-based businesses – almost 50% (see table).

West Midlands urban and rural workforce % changes 2001 -2009				
	All workers	Home-working	Self-employed	HW and SE
URBAN	-1.6	10.3	11.6	18.4
RURAL	3.0	39.4	39.3	49.6

Source: ONS Labour Force Survey

Regional strathegy and exemplars

THE REGION has a strategic commitment to 'increased opportunities for homeworking' and 'alternatives to business travel' (Regional Spatial Strategy). But it has also targeted measures in rural areas to respond to the prevalence of homeworking there. Its rural renaissance approach has been to promote market towns as drivers of rural regeneration, developing 'ICT infrastructure to assist the local economy, including increased potential for homeworking'.

There is a Rural Regeneration Zone covering Hereford, Shropshire and most of Worcestershire. This part of the Advantage West Midlands (AWM) strategy has helped to support home-based entrepreneurs through the Enterprise HQ workhub in Coalport (case study next page).

At Ross-on-Wye, Herefordshire Council is leading the creation of a new live/work quarter alongside new technology and business premises. The site, known as Model Farm, is designated employment land. Here, planning gain will see the live/work development fund a workhub which will offer business networking and collaboration not only to adjacent live/work businesses but to home-based businesses in Herefordshire.

This use of land is a notable example of recent national planning policy and the Taylor Review of the rural economy being put into practice. Planning Policy Statement 4 calls for innovative uses of employment sites and recommends live/work as an option. The Taylor Review called for exemplar rural live/work and enterprise hubs.

At Ross-on-Wye the council is pioneering these concepts. The site has planning consent and its own development document and masterplan. There is a preferred developer appointed to deliver live/work and a workhub. And there is a website promoting Ross as a live/work destination town, to encourage inward investment by businesses seeking a location with a high quality of life: www.liveworkross.com. This whole process was supported through the market town initiative using funding from Advantage West Midlands' Rural Regeneration Zone.

In more urban areas, AWM and the Homes and Communities Agency have helped fund Midland Heart housing group's live/work development in Burslem at Stoke as the city's creative quarter. There have been two phases. The scheme is sited next to 'Bizz Fizz' at the nearby art college. This project provides services that could be enhanced and turned into a full workhub operation. Funding has also been made available to create a live/work scheme in Birmingham's Jewellery Quarter. This will potentially encourage the next generation of jewellery designers and makers to stay or relocate within the city and region.

The region is now looking at further opportunities to support workhubs in priority investment areas, particularly where costs can be largely shouldered by the private sector – for example though innovative approaches to planning gain and land deals with live/work developers. One example is at Astley Cross in Malvern Hills where live/work developers Spaceworks have consent for a rural live/work cluster including a workhub. At Telford and Wrekin, sites are being considered for exemplar live/work schemes that can link up with the existing workhub at Coalport in the Ironbridge Gorge.

The West Midlands approach to supporting its home-based businesses is one that other regions and Local Enterprise Partnerships can learn useful lessons from.

A home-based business at Ironbridge

Enterprise HQ, Ironbridge

ENTERPRISE HQ was the first workhub to exclusively target home-based business. Based at Coalport in the Ironbridge Gorge (pictured), it offers valuable lessons on how to support collaboration among homeworkers while also generating a sustainable income stream.

Originally the base for the Coalport China company, Enterprise HQ is in a three-storey renovated warehouse-style building close to historic buildings dating back to the industrial revolution. It is long-leased to Enterprise HQ by the Ironbridge Gorge Museum Trust. Neighbours include a YHA hostel, the Coalport China visitor centre and over 250 homes, all close to the River Severn and a generous parking area, vital for a site serving a rural area.

The workhub has 4,500 square feet of useable space, accessed by a swipe card that also monitors members usage. On the ground floor is a high quality reception area and open plan networking space, leading to a bookable 'boardroom' with plasma screen and real/espresso coffee facilities.

On the second and third floors special spaces have been created including the 'Millionaires in training' seminar area for teaching. Members can use a new mezzanine area on the top floor as an overflow business lounge but it is also available for private hire. Some of this space is now being converted to offices within the building for full-time occupation by small businesses.

What's special

ENTERPRISE HQ was set up with a specific remit to serve the home-based businesses prevalent in the rural West Midlands, funded by Advantage West Midlands, ERDF and Telford and Wrekin Council.

'This is a facility that puts a premium on people collaborating, which is what home-based businesses are clear they want,' says director Fay Easton. 'It can be pretty isolating working from home. That wouldn't change a great deal if you let yourself into a city centre workspace with a fob key once a week.'

Enterprise HQ is often described as 'boutique managed workspace', with a décor and facilities more in keeping with a contemporary urban hotel than a rural business facility. This is part of its appeal.

The emphasis is on users as members rather than paying customers, although services are also available to non-members. Members get special privileges and discounts and a flexible range of services.

Easton and colleagues set up the project after spotting a gap in the market. 'We knew the market was there from home-based business data and from projects like Enterprise Nation, an online networking website for home businesses.

Their first move was to set up a pilot workhub in Shrewsbury, offering customised work and meeting space to the high numbers of self-employed business owners in the rural parts surrounding the town. 'We set out to do something different to the old office economy, recognising the reality of how businesses operate in Britain today,' Easton says.

Members use the facility as a second office. 'Many like to break out of the home and work here for a change,' explains Easton. 'It's a way to avoid feeling isolated, but also a chance to use a professional meeting space to see clients and make presentations.'

Management

THE COMPANY is a trading subsidiary of a not for profit social enterprise, Shropshire Enterprise Partnership. The partnership is led by a private sector chair. Its 15 member board includes public, private, community and education representatives. Telford and Wrekin Council helps with audit and evaluation and project development and expansion. Operating as a public/private partnership, the project led two winning bids to the Enterprising Britain competition, securing regional titles in 2005 and 2009.

Facilities/services

- Serviced office pods on monthly licence
- Casual working and formal meeting space
- Broadband/wifi high speed hub (5mbps)
- Hotdesking
- High spec meeting rooms with plasma screen and projector (£20 per hour)
- Relaxation space – sofas, massage chair
- Very active networking events calendar
- Local food provided by outsourced caterers and chefs
- Visiting specialists – access to finance, legal clinics and goal setting and personal development
- 'Laptop pit stop' outsourced ICT support service
- Workshops covering use of social media, eBay trading and other enterprise functions
- Fresh coffee and snacks
- The first Jelly coworking group in Shropshire (freelancers working together)

The Enterprise HQ building, originally a china factory, is owned by a museum trust and leased out as a workhub

Tariffs

THERE ARE two types of membership: £50 a year 'enterprise' (allowing just a couple of visits a year, but full page online advertising in the directory and email news) and £20 a month 'entrepreneur'. This provides:

- entrepreneurs club and workspace for 10 visits a year
- advertising online through full page catalogue ads and in the building
- affordable commercial services including registered business address and mail box services
- preferential booking and discounted board room/meeting room rates
- networking opportunities, refreshments and bean to cup coffee
- opening hours: Monday to Friday 9am – 5.30pm. Plus breakfast and 5-9 clubs, events, networks and round tables.

The finances

THE CAPITAL cost of converting the building was £500,000 (about £100 per square foot), £750,000 including capitalised rent for 12 years.

The previous Shrewsbury Enterprise HQ used to market test the project had a £160,000 capital renovation budget, with £300,000 for revenue costs over three years.

Enterprise HQ in Coalport is held on a 20 year lease (the minimum for ERDF funding) and running costs are about £100,000 per year. Half of this goes on freelance contractors providing all facilities management, web, administration, and reporting, marketing and sales services.

Income sources are: 30% from serviced office monthly licence, 30% from membership fees, 10% from non-members booking private rooms regularly and 30% from contract delivery for enterprise workshops and training.

The project is very rich in outputs. Large numbers of home-based businesses are members and trading referrals boost trade, there is a strong business start-up culture. Attendance at events and networks is prolific.

But income projections made before the downturn have fallen short and membership fees have had to be seriously discounted, with other sources of revenue secured to compensate. Costs have been cut and the business refined to put more emphasis on fixed revenue streams from contract delivery and letting office space to sustain support for members.

Fay Easton says 'The market testing phase was invaluable. Now we are making 800 square feet of workspace available to tenants and have a long waiting list already. Small companies that prefer a collaborative environment are now actively seeking out this kind of new economy workspace.'

The team

THE MODEL is to use self-employed contractors only. This presents challenges for team dynamics but these self-employed freelancers get the benefits of working at Enterprise HQ, including making new contacts. The project takes a horizontal management approach, with the director sharing tasks like making coffee.

The freelancers undertake discrete marketing projects and sales campaigns. 'Using freelance entrepreneurs to help run the venue has been one of the critical elements of our success,' says Easton.

Hollie Whittles

www.PurpleFrogIT.co.uk

Hollie Whittles (far left) is director of Purple Frog, a home-based web design consultancy with a client list that includes the UK Testing Board and Chartered Institute of IT. It was concern about the suitability of her home for meetings that first led Hollie to find an alternative.

'We have a large office on the third floor but didn't feel it created the right impression to hold client meetings there,' Hollie says. 'We also wanted a meeting place with a much more professional feel, because having come out of the corporate world we were used to having on tap the sort of facilities you find at Enterprise HQ.

But we recently had six clients here at once for a training session to help them maintain their websites. It was a quick win for us and it's an inspirational environment.'

Businesses and members

ENTERPRISE HQ has achieved a strong penetration into Shropshire's home-based business sector, with 500 home-based members. Of these, 300 were signed up at the Shrewsbury HQ, set up in 2007. In 2009 the two centres merged to make savings and adapt to the tougher economic climate. The Shrewsbury workhub had by then provided invaluable market testing knowledge, helping to refine the Coalport operation.

Members' businesses (and incomes) are wide ranging, with many working in ICT and telecoms, human resources/training and consultancy, plus creative sectors. Some are second income lifestyle businesses but many have significantly high turnovers.

Events are very popular and often incentives for members to call in. Examples in the last year include the Big Idea business summit, 'meet your MP business lunch' and website training courses. Around 50 businesses visit on any given week, some doing so regularly. The target is a footfall count of over 300 businesses a week from a membership of 1,000.

Raising the game – encouraging sole traders to expand

'Sole traders often do everything themselves when it may not always be cost efficient,' says Easton. 'If their core trade earns them, say, £200 a day, it makes no sense to spend a day doing the books when someone else could do this for under half the amount while the sole trader does work that pays. At Enterprise HQ we encourage members to stand back and look at how subcontracting could make their business more profitable.'

Only a minority of home-based sole traders make the leap to efficient outsourcing, she believes. 'Even fewer will move on to traditional office space and employing staff. The sector is growing year on year. Our task is to support their business growth by helping them team up with other businesses. Collaboration is relatively easy at micro level and very flexible.'

The challenges

IN RURAL areas like this car access is important. The workhub shares a courtyard car park and members can park right outside the venue.

The main challenge in the area is poor ICT connectivity – a weak mobile signal and minimal broadband speeds. The council is working to resolve this critical infrastructure issue and in the meantime, local residents use the high speed hub to help with their own domestic ICT shortfalls.

The challenge of bringing in tenants for the new serviced offices has included a search for those wanting to co-locate with home-based and mobile businesses. AIM (a previously home-based music school) and Alphagraphics (a print and design company) have both taken full-time space. Another new addition is Data Sphere, a company expanding internationally that connects web business. 'These tenants are ideal potential collaborators for our other users,' says Easton. 'Many people don't want to be based in soulless buildings with just one or two other tenants you hardly speak to.'

Future directions include opening more hubs in market towns and exploring the potential for high take up of services by public sector employees and corporates operating flexible working policies.

Easton is the first to acknowledge that setting up a workhub of this quality requires a huge effort and a good budget. Devising the right business model for each workhub needs to be very carefully thought through, she suggests, with each needing to reflect their own nuances – the factors that make each unique to an area and add to user appeal. 'There has to be a benefit in replication and spreading of costs,' she says. 'I envisage a series of organisations and companies like ours doing this around the UK with a number of workhubs under their management, sharing services and staff.'

The limits of income derived from home-based business

'Three years ago in a buoyant economy our business plan was to encourage home-based hub users to pay a market value for the space they used,' says Easton. 'But in a recession, monetising the space at a rate equivalent to normal commercial office use is not easy.'

One lesson here is that home-based businesses are used to almost zero premises costs. They value hub facilities but will not pay large amounts for occasional use of a place to work for half a day. Hub use for them is a bonus. Easton says 'There is no financial need to pay for this in the way there is a for a normal office company with staff. So it is important to see the home-based users as providing a large source of lots of smaller payments.'

Brian Foster

www.golfingdestinationsoftheworld

Brian Foster runs a golf website. 'Over one million leave the UK to play golf abroad each year,' he says. On his website keen golfers can do a virtual walk across some of the world's most popular golf courses before deciding whether to visit. It is Brian's second career, following 30 years running his own financial services business.

Now self-employed, he divides his working days between home, travelling to photograph golf courses, and visiting Enterprise HQ, mainly for the broadband: 'I can't sing their praises loud enough,' Brian says. 'It looks professional and Fay is absolutely central to the way it works because of her character, enthusiasm and connections. She's genuinely interested. It doesn't matter if you've been in business for years or you're a young person with just the germ of an idea. There's an energy here that can be quite powerful.'

6 HOW WORKHUBS WORK BEST

Ideas for workhub providers and funders

OUR RESEARCH for this report took us to 18 workhubs in the south-west, north-east, south-east and midlands regions of England. We interviewed at length people running the workhubs and a diverse range of people using the workhub as their 'second office'. Our recommendations in this chapter draw on their statements – and also on asecond online survey of workhubs users we carried out (reported on page 32).

WHAT HOME-BASED BUSINESSES VALUE ABOUT WORKHUBS

A professional front

A workhub offers the impression that you are running a professional, even substantial, organisation and avoids potentially awkward situations where domestic matters overlap with your business.

'From the outside world people see a big company even though I'm running it from my home. The virtual office staff who answer the calls know my business well, so the way they answer my calls is brilliant, almost as I if I was in the building.'
Sarah Shafi, Round Foundry virtual user

'Clients would walk in the building to meet us and you could see they were thinking "Wow! You must be serious!" We've won some major contracts since we've been here.'
Claire Sully, rents studio space at The Old Church School

'It's great for business that clients think we're in the Round Foundry and not in a shoebox down the road and they're happy meeting in the atrium.'
David Sorley, Round Foundry virtual user

Formal and informal places for meetings

A safe, well serviced and attractive setting to meet new and existing clients, to catch up with colleagues or collaborators face to face, interview potential employees or provide services like training.

'If we're about to pitch for a big project everyone comes together to plan it. We've met at the Round Foundry and in hotels. Sometimes we all go abroad. Round the table gets the best from your team – you can't get that from a webcam.'
Jaffer Mir, Round Foundry virtual user

Flexibility

Workhubs offer a change of working environment that you use when it suits you. Even very frequent use of a workhub is likely to cost less than the lease or rent on an office. Workhubs do not in the main require long-term commitments or tie-ins. So their usage mirrors the often fluid working relationship many home-based businesses have with their clients and collaborators.

'There was no point driving 30 miles to the business park and back every day and paying god knows how much in rent and business rates just for the world's flashest office when I was out and about visiting clients for most of the day.'
Kathryn Holloway, hotdesker at Enterprise HQ

Collaborators with useful skills and ideas

Working alongside other people lets businesses collaborate on new and existing projects, bounce ideas off them, test theories, share experience, make contacts.

'*You can run your ideas past others in the building, or if something doesn't work you can turn around to ask someone else how to do it.'*
Hollie Whittles, Enterprise HQ hotdesker

'What's really useful is having other people around to talk to. [Journalist] Miles and I work together occasionally and you get feedback on creative things. Sometimes I'll get asked to do things I can't do but can suggest other people in the hub who can.'
Simon Collins, rents workspace at York Hub

'There's plenty of scope for crossovers and opportunities to work together. At the next desk they're working on a project that might offer me some useful information. They're more media-orientated and I'd like to incorporate more of that into my work with kids with disabilities.'
Dr Vicky Cave, The Werks hotdesker

Beat isolation

Some, particularly younger home-based workers, lack appropriate working space in their home, with examples including a converted cellar and a hallway.

'I share with three others and I used to be like the pet dog. I'd jump on them when they came home so why would I want to rent an office? I'd be paying more money just to be alone again.'
Mike Thornton, Bristol Hub user

Business support

Iusers value immediate access to knowledgeable advice from specialists and others in the same boat.

'Tom [a manager at Round Foundry] made a massive impact on my business from day one. My business legs have really grown with his help.'
Sarah Shaf, Round Foundry user

A source of new clients:

Workhubs offer a natural setting for people to get to know more about the skills and business needs of others working near them without exposing either party to hard-sell sales patter.

'This is so much better than business breakfasts, which I dislike because they're so false. When you work near someone a more natural relationship develops.'
David Sorley, Round Foundry user

Escape distractions at home

'My wife has a habit of using my desk as a dumping ground. My son's left his teddy bear under the chair and the buggy's there! I needed a place that was quiet on the days my wife and two-year-old were at home.'
Mike Richards, hotdesker at Enterprise HQ

'It's not that I can't concentrate at home so much as I want to play with the [one-year-old] twins.'
Antony Clark, rents workspace at Bristol Hub

Someone else does the dull stuff

At home a business person will often have to do their own technical support, fix the broadband connection and field all the calls. At a workhub, some of these strains are subtly removed.

'Everything here works and if it doesn't someone else has to sort it out.'
Luke Wilde, hotdesker at The Old Church School

Professional equipment

Few home-based businesses are likely to invest in industry standard equipment and technology where the cost outweighs the likely amount of use. In a workhub the cost is spread and regular use by a mix of businesses justifies the expense.

'If we had to get our own photocopier we'd also have to pay for the maintenance contract.'
Jon Bootland, hotdesker at The Hub, Islington

How can workhubs reach home-based businesses?

Be visible, and visibly different

Make sure people know what you do, who for, and how you're a very different animal to 'managed premises'. Offer local journalists free workspace to write up stories on the road – they'll soon understand how you work.

Get the council to run a feature in its newspaper or magazine, if it has one, and plug your services on its website. Host get-togethers for homeworkers, and similar. Even a media furore can help.

'This building was owned by the council and used to be a museum. I heard about it because there was a lot of controversy in the press when they decided to turn it into a creative centre.'
Tony Bartholomew, who rents studio space at Woodend Creative Centre

Be in the right place

Pick a location close enough to other useful shops and services for home-based businesses to feel the trip there and back is good value. Think of the things home-based businesses might need, but can't get at home. If you can't offer them as a service yourself, are they within walking distance?

Be visible

Make your presence known to the community (potential users) and to visitors to the building. Researching this report, we walked round several of the workhubs trying to find the right entrance. If you're in a top spot, exploit its potential.

The reception perception

Having a first class reception service makes a hugely favourable impression on visitors and can win users new business. Some hub managers felt not having an identifiable reception service reflected egalitarian principles. Our view is that a visitor should have no doubt who to approach. If they are confused they will feel wrong footed, which may prompt negative judgements. The Hastings Creative Media Centre, Sheffield Electric Works, Enterprise HQ and the Bristol Hub had notably friendly and professional reception services.

Bring coworking space upfront

Unlike most serviced offices, users are typically very visible as you step in, not shut off down the corridor where they risk the very isolation that prompted them to leave their home office. Perhaps less expected is the intense focus on work. If anyone wastes time, it's their pocket that suffers. The upshot is an atmosphere that sells itself because it buzzes with industry.

Understand different ways to do business

Workhubs need to make very clear to their users that they understand and support how they want to do business. A home-based business might be keener to expand their website or chain of collaborators. 'Office growth' as a business target is not necessarily a sign of success.

'The creative economy is all contract or project based so these people will go off to do something else in six months. A lot are very experienced but choose to be independent, switching to work with one group then another. Many do fantastic projects that bring a lot of money into the economy.'

Ian Elwick, director of The Werks franchise

'Innovation centres don't work if you're an entrepreneurial start-up, a young go-getting company, because you don't want to work in an office at all. It doesn't represent the values you represent and being shut off in a small office is not conducive to the way you want to work.'

Gavin Eddy, co-director of Forward Space

Demonstrate the business benefits of membership

Ask users about the value of any contracts secured by meeting new clients at the workhub, or collaborating with people met there. How much do they typically spend locally in a month before or after visiting the workhub?

Consider being part of a wider network of workhubs helping business partnerships to extend further. An entrepreneur seeking associates and collaborators in one part of a county (say) could source and meet people in a workhub similar to the one they use locally. This would help possibly isolated specialist enterprises take on more ambitious markets. See the Digital Peninsula Network case study on page 48.

Support start-up businesses

Target your resources at businesses with genuine prospects. Dynamic start-up businesses will want to meet potential associates, collaborators and new clients. They will want to know what services they can use locally, and whether they are good value for money. Sign them up.

Encourage businesses that use your workhub to subcontract using less-established micros for suitable projects. Assembling teams like this fits neatly with the workhub concept.

Introduce new members to those who are better established and who know the ropes. This might especially benefit people new to freelancing or whose business is in its early days, including people choosing self-employment as an alternative to redundancy or who have recently left school or college. Starting out is scary and peer support can be a huge boost.

Workhub users survey

WE CONDUCTED an online survey of workhub users who work for a home-based business – people who either run the business themselves or work for one. There were 65 respondents to this survey, done in addition to the local survey of home-based businesses in the Milton Keynes area and to the large number of interviews in the case studies below. All the businesses were small, most of them single-person businesses.

This is a small sample so the results need to be seen in context. But they provide valuable insights into how home-based businesses use and value workhubs and the environmental impact.

This chapter looks at the types of businesses using workhubs, why they use them and the carbon impacts of combining home-based working with using the hub.

Who is using the workhubs?

ALL BUT three respondents were from businesses with less than ten people. Larger organisations providing workhub services like Regus are likely to have a different profile, with most users employees of large companies.

Half of the respondents were self-employed, with a further 40% being a limited company director or partner. 10% were employees, and given the nature of the survey, of a home-based business. Nationally, around a third of people working from home are employees.

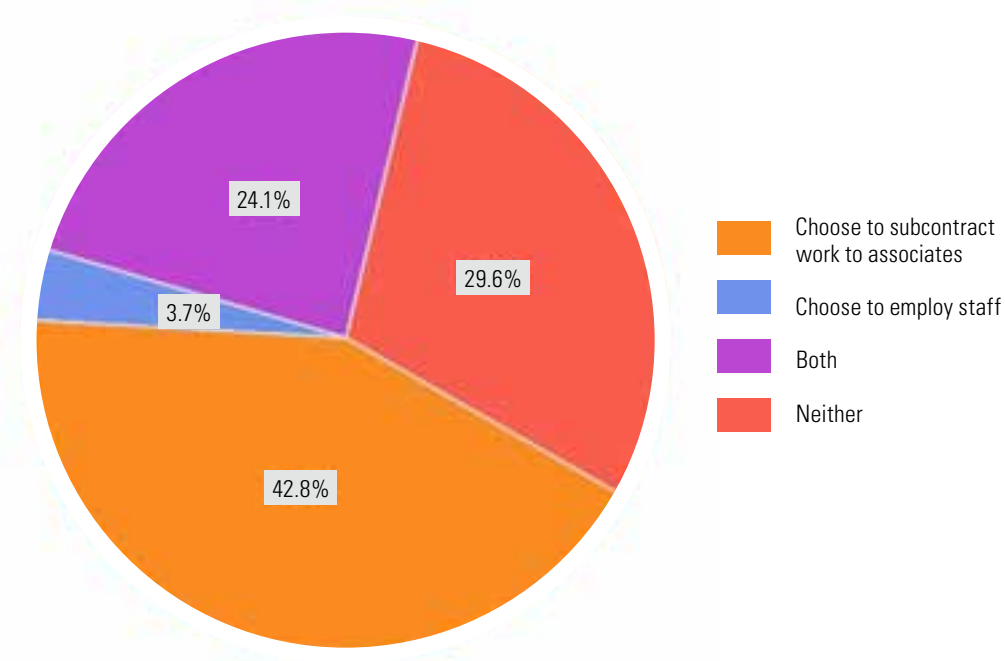
Most were from young businesses, with just over half coming from start-up businesses. Being small businesses, workhub users tend not to employ people instead subcontracting work to associates:

28% have employees, though only 4% rely only employees, with the rest using associates also. 54% in total subcontract to associates, with 30% using only associates. 43% use neither.

We asked respondents to estimate the full-time equivalent (FTE) value of the associates they use. For those who estimated the equivalent, this was an average 2.25. Others indicated that it fluctuated greatly according to workloads and expertise needed.

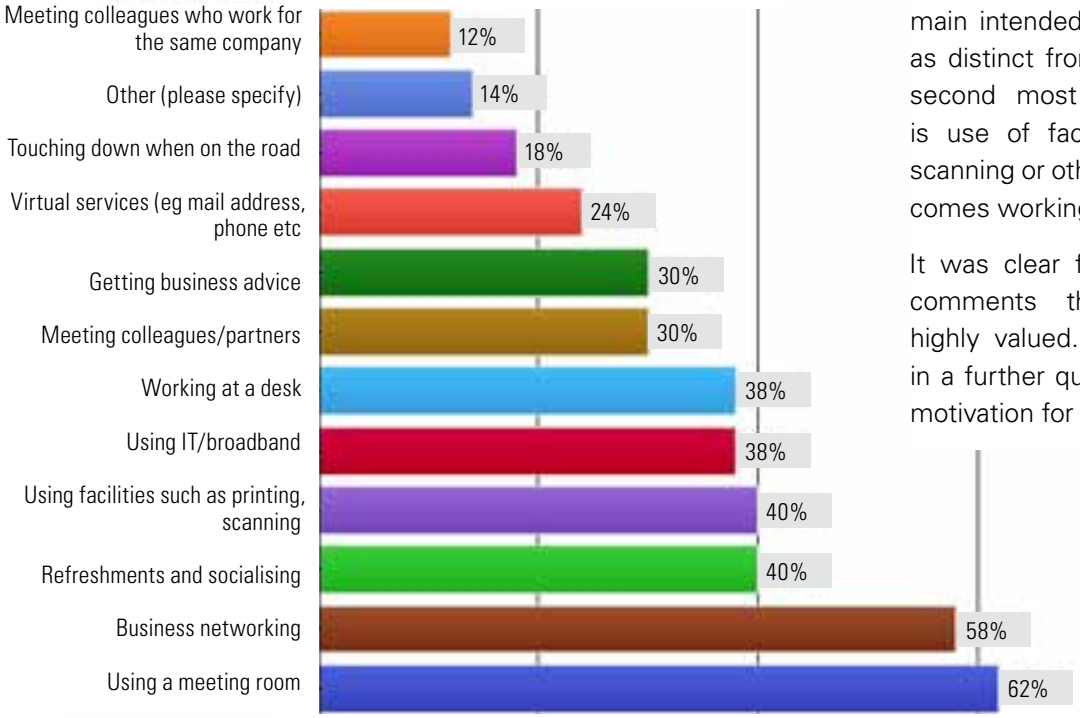
While cautioning again that this is a small sample, the finding could be important. Evaluation of economic development outcomes typically focus on job creation and employment space. However, in the emerging world of smart economic growth, businesses are looking to **grow their income**, but not necessarily staff numbers or premises. This snapshot emphasises the importance of creating value and growing the economy through the collaboration between small businesses.

Employees or associates?



What do people use workhubs for? The main use of workhubs is for collaboration activities:

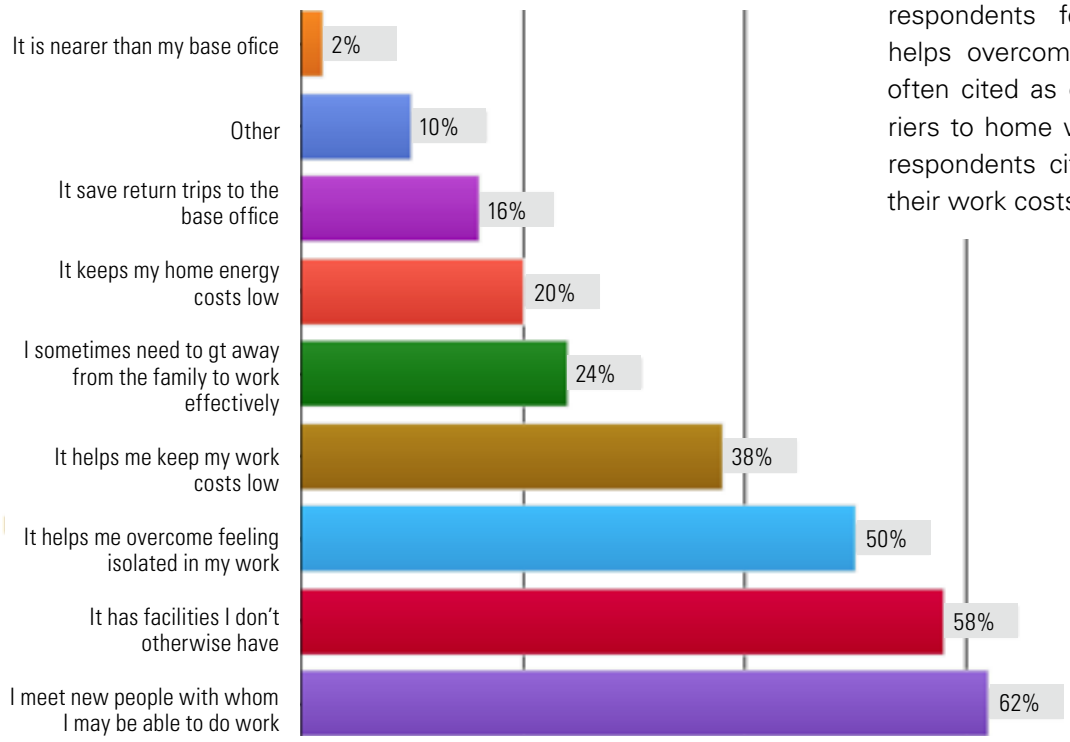
What workhubs are used for



Collaboration is of course one of the main intended functions of workhubs, as distinct from serviced offices. The second most popular reason given is use of facilities such as printing, scanning or other IT services. After this comes working at a desk.

It was clear from many open-ended comments that collaboration was highly valued. This was also evident in a further question that asked about motivation for using a workhub...

Why hubs are used



This question also brings in psychological and financial motivations. Half the respondents feel workhub working helps overcome feelings of isolation, often cited as one of the biggest barriers to home working. Some 38% of respondents cited the ability to keep their work costs low.

Top tips from workhub managers interviewed for this report

DON'T...

Rely on an over-optimistic business plan/financial model

Allow funders to force the workhub to be all things to all people. Be very wary of the words 'community use' if they mean the building could lose its unique business purpose

Restrict membership too narrowly or to any one sector. A mix is good

Design the space to your own personal taste!

Assume customers will just start using your facility. You have to earn every single one

Rely on services alone to attract customers – events are important too

Forget how important your team are – they will sell your services and are key to the success of the project

Give up on harder-to-reach home-based users to maximise income from rented space. That might make more money in the short term, but it will do little for the local economy

Try to offer too much at first – research what your users really need and prioritise these things.

DO...

Get the location right. Think hard. Don't just accept an opportunity without considering whether enough people nearby will like it

Talk to your potential users to understand what they like and don't like about existing locations and alternative office services

Provide an environment that facilitates easy networking – plenty of 'break out' space and seating away from desks

Plan your design and layout very carefully: it is part of your key product

Invest in IT as your workhub grows – scaleable, high bandwidth services will become more and more important

Constantly refresh your product and your sales/marketing strategy

Organise e-newsletters, with real benefits for those who get them

Keep core/regular customers very happy – they can be your best sales team

Make the building warm and friendly – people will often come along for companionship and mental stimulation

Prioritise the reception service – get the best person, not just to answer calls but to help every single member and visitor find/get what they want

Have high quality meeting rooms with projection/screen facilities and capacity for catering to be brought in

Collaborate with other businesses in the area eg accountants, solicitors, insurance brokers, so the workhub becomes a one-stop shop for all business needs.

Women as workhub users

A third of the respondents were women. Their responses were different in a number of respects:

- Women were far less likely to be involved in the media/new media or IT sectors which were almost exclusively male in our sample
- All the women were in single person businesses, except one who worked with her partner
- All the women were self-employed, except one who was an employee (no directors of limited companies)
- All but two usually worked at home
- When using workhubs, they were much less likely to use a desk or anything with IT, and much more likely to network or socialise
- Women were significantly more likely than men to see meeting new people and overcoming isolation as reasons for using the workhub
- Women were far more likely than men to drive to a hub and much less likely to feel their use of workhubs reduced their work-related travel.

Bearing in mind the small sample size, the response may still raise issues about how workhubs are perceived and how their activities could be better targeted to support women in business.

7 CASE STUDIES

For this report we visited a number of workhubs around England to compare their ways of working, their strengths and weaknesses

WE FOUND workhubs in both urban and rural areas. Many had been established relatively recently in response to demand from small businesses for something different to the traditional workspace model, which assumes a daily use during working hours.

Workhub	Type of location	Ownership model	Public sector support?	Training sessions on site?	Business support on site?
Enterprise HQ Coalport page 25	Rural: market town by River Severn	Public/private partnership with long lease of heritage building	ERDF, RDA and council funded fit out. Council continue revenue support	Regular workshops and training events and knowledge sharing	Mentoring and advice from team on site
The Old Church School, Frome page 37	Rural: market town centre, close to main rail	Private company (Forward Space franchise)	No	Informal peer support	Director provides business advice and mentoring. Business Link holds sessions
Old Glove Factory Holt page 41	Rural: village centre	Private company (Forward Space franchise)	No	Informal peer support	Mentoring and business support
The Hub Bristol page 42	Urban: city centre	Private non-profit company (one of global franchise)	No	Informal peer support	Mentoring provided by host
The Hub Islington page 45	Urban: two minutes from tube and high street	Private non-profit company (flagship of franchised global network)	No	Workshops, learning lunches	Provided by host, plus Business Link sessions
Digital Peninsula Network Penzance page 48	Rural/coastal: market town centre	Private non-profit renting from private owner	Yes set up with EU/ RDA/LA support	Yes specialises in ICT training	Yes – as part of training
Electric Works Sheffield page 51	Urban : city centre, very close to mainline rail	Private non-profit company contracted to manage space	Council owns building, public sector paid for fit out	Programme of one-off sessions	Business support/ advice from site team
Round Foundry Leeds page 54	Urban: city centre, close to mainline rail	Private non-profit company contracted to manage space	Building bought by RDA from private developer	Yes, wide range of one off sessions	Business advice/ support from site team
The Werks Hove page 58	Coastal town: high street	Private non-profit company leasing from private owner. Part of a franchise	No	One-off sessions, informal peer support	Active mentoring and knowledge sharing
York Hub page 62	Urban: mews in historic city centre, near mainline rail	Private company sharing own (long) leased workspace	No	No	Member to member
Funkbunk Bedfordshire page 66	Rural – farm just outside market town	Private company sharing own leased workspace	No	Evening classes and informal peer support	Mentoring
Woodend Creative Scarborough page 68	Coastal: market town centre near mainline rail and beaches	Private non-profit company managing council-owned building	RDA and council funded fit out of Grade II listed building	Training programme being developed	Mentoring, Business Link sessions and business incubation for start-ups
Regus – more than 135 centres across UK	Urban centres, business zones and regional centres	Publically listed global company (FTSE 250)	No	Lectures and workshops in business and new media	Business planning support

The word which users and providers of these premises used more than any other was 'collaboration'. It is the way workhubs enable their users (often a mix of occasional users and those who attend daily) to collaborate with one another that seemed to be the special ingredient of this emerging sector.

Workhub	Networking andcollaboration actively facilitated?	Type of building	Bookable meeting rooms and event space?	Virtual office facility?	Serviced offices in building?	Coworking open plan space for daily users	What's special
Enterprise HQ Coalport page 25	Yes	Converted Grade 2* former chinaworks	Yes	No but call answering for members	Yes	Yes	Boutique-style, funky furnishings and rebranding area as home-business hot spot
The Old Church School, Frome page 37	Yes	Converted Grade II listed former church school	Yes	Yes – virtual PA	Yes	Yes	City quality service, unique setting in market town
Old Glove Factory Holt page 41	Yes	Converted 19th century factory	Yes, including outdoor exhibition space, cultural hub/canteen	No	Yes	Yes	Stunning conversion with extensive use of high quality salvage
The Hub Bristol page 42	Yes	Single floor above major arts centre	Yes	No	No	Yes	Green/ethical ethos, stunning views of Bristol waterside
The Hub Islington page 45	Yes	Top floor of Victorian warehouse	Space behind flexible partition wall	No	No	Yes	Green/ethical ethos, heated with woodchip burners
Digital Peninsula Network Penzance page 48	Yes	Converted granite warehouse, previously antique shop	Yes, including board room	No	No	Yes	Large ICT training programme, ICT Scout (contract alert system)
Electric Works Sheffield page 51	Yes	Purpose-built media centre	Yes, including conference facilities	Yes – key service	Yes	Yes	Helter skelter from top floor to reception, designer furniture in meeting space
Round Foundry Leeds page 54	Yes	New build corporate offices converted for multiple use	Yes, including conference facilities	Yes – key service	Yes	Yes	Business buzz, innovative telecoms package
The Werks Hove page 58	Yes	Converted Victorian shop and upstairs premises	Yes	In pipeline	No	Yes	Ethical outlook, specialises in coworking and collaboration
York Hub page 62	Yes	Basement of modern office block	Yes	Yes	No	Yes	In mews at heart of historic town
Funkbunk Bedfordshire page 66	Yes	Converted farm outbuildings	Yes	No	No	Yes	stylish brand making new use of agricultural setting, outstanding website
Woodend Creative Scarborough page 68	Yes	Converted Grade II listed townhouse – once home to Sitwell family, later a natural history museum	Yes, including art gallery and haunted library...	Yes	Yes	Yes	Heritage building, rebranding town as creative hub. 10MB broadband for neighbouring buildings
Regus – more than 135 centres across UK	Yes	Mainly modern office blocks	Yes, including business lounges in many	Yes – major selling point	Yes	Yes	Global market leader for mobile workforce

Forward Space 'The Old Church School', Frome

The Old Church School is the first of three workhubs set up under the Forward Space banner. It opened in 2007 and today offers a mix of studio space for small businesses and, on the ground floor, shared workspace and meeting rooms

The building

A short walk up the hill from Frome's town centre brings you to The Old Church School, a Grade II listed stone building facing a church graveyard. The interior is bright and stylish with a mix of bespoke, designer and budget furniture, including adjustable desks for hotdesking. Functional graphics create an attractive decorative motif throughout the building.

The ground floor offers shared workspace, separated from three meeting rooms by floor to ceiling glass walls. Around the corner is a kitchen and relaxed seating area with sofas. Upstairs are five self-contained studios for full-time tenants, all businesses that have flourished and grown since renting open plan desk space on the ground floor.

'For us it's important the building comes with some heritage. Buildings like this have a local character,' says Gavin Eddy (pictured), the driving force behind The Old Church School. 'People relocate here because they want to be part of something unique – a business community. They want the networking, the mentoring and something they can't get anywhere else.'

What's special

'We wanted to offer something a bit aspirational, so that when people come through the door they go wow!' says Eddy. 'By the time your visitors find out that you're a freelancer working in the corner occasionally, it doesn't matter. The impression's been created and they see you as a serious company.'

Management

Gavin Eddy is co-director of parent company Forward Space with business partner Nick Kirkham. Nick is a sculptor, but also an entrepreneur responsible for a string of studio complexes for creatives in London. Gavin Eddy's career in law was diverted early on into investment banking.

He left the City three years ago. 'I did the Frome workhub as suck it and see,' he says. 'It's quite an artistic town and I had the feeling something like The Hub in London could work here.'

Facilities

Open 8.30am to 6.30pm, Monday to Friday, offering:

- 600 sq ft of office space (28 work stations for hotdesking/21 work stations in five studios upstairs)
- three meeting rooms with digital projectors and flip charts
- kitchen and lounge area with sofas
- 24Mb broadband (wireless and wired)
- VoIP phone system
- IT support
- business advice/support
- regular Business Link clinics
- colour A3 printer, photocopier, fax and scanner
- bike rack
- free car parking for tenants and visitors
- disabled access and toilet
- free Fair Trade coffee
- regular 'coworking' events (Frome Jelly)
- secure storage space
- virtual PA facilities
- mail boxes.

'Downstairs is open plan, a combination of hotdesking and co-working. You can rent space by the hour. So you can do most of your business from home, but still be part of our set up. Everyone on the ground floor works from home part of the time and as their business grows we bolt on another desk. If they get too big, and there's space upstairs, we move them.'
Gavin Eddy, director

Tariffs

- Connected @ £20pcm: eight hours desk space in coworking area, broadband, use of office equipment, meeting rooms @ £10 per hour, use of coffee/lounge, price includes business rates, cleaning, energy consumption, etc
- Space 30 @ £100pcm: 30 hours desk space plus mailbox and optional VoIP (internet phone)
- Space 60 @ £150pcm: 60 hours desk space plus eight hours free use of meeting rooms
- Space 120 @ £225pcm: 120 hours desk space plus free use of meeting rooms and digital projectors
- Open Space @ £250pcm, unlimited use of desk space and facilities
- Extras: faxing, printing and photocopying, line rental and phone calls.

The finances

THE OLD Church School is entirely privately funded, with Eddy investing his own money after failing to secure a bank loan. The building cost £300,000 and the fit out cost a further £100,000. 'I was dubious about the economics and demand but the building was very affordable so if it didn't work out it wouldn't be a disaster,' Eddy says.

For the first year he leased one floor to the company he'd bought the building from, ensuring a steady revenue stream. 'That was my safety net. But within four months we'd completely filled the ground floor and were desperate to get them out.' The main source of revenue today is rental on the first floor studios. All are full-time but with a VoIP phone service, they also have the flexibility to work at home. Some companies have more staff than deskspace.

Securing additional premises for the Forward Space brand is essential. 'Standalone, this building would not be economic,' Gavin says. 'We need a small network of workhubs to make the economies of scale work. We will then be able to centralise our billing, marketing and administration. Right now this only works because I give my time for free.'

Luke Wilde

twentyfifty.co.uk

Six years ago Luke founded his business advising businesses on their social impact and environmental sustainability. His clients today include some of the world's biggest firms, among them mining conglomerates Rio Tinto and Anglo American plus pharmaceuticals giant Merck. 'It's my job to make a paper commitment happen through organisational change or leadership,' says Luke.

TwentyFifty has eight employees working remotely on portfolio roles. It has a registered address in London and uses a virtual phone service but Luke spends two to three days here each week. Today he is joined by colleague Nick 'from the other side of the Mendips'.

Having a place where colleagues can meet is important, he says. 'I don't believe you can be a totally virtual organisation – you need to spend some time together.'

With one employee in Latvia and another in the south of France, that can be a tall order, but his work is global. 'Some weeks I'll get on a plane or a train. Other weeks I'm here a lot. I do a lot of work on the phone.' Knowing the hub was there was a factor that influenced his move to Frome. 'My son's school is just a three minute walk from here and my house is three minutes in the other direction.' The Old Church School also has useful services on tap. 'We've used Tickbox Marketing upstairs to do our website. I do a lot of printing here and use the meeting rooms extensively for company team meetings.' He imagines the alternative would be renting an office locally or sharing space. Commuting is out. 'I had a meeting in London at 9am yesterday. I'd forgotten quite how awful the Tube is.'

Claire Sully

www.tickboxmarketing.co.uk

Claire and her business partner John Brunsdon run a marketing agency specialising in online marketing, now in its third year. 'We help public sector, charities and commercial businesses plan and develop their online and offline marketing, including strategic planning,' Claire says. Claire started Tickbox Marketing working from home, progressed to hotdesking on the ground floor and is now a permanent fixture in a larger space upstairs.

Co-director John divides his time between his home in Malmesbury and Forward Space. 'We've won some major national contracts since we moved to The Old Church School and we've taken on more staff,' says Claire. 'I don't think we'd have been able to grow at this rate if we hadn't been able to attract clients offering higher end revenue. When you're starting out you have a minimal portfolio and it helped being in a great space shared with other like-minded ambitious companies.'

Both directors have families and employ staff with children, so all benefit from a workspace that supports flexible working, using VoIP and VPN. 'It makes us more productive and the clients get a better service,' Claire says. 'And when we had bad weather recently we just flipped the VoIP phones and worked from home.'

Staff

- Business advice/mentoring: Gavin Eddy (now provided gratis, saving £20-30,000)
- Building management and admin: Cherish (part-time but role envisaged as becoming full-time, with one manager for each workhub)
- Strategic projects: Alison (one day a week, otherwise employed as economic development officer by Mendip DC).

Businesses and members

The Old Church School has 20 registered businesses, among them environmental consultancies, marketing and website design, human resources consultancy, food company, IT company, and a firm advising global corporations on human rights and social policy.

Women make up 70% of users and a similar proportion previously home-worked full-time. Some clients are very young, including two young men in their mid-20s organising licensing, marketing and distribution for their food company.

Target markets are businesses working in: information technology-related businesses, environmental technology or consultancies, creative industries and aviation/science-based technologies.

Collaboration

All clients are invited to regular meetings downstairs and social events are held every six weeks. Eddy says he can 'guarantee every business in The Old Church School has used the human resources consultancy based there and IT experts AF-IT'. Website consultancy and marketing experts Tickbox are also widely used by others using the building, including Forward Space.

Business support

All the users are small businesses. 'We're focused on businesses at a certain stage in their evolution. They all tend to have the same issues and some are quite basic, like "How do I register for VAT", "Do any of you know an accountant?", or "I need a legal agreement drafted to protect my contract".'

Business Link runs a regular outreach clinic. 'I had to fight to get it,' says Eddy 'because they're very Taunton and Yeovil focused. We give them free space and our businesses get priority for one-to-one sessions, 90 minutes where they can address every issue from marketing to cashflow.'

Eddy's professional background makes him a particularly well informed business mentor. 'These are basic things I've encountered with companies I've invested in myself or because I had a background as a lawyer but for a lot of small businesses, particularly in rural areas, they're big issues. I think too you can draw comfort from having other people around you who can

The Old Glove Factory (see right)

say "It's no big deal". Not one has gone bust in the time we've been here. I think that's because we've been very good at finding issues we can help with and working closely with Business Link.'

The brand

Since buying The Old Church School Eddy and his business partner Nick Kirkham have actively sought out new locations for the Forward Space brand. The Glove Factory opened in the nearby Somerset village of Holt in late 2009.

Just weeks earlier they completed the purchase of The Collar Factory in Taunton and advanced negotiations are in hand over a fourth site in Bath. 'We're now close to securing a site there after the council rebuffed us two years ago. They've suddenly realised they've had a huge exodus of creative industries to Bristol, have hardly any start-up businesses and they approached us on the back of the Dyson Academy falling through.'

The Old Church School is a limited company owned by Eddy, The Glove Factory is owned by Kirham and Taunton's Collar Factory was a joint purchase. 'Forward Space, the parent company, will own them all,' explains Eddy.

The challenges

Borrowing from banks has proved the major sticking point. 'The banks say you have no credit history and because your clients are often start-ups they are high risk. Our argument is we have diversified risk. We have 20 businesses so if one goes down, though it's

Jelly: reaching the homeworkers others miss

The Old Church School has recently become the meeting place of choice for Frome Jelly. Jelly is a New York concept and, according to organiser Judy Heminsley, far superior to some more established types of networking. 'Unlike a business breakfast no one is there to sell themselves, which tends to make people feel a bit uptight,' Judy says. 'With Jelly you come along to work but in a social environment. It's a mix of chatting, exchanging ideas, giving or getting advice and finding people to collaborate with. People turn up in casual dress, plug in their laptop or whatever else they've brought, make themselves comfortable and work away. 'It's free and it's surprising how much work you get done – often the sort of thing you normally put off – and when it's time for the first coffee you start to chat naturally to the others.' The laidback nature of Jelly extends to timing. You turn up and leave when you want, says Judy.

She booked space from 10am to 2pm for the first Frome Jelly, expecting to attract a lot of mothers. 'In fact it was a mix of men and women. Most of them were people you'd never meet at networking events because as specialists in their field they don't need to sell themselves.' Much of the publicity is done through online media. At The Old Church School, Judy says, all she needs to do is turn up a little early to check everything is set up. 'Because it's Forward Space, of course it is.' But if the Jelly visitors aren't paying what are the benefits for Forward Space? 'It gets home workers through our doors who might then be interested in using our workspace and meeting rooms more regularly,' says Gavin Eddy. 'And it provides a buzz in the building on days when we might not otherwise be at capacity.' It's also a low cost way of reaching people below the usual marketing radar, he says, and he gets useful feedback from potential users. 'Lastly it raises our profile in the local community and lets us give something back that is aligned to our core business.'

Judy Heminsley workfromhomewisdom.com

part of our job to make sure they don't, that's only 5% of our revenue stream. And there's probably two or three ready to take up that space.'

In Bath, Forward Space hopes to secure part of a riverbank site for workspaces for small businesses. 'That'll be easier because we'll have a revenue stream and will be able to show to the banks we have occupancy.'

A SWRDA-backed plan to draw in public and private sector cash for Taunton fell through. 'Project Taunton, a SWRDA scheme to redevelop Taunton, was going to partner us with money from IBM and the council was going to put some money in,' Eddy says. 'That has completely fallen apart and it's all dropped back to county council level.'

Efforts to secure a deal with Somerset County Council to support a bank loan also faltered. 'This was not to guarantee it but maybe act as the tenant of last resort if we haven't got the level of free letting banks want,' says Eddy. 'They'd probably never have to exchange any cash.'

Instead he and Nick Kirkham have paid cash for their latest site. 'We now need to borrow £1m to fit it out and we'll probably have to give personal guarantees against our own properties. We can show that these places have significant regeneration benefits and retain skills that would otherwise move out of the town. The councils are generally very positive but until there's a diktat from a higher level nothing is going to change.'

Finding people to take desk space was a major challenge. 'The rural economy is opaque, so finding businesses was hard. But just walking around a town gives you a sense of its entrepreneurial potential,' Eddy says. He studied the demographics, attended business breakfasts and made what he describes as unproductive contact with the Chamber of Commerce.

Marketing was the best tactic. 'We did some flyers and got some good local press coverage. Suddenly all these businesses started appearing, some literally down the road. Now virtually all our calls are based on personal recommendation. How you market to home-based businesses is definitely an issue we've never pinned down.'

Forward Space now uses a more methodical approach, identifying the key companies in the region for each of their target markets. 'Typically there'll be one or two that are quite large and they'll have lots of other businesses they work with,' Eddy says.

He argues that neither the chambers of commerce nor town councils have a strong understanding of home-based businesses. 'The Chamber of Commerce here is heavily skewed towards retail – accountants, lawyers and shop owners and that's it.'

THE OLD GLOVE FACTORY

This is a new village based workhub in Holt, Wiltshire. Part of the Forward Space group, it is run by Nick Kirkham (below), a sculptor and co-founder of Great Western Studios and Westbourne Studios in west London. Having helped set up these larger creative business clusters in the city, he is now turning his attention to smaller scale rural facilities for business.

'We have 8,000 square feet here with space for perhaps 50 or so people to use either full-time or on a drop-in basis. What's different is that this is very much an open plan space. You can expand or contract within the building.' The tone is informal rather than institutional, with high quality (often reclaimed) furniture and fittings adding to the workhub's unique atmosphere. 'We think the workspace market is still largely stuck where hotels were stuck ten years ago – they all tend to look the same, brown and beige!' says Kirkham. 'We want places like this to lead a change in workspace that echoes the shift to boutique hotels.'

The Glove Factory, a designated employment site, has reinvented itself as a workhub from previous single employer uses including as a tannery, a heating engineers' office and a company selling playground equipment which outgrew the site. Now it is catering for those who do not want to commute to Bath. The first users in 2010 have been a diverse range of businesses ranging from a photographer and book illustrator to environmental consultants and IT and technology companies. The mix is part of the appeal, says Kirkham. 'They can share experience and knowledge.'

'It has a huge events space and we hope it will almost become, literally, the hub of village life,' says Kirkham's business partner Gavin Eddy. 'There'll be a film club, evening classes, maybe a farm shop and we're even moving the village Post Office there.'

Nick Kirkham, director of the Old Glove Factory, previously set up major creative studio spaces in West London

The Hub, Bristol

The Hub at Bristol is a co-working space above the Arnolfini Arts Centre, with views across the city centre waterfront. It is used by a wide range of creative and environmental businesses and freelancers

The building

The Hub in Bristol is part of an international chain of workhubs set up in the wake of The Hub in Islington, London. Bristol, the organisation's first non-London location in the UK, opened in 2006. In 2008 it took a floor above the Arnolfini Arts Centre in the heart of Bristol, where it offers commanding views over the waterways and is well positioned for cafés and restaurants, including a café with wifi on the ground floor. The Hub puts a strong emphasis on co-working, with bespoke curved tables allowing three people to work near one another. This encourages collaboration.

Hub members come in when they need to

What's special

Although part of a branded chain, each hub finds its own funding and often has its own distinct identity and target market. Costs are kept low by sharing some services, like the website, broadband provider and logo designs.

The Bristol Hub's members include a good number of businesses advising on low carbon practices, in fitting with the hub's ethos: 'professionals pursuing initiatives for a better world'. But the business mix goes wider. 'It's important we are not "sectoral",' says manager Helen Ripper. 'We see environmentalism as part of our identity but have designers, consultants, IT specialists and specialist charities using this space. You don't have to restrict membership to one sector to create a thriving business cluster.'

The hub actively encourages collaboration. 'There is a strong sense of community here,' says Ripper. Members who do very different things often end up collaborating and sharing knowledge. For start-ups there is a wealth of experience – it's a place where people learn business skills very fast.

'Hubs are a great equaliser. We have very powerful micro businesses here but also fragile but talented start-ups. No member is more important than another and that makes for a very collaborative atmosphere. Traditional managed workspaces can be more hierarchical with some people having bigger and better spaces. Here every space is equally good.'

A big part of the appeal to home-based workers is very flexible terms of use. 'Our users can be in charge of their own work patterns and how much they use the hub. We can change tariffs easily so if someone is away a lot or their business slips a bit, they can easily cut their hours and work more from home. That's something traditional managed workspaces just don't offer.'

The feel is informal but learned, with the open plan design making for a studious atmosphere. Can it be a bit too quiet though, like a library? 'We don't have a problem with people making phone calls, that kind of noise. But yes, I think it is hard for people to be shouty here,' Ripper says. 'Users think that's a good thing. If someone needs to be a lot louder than a normal phone call, they can use break out spaces or the meeting room.'

Management

The Bristol Hub, like all the others in the group, is a separate not-for-profit company, in effect run as a franchise. Each hub has its own board. Here the chairman runs a sustainability consultancy. The board has quarterly meetings with a membership of 12 including three hub members.

Facilities/services

- Open from 9am to 5.30pm
- Virtual office (post only)
- Broadband/wifi
- VoIP phone system
- Secure storage room
- A3 colour scanner/printer
- Meeting room/event hire including whole space out of hours
- Special events (eg Bristol University social enterprise weekend course)
- Social/networking events eg film viewings, wind down drinks on Friday evenings, 'sexy salad'

Antony Clark

www.meaningfulnumbers.co.uk

Antony is a chartered management accountant. He joined the hub in June 2009, initially renting space for two days a week. But with twins aged under two at home, he's now paying for a full-time space, though still working one day a week at home. Until recently Antony was very much the office-based professional, spending 17 years first as a manager at the Tate & Lyle Group then with Northcliffe Media, though working from home for much of his last year.

After a long expected redundancy in 2009, he toyed with the idea of making a new career out of an invention. He tested the waters before making a more pragmatic decision to set up business as a 'finance director for small businesses'.

Looking for premises, he first approached the University of the South West of England. 'It has an innovation centre but it's more for small businesses, not individuals. It wasn't a good fit. They suggested I come here and I'm glad they did.' His working day has become much more flexible. 'I can work really hard in the morning, here or at home, then spend the afternoon in the park with the twins.

'I am more productive here and it gets me out socially. Even if I had a big swanky house with an office, I'd still want to visit here.'

lunches once a week and guest speakers
- Comfortable space – break out areas, sofas etc
- Light touch training/mentoring, eg 'learning lunches' twice a month
- Monthly email newsletter.

A shared online invoicing system keeps costs down. Hub usage is tracked through login and phone use is automatically billed through the VoIP system.

The finances

The main source of income aside from workspace and membership fees is event and meeting space hire. The hub does not get grants, making ample use of unpaid and voluntary help to supplement very limited staffing. The reception role is important, with staff, placements and volunteers going to great efforts to help all users and visitors.

Even in the recession, the hub was self-financing but only by reining in staff costs (down from two full-time workers to one). The business plan, long term, is looking for sponsorship to play a bigger role.

Staff

Helen Ripper is currently the only paid employee. But she is joined by interns and volunteers (including members) who help with all important meetings and greeting at reception. 'It's very important that when a member or a potential member comes in, there is someone there to offer to help them that day. The concept of reception is different to a managed workspace. We often do little tasks for members and, importantly, introduce them to others when they need expertise, ideas or knowledge. Those introductions are often the seed for major project collaboration and even business partnerships.'

Businesses and members

Bristol Hub now has over 100 members, at least two-thirds based at home and using the hub ad hoc or part-time. Home use is not formally measured or tracked. At its peak before the recession member numbers were closer to 140 with many on higher tariffs (spending more time here).

Mike Thornton

oneshot.com

Mike has spent four years trying to turn his idea of using video streaming of properties for rent or sale into a viable business. 'The best way to describe it is like a Google Earth style visit to all parts of a property for sale.' Mike employs two technicians who work from their homes, in Norwich and Leicester, setting up his database. But finding the right business partners is proving a tougher call. 'Because of the nature of the project and the technology it ticks away in the background,' Mike says. Happily the family brewery has offered a second income allowing him to persevere. 'I can't work here all the time because my company's not at the point where I can afford to do so. On Monday I did a sales and marketing course at home, I spent Tuesday and Wednesday at the brewery filling in for my sister who's just had a kid. Thursday I was out visiting clients. Today I'm in here doing oneshot.' Mike plans to stay on at Bristol Hub. 'The basic idea's genius – it's how people operate in business today. Why would I want to rent an office? I'd just be paying more to be in another place by myself.'

The challenges

The summer of 2009 saw a dip in membership and income, which picked up again in autumn. 'We found the downturn created more interest in joining,' says Ripper. 'A good number of new members had set up business using redundancy payments instead of looking for another job as an employee. For them, we offer a flexible package which enables them to work from home but also a very professional business address for meetings, and somewhere to feel less isolated or collaborate.' Hub membership and using home as a the main office is much cheaper than full-time space in an office, she adds.

Word of mouth is the main marketing tool. 'Come to work in a cool place' has worked well in the past, with a somewhat exclusive 'hidden gem' feel to the place. Is it so appropriate in a downturn? Ripper acknowledges that the hub is somewhat invisible. There is no signage outside and little marketing. 'It's something we do need to look at,' she says. She is wary of overly commercial promotion. 'It might damage our special reputation as an unusual and club-like premises that isn't a bog standard office.'

The Hub, Islington

The Hub in Islington was the first of the now global network, opened five years ago. It offers incubation space for start-ups and freelancers just a stone's throw from one of London's most popular high streets

The building

The Islington Hub is on the top floor of a once derelict warehouse in a quiet cobbled road immediately behind Angel tube station. A steep flights of steps takes you to the fourth floor and into a small gallery area where you see stacked bags of the wooden pellets that feed The Hub's wood-burning stoves.

A larger room is packed with people working at bespoke desks and tables, with a moveable screen separating them from a meeting room. Under windows facing east London is a raised breakout area. Tucked away in the corner, behind a kitchenette is the 'library' – another raised platform but with bookshelves.

The Hub is halfway through a 10-year lease negotiated by Hub founder and director Jonathan Robinson after a deal on a space in Clerkenwell fell through at the last moment. The building was occupied largely by pigeons at the time so needed extensive refurbishment including, somewhat absurdly given the challenging access, a wheelchair accessible toilet.

The carefully preserved old timbers, exposed brickwork and hot pink filing shelves give the room a warmth somewhat undermined by a predominance of woolly hats, a shared box of woolly jumper and blazing heaters. In fact the elderly glazed roof leaks heat. 'Our biggest problem is very poor insulation,' says operations director Holly Lambert (below).

What's special

Islington was Robinson's first ever hub, established after returning from voluntary work with an impoverished community in Soweto. 'What drove him was seeing what a community can achieve,' says Lambert.

Each hub is run as a franchise that goes through defined stages that set its culture and operation and its relationship with the people that use it. 'There are a lot of different examples of what a hub can look like and we've built up a lot of expertise,' Lambert says. 'We're trying now to create a set of tools so this can be done more easily.'

The Hub, Islington, is one of two operating in London, with a third due to open on a canal boat docked in the Thames at Vauxhall – a joint venture with Coin Street Community Builders. 'Islington is very much an incubation space,' Lambert says. 'Kings Cross is more for businesses that are up and running and some people naturally adhere more to the style of this space. Kings Cross is very different. Also, not everyone wants to climb four flights of stairs and to have to make their own tea.'

Lambert describes her role as that of host. 'A lot of people say joining the hub is like your first day at school, so I actively introduce people to others and create an environment where people can make a new business succeed. That's what makes us different to traditional co-working.'

Management

The Hub, Islington, is a company limited by guarantee, under director Jonathan Robinson. Behind the scenes is a members council, set up to keep management in tune with their members' needs. An advisory board is also on the cards, envisaged as a board of sector experts who joined the hub early on.

Staff

The daily operation is handled by Lambert and programmes director Alex Rinsler. A third colleague provides community mapping, monitoring week by week who is in the hub network and identifying gaps.

Lambert is helped in her role as host by a pool of five members who play host one day a month in return for free membership. 'It frees me up to connect more with members,' Lambert says. 'There are no written protocols for decisions or conduct but all of the team have different characteristics so we fit together quite nicely.'

Lambert also handles credit control. 'Our payment scheme's quite generous so if people fall behind but are honest with us that's usually fine. Just because we're social entrepreneurs that doesn't mean business rules don't apply. It can get quite heated if members don't pay but you can usually flip back pretty easily

Jon Bootland

www.sdfoundation.org.uk

Jon Bootland is director of the Sustainable Development Foundation, a not-for-profit company that runs a range of specialist programmes helping housing, health and educational organisations make better use of their buildings and advising communities on lower carbon practices. His team of experts can calculate, not just the environmental cost of construction, materials and wastage but also energy use over a building's lifetime.

They also suggest ways to make more efficient use of a building and reducing the need to travel. 'In the private sector they'd call it sweating an asset,' Bootland says. 'In public buildings it might be more about staff productivity or making service delivery more efficient. The hub, he suggests, is a good example of how to make better use of a building, even allowing for its poor insulation. 'Energy consumption per person here, they think, is 50% lower than in a traditional office due to the high occupancy rates.'

Jon's company spends around £10,000 on workspace and £3,000 on services like photocopying each year. 'We have our own desk and phone line and we use the server to store data.' He is convinced the workhub concept will soon become mainstream.

'More people are working flexibly in less formal arrangements and there are very few permanent contracts around.' But his company's days at the hub are numbered. 'We now have a team of five or six, all working here or at home. So we're getting to the point where it doesn't work for us. I looked at Regus but I'd rather be in a more organic space where we could brand our section than in separated cells.'

into 'so how's your work going?'. We've only had one instance of an organisation having to leave because they didn't pay.'

The role of host comes with mutual benefits. 'We're free to be entrepreneurs ourselves, but we also get to use the space and to share ideas with other members. It lets you connect on a different level.'

Businesses and members

The hub has about 220 active members who pay to use the space for up to five hours a month, and 15 who pay for 25 or more hours. 'Most of the people here are doing projects that try to change the way things are done.' Members' businesses are diverse, ranging from specialist consultancy to web development, creatives and micros in various business service sectors.

'All of our members work from home to varying degrees, even the unlimited users,' Lambert says. 'Most live in Hackney, though some are from south or west London. Our core group are aged 26-34 and sharing a house with others. Not many are married and not many are home owners.'

Lambert's role includes keeping the membership balanced. 'We don't want it too techie, we've had the odd broker shouting down the phone all the time, and last year we had too many life coaches. You get it instantly if someone is right for the hub. You don't have to join in but we do want people to be friendly and working towards the vision of a better future.'

Part of the host's job is to find out as much as they can about the work of each new member. A self-written piece on all new members is emailed to everyone on the mailing list.

There is no minimum sign-up so people can join for as little as one week. 'They might find it's not to their taste, they might have to drop freelancing or they might just go abroad,' says Lambert. 'We tend to see a natural three month or three year cycle. Three months is normally a good test of someone's commitment and after three years most need to move on to a bigger or more settled space.'

Hotdesking is integral to networking, Lambert says, though she concedes it raises concerns about ergonomics. 'We do need better chairs but when people move around you get more collaboration. Monitoring that is something we struggle with but we know a lot of the designers get new clients from other members and a lot work together on carbon reduction or on advisory groups.'

'We've got one company that's trying to get schools used 24/7 and it's something we've thought about for The hub too, opening it at weekends. It's also used in the evenings for language courses. Our unlimited members have their own key.'
Holly Lambert, operations manager

The challenges

The hub holds an open waiting list to maintain **capacity**, having learned the hard way not to close its list. 'Nine people left at once so we had to open it again rapidly.' Word of mouth continues to be its best advertisement, but with Twitter and Facebook both proving increasingly effective.

'We're developing an attraction strategy because printing loads of leaflets isn't much of a carbon benefit,' Lambert says. 'And being in Islington is good because you get a constant barrage of interest, particularly off the back of the growing popularity of the hub concept.'

A second challenge has been **economic**. When the downturn began, hub membership flourished initially. 'We thought we'd got through it well because a lot more people started to explore this type of working but in the last few months a lot of people have said they're going to have to go back to full-time working or downsize,' Lambert says.

Business support, she says, also needs attention. 'Business Link has done a couple of lunches but they've been a mixed bag. The general support they do I could almost do myself just by asking for suggestions from our mailing list. Most of our members are beyond the Business Link basics, asking questions instead about self-employment and their rights. I studied economic business development at university and here you get such an interesting mix here of how to do or not do business.'

Digital Peninsula Network Penzance

Digital Peninsula Network was founded in 1999 to support IT and creative businesses in west Cornwall and campaign for broadband. It has well over 200 member businesses, many of who use it for training and collaboration

The building

Digital Peninsula Network (DPN) took over a two story granite building in a courtyard just behind the main shopping street in Penzance in 2000. It now rents more space around the courtyard from a local commercial landlord who supports the project.

On the ground floor is a reception area, hotdesking space and a bookable meeting room that can be closed off. Upstairs, once used full-time by members hotdesking is a new training zone. Lack of space has restricted DPN's ability to also offer open plan space for collaborative working. The internal layout has undergone many changes over its 10 years. Outside is a pleasant sunny yard with seating and sub tropical plants supplied by members.

What's special

Digital Peninsula Network has become the official voice of Cornwall's ICT sector in Cornwall. Many of its members are micros, reflecting the nature of the local business community. But from its inception in 1999, DPN has always had a wide membership encompassing the full spectrum of the ICT and digital sectors.

'Our organisation is unique to the ICT and digital sector in Cornwall,' says director Janus Howard. 'Our hub serves the Penzance area and a good radius of businesses and freelancers in west Cornwall. All provide ICT or digital media services – website designers, programmers and internet marketing specialists for example. Or they support ICT and digital media providers, such as accountancy and legal services.'

'We also have many members further afield in the county. They mainly use us virtually, to train staff and find specialist skills. In more recent years we have seen large companies joining. In Cornwall that can mean 10 staff! What was once a mainly freelance network has expanded.'

DPN's success has led to it taking on responsibility for other networks, notably Network Cornwall – a 4,000 strong group of women running their own businesses, again mostly home-based.

Measuring the value of collaboration

Between 2001 and 2005 DPN used an annual online survey to measure the economic benefits of collaboration as part of its monitoring requirements for Objective One ERDF funding. Members were asked how much turnover that year was down to projects where they collaborated with other DPN members. This could be estimated by reviewing invoices for contracts where a member had subcontracted significantly to others. And they were asked the total amount subcontracted to or from DPN members.

This figure was de-duplicated and showed inter-business trading totals. In 2002 to 2005, just 35 (of over 200) members voluntarily reported a total of **£1.23 million** of collaborative work in their turnover, with £510,000 directly subcontracted from member to member. Had all members completed the survey the figure would have been significantly higher. The result led the Government Office to score DPN higher than many much more expensive Objective One-funded projects.

Today performance against different contracted targets are monitored by external agencies, so DPN has ceased to track members' turnover. It is however looking to do so again, recognising that this information is also a selling point for recruiting new members. Put simply, why not advertise the potential financial benefits of membership rather than just the costs?

Training and business support

EU-funded revenue support has dried up, so DPN has in recent years had to look to other sources to supplement its membership-based income (see finance, over). The answer came in training. Today it is one of the leading venues for and suppliers of specialist ICT training in Cornwall.

It offers a convenient venue for trainers to reach larger numbers of micro businesses who would otherwise be very difficult to train separately. Courses are advertised by email newsletter.

'Many home-based businesses and digital professionals won't go to a college campus or a stuffy business park on the edge of a dual carriageway,' says Howard. 'Our members want to be in the town centre and they combine training with other things like shopping or having a good choice of places for lunch or a coffee – on foot.'

Raoul Humphreys, deputy director at Cornwall College in Camborne, which co-funds the training, concurs. 'We recognised some time ago that colleges have to go out to business, not vice versa. Places like DPN mean we are not forced to try to go to every single business to train them on site. Cornwall has so many skilled micro businesses, we simply haven't got the resources.'

The training courses also offer a chance to network and they have attracted new members. Between January and October 2009 over 300 businesses attended training sessions, roughly one-third of them self-employed. 'We have shifted from being a grant-funded project into being a service provider,' says chair Nick Harpley. 'The benefit to our funders is we reach the parts others don't reach. We have excellent links to home-based businesses and freelancers and a reputation as the voice of the ICT sector in Cornwall.'

DPN also runs many special knowledge transfer events and networking meetings. In 2009 it held over 40 events of this kind, at the workhub and further afield. It believes this is a key selling point for workhubs. Trying to train or advise large numbers of micro businesses in their premises is costly and time-consuming. Many feel comfortable in a workhub so take up is higher and outreach costs lower.

Contract and tender alerts

ICT scout is a service pioneered by DPN to match website designers, software developers, photographers, researchers etc with those needing their services in Cornwall. This has been a very popular with DPN members, but its benefits have been hard to track in detail. It works by enabling members to sign up for email alerts of contracts or jobs needing their expertise. Companies and public sector agencies use ICT scout as a cost effective way to get tenders or applicants for jobs or tasks. The system is very suited to an area like Cornwall where skills are more easily sourced from local specialist micros than mainstream providers outside the area.

Darren McNally

Darren McNally is a graphic designer and photographer and, these days, an affiliate of DPN. He settled in Cornwall about 10 years ago to work on websites for holiday companies. Early on he encountered a problem then common in the county: a 56KB dial up internet connection. Having heard about DPN from the manager of a company he worked for in St Ives, McNally moved to Penzance and signed up.

'It had broadband, technical support and it was a networking centre. It had all the tools I needed and that's why I and 250 others kept going back to it,' he says. Eight years on his regular clients include many met through DPN. 'It was a good incubator for everyone to establish themselves, which is what I did.'

When broadband and computer equipment became cheaply available I had less need to use the centre' McNally says. 'I still use the centre occasionally for meetings with clients and networking. And it has changed with the times and is now very successful providing training as well as workspace, and that's to the credit of everyone involved. It gave me what I needed at the time and I honestly believe there are maybe 60-70 companies that wouldn't be around today it DPN hadn't been there.'

Management

Digital Peninsula Network is a not-for-profit company run by a board of up to 12. Current managing director Janus Howard led its bid to become a leading provider of ICT training in Cornwall.

The finances

DPN was originally funded via EU ERDF programmes to deliver outputs such as 43 jobs created and 100 businesses trained over two years.

Core running costs are around £200,000 pa including staff. Membership income is around £25,000 with additional income from meetings and equipment hire. The main income source now is training, with DPN one of the main ICT training for small businesses in Cornwall, with £1.3 million for two and a half years of training work agreed in June 2008. This money is provided by the Learning and Skills Council and the European Social Fund, with further funding possible from January 2011.

Staff

Seven full-time equivalent staff running five training programmes with a combined value of over £1 million, three membership networks, the network centre plus IT support:

- managing director
- network coordinator (inc Network Cornwall), training consultant
- administrator/receptionist
- book keeper – part-time
- trainer/assessors x4 – part-time
- IT contractors x2 – one responsible for email news and website.

Businesses and members

- 240 DPN members – a large number thought to be home-based
- Businesses range from website design and internet marketing companies to software development and hardware systems installers
- 4,050 Network Cornwall members (women in business)
- 350 Cornwall Media Focus (mainly film makers).

The challenges

DPN links up otherwise **isolated** businesses (especially homeworkers). But although it runs networks such as Network Cornwall, their members do not yet seem to see the workhub as their HQ. 'This is something we can work on,' says Janus Howard. 'There is a lot of scope there.'

When DPN first opened it was the only place in Penzance with broadband and was awash with PC terminals. The big difference today is very little **equipment**. 'Most members now have broadband and their own equipment at home,' says Howard. 'When DPN started it was the first place in west Cornwall to have broadband aside from the police station!

'Members had to come to use the web. We were showcasing new technology and what were then pioneering ideas, like email. Things have moved on. We may be getting fibre optic in Penzance and people are using Twitter etc, on their mobiles. We just don't need lots of PC and Mac terminals any more.'

Electric Works, Sheffield

The Electric Works offers a mix of serviced offices and club facilities for home-based businesses at Sheffield's city centre 'digital campus'

The building

Electric Works opened in March 2009 – the first building completed on Sheffield's new digital campus. It offers 70 office spaces ranging from 219 to 4,270 square feet plus an open plan 'club' area. In total, it has 40,000 square feet of workspace.

The building was bought by the city council from developers GMI Scarborough. In turn the council has brought in specialist contractors Creative Space Management to be the managing agents.

Most space is let on an all-in basis (excluding IT support, business rates and telephony). But a quarter is set aside for larger companies renting on longer and less flexible licences. The all inclusive package of meeting rooms, visitor parking, IT and telephony are billed as optional extras.

What's special

Sheffield is still adjusting to the impact of a declining steel industry. But it is fast developing very different skills in technology, on a large scale. 'We see many small niche businesses here growing in partnership with other micros and using contractors – rather than larger employers,' says director Toby Hyam (above). 'The city has a much more diverse range of businesses, both large and small, high tech digital and advanced engineering.'

Kris Barry

www.six-ad.com

Kris Barry is director of an architectural practice he set up a year ago building on over a decade of experience gained at several larger practices in Yorkshire and the north-east. Kris works from home, but with the arrival of a third child his study became a nursery and his desk is now in the dining room. 'Six months ago we also took on an interior designer who works from home and its getting harder to coordinate our work,' Kris says. 'I'm still working primarily from home but come in here for the space and quiet.'

He uses as his base the large open plan club section, though ultimately he'd like an office at Electric Works. 'I try not to come every day because it's half an hour by tram either way but it's a great place to come to at night to plan the week ahead. And at weekends I can have this space to myself to do an eight or 10 hour day.' His wife, he adds with understatement, is very accommodating, so much so that she is now employed as the practice manager.

'There are a lot of companies listed here that, like us, don't occupy actual space but instead have a club membership,' he says. 'This is a creative environment and the companies that work here dare to be a little different and are early adopters of innovative technologies. We're still a small practice but we have a big practice approach to architecture – we know that a 3-D walk-through could make all the difference between a client understanding what were trying to sell and them giving the work to someone else.' Location and the building's striking appearance are significant plus points. 'I think the environment allows us to raise our game,' Kris says. 'At eye level this spot connects you with the rest of Sheffield and its just across the road from the main station. It couldn't be a better location.'

'We are offering sector-specific high quality headquarters for Sheffield's digital businesses. Unlike any other business centre or managed workspace, we have a club-like atmosphere and a genuine sense of shared purpose. There is a community operating here, looking to collaborate and network with one another. That doesn't really happen in bog standard shared offices.'

Mark Wheeler

www.commbroker.com

Mark Wheeler is director of two IT companies. Commbroker he set up six months ago to help companies find the most efficient way to connect their buildings to the internet via dedicated fibre. A large part of the work takes him to Nottingham, where he is developing a 90,000 sq ft data centre that is set to be the UK's single largest centre for storing, pooling and transmitting high speed data. 'It will be connected back to the south Yorkshire region but I have to be down there regularly to speak to interested companies,' Mark says.

With his other company, Fibre Data Services Ltd, he's involved in a major drive to bring second generation broadband to the deprived South Yorkshire area where 40% of households now lack broadband and/or IT know-how. Mark divides his working day between his permanent office in Nottingham, home office, hot chairing in the open plan area at Electric Works, and for now at least, an office on the other side of town. 'Yesterday I started with the intention of coming in but I got into a flow so I stayed at home,' Mark says. 'This offers a change of environment and inspires you to up your game so I'm usually here three days a week for meetings. If I'm having meetings I'll try to commandeer the settees round that corner that are like an enclosed space.'

The location is ideal for both his business ventures. 'Clients from London and along the M4 corridor find it easy to reach by train and there's a good mix of companies renting space. This means you rarely need to outsource a service. You just speak to other users.

'There's quite a large gap between working remotely and having a dedicated office. Electric Works fills it really well. I think its unique in the mix of location, technology and feel. I wouldn't have been persuaded to leave my home office if it wasn't here. I have nothing but praise for the people who have done it.'

South Yorkshire had very little modern, quality office space before Electric Works opened. Meanwhile the digital sector was growing fast. Sheffield is a leading e-learning city too, so this is not just about the private sector.

'We target start-ups, freelancers and students close to graduation,' says Hyam. 'We encourage all users – large and micro – to collaborate and we seek to let space to those who will actively want to do this.

'There is real flexibility here. We have lost two club members to tenants who are themselves renting out their own desk space and facilities for ad hoc use. That's a good sign in terms of business collaboration – these are people not being hired as staff but offered co-location in the same room.' CNC (collaboration not competition) is the ethos Electric Works seeks to foster.

There is a strong emphasis on modern design, with designer furniture in the 'club' area obtained through a deal with Swiss specialist workspace furniture designers VITRA. 'People spend so much time at work – why not have the chance to relax here too?' asks Hyam.

Electric Works also has something really unique in its lobby – a helter-skelter that lets people to leave the building from the top floor, by sliding down...

Management

See page 54 – same company as Leeds Round Foundry: Creative Space Management. Director is Toby Hyam, manager of Electric Works is Louise Jamieson.

Facilities/services

- Open 24/7 with fob key access
- Virtual office (both phone and post)
- Broadband and wifi (up to 30mbps)
- 'Club' area with 24/7 access by fob key
- Lockers for members – with mobile phone charger
- Designer furniture and meeting spaces in club area
- Wide range of equipment for hire
- Meeting room/event hire – range of spaces from eight people to 150 conference centre
- Good real coffee machine – also close to city cafés
- Relaxation space, plus a wii machine and screen in atrium
- Training – strong links with partners such as business link sessions
- Free specialist events eg patent protection advice, *Dragons' Den* type sessions
- Programme of networking events, picnics, Christmas parties etc.

Club members and residents have a security fob, so they can work at any time, on any day. 'Digital and creative businesses are often 24/7,' says Jamieson. 'They may well prefer to work unusual hours compared to the 9-5 office economy. This can also be because they are doing business with associates or clients in other parts of the world in different time zones.'

Tariffs

Office space at a fully inclusive rate is around £32 per square foot. Virtual and club members (usually home-based) pay £50 per month and an extra £10 per month for a locker which they can leave equipment in. This includes a mobile phone charger. Showers and the bike park are free. There is also free use of smaller meeting rooms out of hours.

The finances

Managing agent Creative Space Management has a 10-year contract to run the workhub. The building is owned by Sheffield City Council. Conference hire by outside users is very successful, at 300% over target in the first year. IT and telephony, including the virtual office service, is also an important income generator. Income sources break down broadly as follows: 60% of revenue from office rental, 5% club membership (occasional users), 20% from IT and telephony and 15% from one-off fees, mainly meeting/event hire.

Staff

There is a team of three: manager, Louise Jamieson, and two customer service administrators. All are multi-skilled, helping with conference management, the training programme and marketing of both workspace and the hub's IT and telephony services.

Businesses and members

Currently 25 businesses and 178 workers occupy the rented offices. There are also 18 club and virtual members (typically home-based and mobile entrepreneurs). Club members' businesses are wide ranging, from a magician and web designer to architects and software companies.

The aim by the end of 2010 is to have a club of 50 flexible users. 'We are looking to get that up to perhaps 150 in time,' says Jamieson. 'We see the club as the equivalent of a business "gym" – offering enough space for those who come in on any one day but servicing a much larger group of businesses/members.

'We've had many examples of skilled people made redundant who have set up their own venture and come in to use our virtual office services and club facilities. "Why work for someone else?" is what they usually say.'

'The market here is completely different to the one we support in Leeds at the Round Foundry Media Centre,' says Hyam. 'There are many higher end software and design companies here. It's just a bit more techie. Many graduates seem to stay in Sheffield and that's a strong reason to encourage them with a place like this. Sheffield as a whole is considerably cheaper for start-ups and creatives than Leeds or Manchester.'

About 10% of users are not digital/creative, but are still expected to complement the community. 'That is OK for the membership,' says Jamieson. 'But this is a special place for creative businesses so we do need to protect the identity and culture. That's what our clients want. The key test is: are the new users collaborative by nature?'

The challenges

The priority in a prestigious building of this scale is obviously going to be businesses renting serviced space. Indeed some larger businesses here service their own space for a slightly lower cost.

The challenge is finding the best way to link occasional club members – often talented sole traders – with each other and with staff of larger companies using Electric Works.

It is not always easy to find home-based entrepreneurs in a large city context. 'We have to use other networks and external events to reach them,' says Jamieson. 'We also invite them to events here. Staff show them the benefits of joining while they're here and introduce them to other club members so they get a sense of who they might rub shoulders with.'

Leeds Round Foundry

The Round Foundry Media Centre offers city centre workhub facilities and offices to media, IT and technology businesses

The building

The Round Foundry was built on spec by a private company in the Holbeck Urban Village district. Its intended tenants, two large firms, never moved in and in 2001 the regional development agency, Yorkshire Forward, bought the building on a long lease with a different objective. It would be a media centre – the heart of a new Leeds creative business cluster. Opened in 2003, the building has 29,000 square feet of space, housing 200 regular users working for 110 companies. There are also about 70 virtual users, most of them home-based businesses using the Foundry as a workhub.

What's special

'The creative sector was very fragmented in Leeds. There was a need to create a highly visible HQ for it,' says Toby Hyam, director of the specialist facilities management company that runs the Round Foundry – Creative Space.

'Flexibility has been a key success here – the Round Foundry can support larger companies and micros based at home. Many of our users have switched between being a regular tenant and a virtual user. If your business contracts, you can go virtual with us but keep many of the benefits. And vice versa.

'Our virtual office system is very much geared to people in the creative, media and knowledge sectors.

David Sorley

weareboxhead.com

David Sorley is a graphic designer specialising in communications branding. He set up his company, We Are Boxhead, after moving from London to a live/work property in Leeds. 'It was a great concept – dropping a business into a deprived area to see if it brings it up,' David says. 'But we ended up calling out the police a little too frequently.' Moving to a more traditional house, he found the deeds banned running a business from home and with two small children, home-working had become less appealing.

'Even in the live/work space the children didn't understand that, 9-5, they couldn't come knocking on the door.' Having heard about the Round Foundry, David made enquiries. With finances still tight he opted for the virtual office service and was able to negotiate generous terms on a (very) small office owned by a client down the road. 'It's great for business that clients think we're in the Round Foundry and they're happy meeting in the atrium.' But with a full-time assistant and an intern, space is a squeeze. 'I remind myself we're saving money and we're building up so we can move to a place like the Round Foundry,' he says.

He believes the recession has triggered a widespread rethink of traditional business practices. 'Friends and colleagues around the country say they're all looking for more ways to collaborate with like-minded people rather than build a behemoth of an agency,' David says. 'Some in London have had to fold their business but were able to keep their clients. They now work from home and use a space like this. Financially they're better off and say it's the best thing that ever happened to them.'

That's one of our unique qualities. Our staff really understand how our users' businesses work.'

There has been steady growth in home-based and occasional users, with around 20% eventually taking office space. 'In the recession there has been a slight dip in regular users but we have retained almost all of them as virtual customers,' says Hyam.

Management

The building is owned by Yorkshire Forward and is managed on a three-year contract by Creative Space Management, a private company. Company director Toby Hyam previously managed the Huddersfield Media Centre, then and now run by the non-profit Media Centre Network. Hyam's switch to the private sector illustrates a dilemma for public sector workhub owners: how to retain the talents of entrepreneurial hub managers. Should the buildings be managed by a non-profit company or social enterprise? Or sold entirely as a going concern? Or is a contract to manage the best compromise?

Facilities/services

- Although the building opens from 8.30am – 5.30pm, Monday to Friday, it operates as a creative hub, 24/7
- Virtual office (both phone and post)
- Broadband
- Free wifi throughout building
- Synchronous (fast upload speed) broadband with 24/7 monitoring and backup line
- 80mbps virtual conference facility with low hourly charges
- Hotdesking
- Small office pods for freelancers or occasional use
- Storage facilities
- Meeting rooms for hire
- Atrium available for events
- Networking events eg community fête, Google events, mini trade shows, Cristmas parties
- Corporate grade digital telephony with handset and professional call answering
- Franking and postal collection
- Photocopying/printing (up to A3), laminating
- Stationery supply
- Secretarial support.

Sarah Shafi

www.rudeltd.com

Sarah Shafi is founder and managing director of Rude, selling leather goods and accessories she designs primarily for the hairdressing industry. Now working almost solely from home, the last three years have seen Sarah set up a business at home from scratch, shift a booming enterprise to the Round Foundry, then downsize as the recession hit. 'If I was purely business-orientated I'd have folded the business completely,' says Sarah, 'but there's still a market to be tapped and I have a passion for it.'

Sarah's ex-husband, a hairdresser, inspired her launch product – a cowboy style belt for hairdressers' tools. 'My ex had expensive scissors and was always frustrated because other stylists would wander off with them,' Sarah says. 'So I got some cowhide from my piano stool and fashioned it around his tools. It changed his professional life and, being cowhide, it was really funky.' The average cost of a hairdresser's scissors, she explains, is around £300. 'Some cost £600. I've come across one whose scissors cost £5,000, made by Samurai swordmakers!' Sarah put together a few more prototypes, touted them around local hairdressers, and the holster gained a momentum of its own. 'I got a call from *Hairdressers Journal* who'd been approached by hairdressers trying to get hold of the holsters. I did a little research and the next week quit my job, remortgaged my house and borrowed some money.'

Up to her eyes in debt, with an 18 month old baby and going through a divorce, Sarah and two friends spent the summer of 2006 visiting salons across the UK to test the market . 'We launched it at Europe's biggest hair event in October. In three days there we turned over £17,000.' Two weeks later her 'zebra-skin' model was the 'must have' accessory on TV's *Celebrity Scissorhands* and, backed by an advertising campaign, Sarah was soon swamped with orders. 'I was inundated. I needed a professional eye on my business. I needed to get out of the house. I'd heard about the Round Foundry so I called and spoke to then. Tom made a massive impact on my business from day one.' Another Round Foundry tenant, AWA Digital, created the Rude website and in 2007 the business flourished.

But 2008 brought a rude awakening. 'People cut spending on luxury products,' Sarah says, 'and I faced insolvency.' Round Foundry suggested downsizing so Sarah set up her home office again and now uses the virtual office service. 'From the outside world people see a big company, even though I'm running it from my home. Kirstyn, Tom and Alison who answer the calls are brilliant. It's like they're part of the Rude family. I get great customer feedback and my loyalty to this place is strong because I know I get looked after. The key thing is their flexibility, whether my business is working well or it's unproductive I still feel like a valued part of the team.'

After nearly two years of forced austerity, business is starting to pick up, notably in the USA. 'Most days I'll get my daughter to school then check my email,' Sarah says. 'I've been using the 2009 lull to plan and restructure and my business legs have grown hugely.' Her product range is set to become more diverse, including laptop cases (one snapped up by *Dragons' Den's* Peter Jones) and an FBI-style holster for keys, phone and wallet (fans include Ronnie Corbett and Steve Strange). She's also exploring a more affordable product for the 2012 Olympics, hopefully taking the edge off cheaper rip-offs that have cost her thousands in legal action over copyright breaches.

'We're getting a lot of interest now from America, Australia and Canada and I've signed deals with the UK franchise of American hair giant Paul Mitchell and a hair extension company, Great Lengths.' There have been invitations from *The Apprentice* and *Dragons' Den*. 'It's humbling and nourishing to see your work being recognised,' says Sarah. 'And I am of course now officially a Rude woman...'

The finances

The capital cost of fitting out the building was £1.3m. Running costs are approximately £750,000 pa including rent, staff and utilities. The foundry is close to a break-even position in commercial terms, but Yorkshire Forward paid a high commercial cost for the long lease. 'Breaking even is quite an achievement given the building was difficult to fit out and generally not as cost effective, space-wise, as a hub as it might have been,' says Hyam. It is a good example of how to create a workhub facility in a building designed for a very different purpose.

Income is mainly from rent from tenant businesses. But 25-30% of revenue comes from IT services (including its virtual office facility, VoIP phone charges and broadband). There is no grant or public sector contribution to revenue costs. The company is building up the proportion of income derived from non-rental sources, by expanding the range of services it offers.

Staff

Toby Hyam is overall director of this and other workhubs managed by Creative Space. There are three full-time staff – a manager and customer services administrators. The latter are deliberately multi-task jobs.

Businesses and members

There are 40 businesses based in the building and a further 60 businesses using it as a hub, bringing to about 250 the number using the building, excluding the visitors and freelancers who drop-in every day. Types of business vary enormously but typically include e-commerce specialists, gaming industry micros, web and graphic designers and training companies.

The challenges

The long term prospects are good, Hyam believes. 'There is ongoing growth in the number of Leeds businesses that are in the sectors we appeal to. And we think we've got a good balance between what we offer full-time tenants taking workspace and part-time/occasional users. Our market is expanding.'

The building is not easy to adapt, nor to expand in. 'It would have been much easier if it had been bigger and designed for its current purpose.'

The Werks, Hove

The Werks in Hove is lead workhub in a group of four on or near the Sussex coast. It has a high street presence with 60 or so of its 370 members regularly using its three floors of flexible space

The building

The Werks is inside a high street converted shop with normal retail uses either side of its entrance lobby. It has a large open plan co-working space on the ground floor and has recently begun to improve its large basement so that there is a relaxation area and also a large meeting/event room. In total The Werks has 6,500 square feet available to its users.

What's special

The Werks now has four branches along the south coast but each has its own website and identity, with different types of user.

Coachwerks in Brighton, for example, is very much a physical arts-based hub for performers, writers, animators, musicians, photographers, printers and artists etc. It is based in an old car repairs garage. Westwerks in Brighton is aimed more at social enterprises and the voluntary sector, who also have many home-working managers and staff.

The Werks at Hove is a town centre hub with a stronger emphasis on IT-based freelancers and small companies. 'We find that each hub tends to attract local people from its own area,' says director Ian Elwick (above). 'We have tried offering use of all the Werks to members but they rarely use the other sites. Having a hub near to where they live is obviously a key appeal.'

Coachwerks has the happily chaotic feel of a college art room. Set far back from the more expensive water-front neighbourhoods of Brighton the building was once a coach repairs garage, and it clearly benefits from an artistic vision of how it could look. Still far from complete when we visited, it already had a flourishing membership including artists, photographers, environmental groups, dancers and dramatists. Plans were well advanced for a Saturday community café. Unlike any other workhub, its members are actively helping to transform the building – but for now the emphasis is on heavy insulation in preparation for the expected (and delivered) cold winter.

The work, says one, goes in waves. 'One minute it looks a terrible mess, then it looks OK.' Bottles set into internal walls that will form windows are a typical feature. Creative work continues among the chaos, with the scream of a drill competing with a dance rehearsal. The advantage of Coachwerks' approach is its members have a very strong interest in making the place a success. Pitching in with the grubby job of building and decorating has been a great way for members to get to know their future neighbours and collaborators.

Collaboration

'When we started The Werks in 2007 we thought we were pioneers,' says Elwick. 'But a fair few people were having the same idea about creative sector hubs. We are part of a movement to a new world of work – a shift to project-based working and co-working: self-employed people sharing an open plan space.

'The collaborative way the creative sector works can teach other small businesses a lot. The "larger company counts" growth model just doesn't work in tough times. I'd say it is just not entrepreneurial and is arguably high carbon.

LewesWerks, based in a former jobcentre at the top end of the historic town of Lewes, is pitching itself at a similar demographic to the Brighton and Hove Werks. 'But the lifestyle in Lewes is very different,' says Rosie Sherry, who runs the facility 'and while the houses cost the same as in Brighton they're a bit smaller and there may be some people who don't yet have broadband at home.' It's Sherry's job to meet and greet and fill the space. She devotes two hours a day to the role and, because it's early days and money is tight, works in her specialist area of social media at other times. 'Filling space is a priority but so too is community building,' she says.

Web developers and Mac specialists Isos get a reduced rent in return for technical support to users. Bookings are growing for the large open plan area, now used for workshops, film viewings etc. This workhub is in its infancy but shows how high street locations can work well for the concept – in the right towns. Even with leaflet drops and a small A-board, most publicity has come through word of mouth.

Instead we find that smaller companies work best when they come together on a project-based approach, sharing contracts or subcontracting to one another. We have had over 20 members here work together on a £90,000 contract recently for example. This can suit the client too – they get real specialists doing each aspect of the work, say on a new website, rather than the staff that one company happens to have at the time.'

Should the collaborative approach be formalised? 'We tried setting up a company out of a collaborative project but disbanded it,' he says. 'We are not here to back one or two large businesses. That's not how our members want to work. They all want to be in charge of their own business.'

Creative businesses don't grow like the innovation centre development model, says Elwick. They grow projects not companies. 'Many workhub users actively choose the flexibility of being small,' he says. 'It doesn't mean they won't contribute large amounts to economic growth. Just read the credits of a Hollywood film for an example of the power of freelancers working together. Many film companies only have a few staff. But they have a large number of individuals and specialist micro companies on their books.'

Dr Vicky Cave (The Werks)

www.oujamaflip.com

Vicky is a freelance designer of interactive educational exhibits for children. It is her third day at The Werks, having moved to Brighton from London just this week. 'I haven't got the internet set up at home yet so I did a Google search for office space and couldn't believe it when this came up just across the road. If it wasn't here I'd probably be doing my nut or working in the library until I'd got everything set up at home.' There's a definite urgency to her work right now, preparing a £1.75m bid to the Wellcome Trust. If the bid is approved, Vicky will secure a long term contract with Eureka!, the national children's museum in Halifax. Though very new to The Werks she's already spotted opportunities here for collaboration. 'I've met really interesting people just sitting across the desk and there's plenty of scope for crossovers. The good thing about this place is it's flexible – a six-month office contract doesn't appeal to me, it would be expensive and you wouldn't have that opportunity to meet people.'

Claire Kirtland (Lewes Werks)

www.clairekirtland.co.uk

Claire Kirtland offers a PR and marketing service. Originally from London she moved to Lewes with her son six years ago and until three weeks ago had been working from home. 'I love working from home and I had a little room set up there. But then I had another baby and I can't work around a screaming baby!' she says.

She now works three days a week at LewesWerks alongside others with the same one person, one laptop set up. 'Most of my clients are in Lewes or Brighton, but getting to Brighton by bus or train can mean a round trip of three hours. I wouldn't ask them to come to my home because that's just a bit too personal but I can now meet them here, where it feels professional, it's a great address and people take you more seriously.'

Mandy Taylor (Coachwerks)

illustriousbrighton.co.uk

Mandy Taylor is a fine artist who works on commission, specialising in painting and print. Part-time she teaches English as a second language. Right now she seems to be pursuing a career as a builder, up a ladder elbow-deep in roof insulation rolls and surrounded by buckets of wet plaster. All the CoachWerk's users are helping convert the former coach garage into winter-proof premises.

Mandy became part of the Coachwerks community six months ago, prompted to find studio space to supplement her top floor bedroom where lack of space to overview work in progress was distorting her efforts. 'The mix of people and skills at the Coachwerks, she says, makes it 'amazingly fecund. You're encouraged to try running workshops because everyone assumes you can do it. You're pushed to try things you wouldn't normally. There's also the benefit of a critical second opinion.'

'At college you rely on your tutors to tell you if a work is good. Now you're standing on your own two feet but you value feedback.' The Werks network is also pushing her to learn more economically useful skills. 'I'm planning to learn screen printing at the Printwerks which will generate income and I'll be buying my own relief printing press.'

Management

Werkshop CIC (community interest company) is a private sector venture similar to a social enterprise. It is the parent company which controls all the werks workhubs. There is also Werkshop UK Ltd, a holding company which holds some of the leases and offers the opportunity for spin out projects to get started while they are incubation.

How it started

Ian Elwick and his colleagues researched demand for a hub in Hove. 'We were in touch with home-working freelancers and creatives and asked what they wanted and how they wanted it. 'Traditional work-space demand studies are fatuous when it comes to workhubs, Elwick says. 'It's only when people see, touch and feel a place like this that you can be sure of demand. They don't know they want a hub until they visit one. It's quite unlike traditional companies looking for x square feet of office space.

'At Hove we had an opportunity which was rare in the boom years and we knew generally this was a good area for a service like this. We've been proved right and have even ridden out quite a severe recession.'

Tariffs

The Werks

- Flexible co-working rates ('when you need to escape the home office')
- 'Regular Joe' for £65 per month (use of co-working space and wifi during regular working hours week-days. Up to three days a week/12 days a month)
- 'Non conformist' for £100 per month (as above with 24 hour access. Up to four days a week/16 days a month)
- Full-time office space at £150/£220/£350 per month depending on space taken. All above plus VAT

The finances

The Werks has the building on a 15-year lease. Running costs including staff are around £150k pa. The cost of initial refurbishment was about £90,000.

The other locations all have similar standalone budgets, but Coachwerks in particular has been an outstanding example of collaborative working. Over 30 people came together there to fix up a very dilapidated motor works adding their own time and money for materials with only the promise of use of the space to motivate them.

Income sources break down as follows: 17% of revenue is from membership (occasional users), 75% from regulars and 8% from one-off fees such as meeting/event hire.

Currently The Werks is trying to finance a revamp of its basement but is struggling to raise the budgets to do it how it wants to. There is no grant funding for The Werks so it is exploring sponsorship as an alternative source. For now its members are offering to help with fundraising in the same way as the finance was raised for Coachwerks.

Staff

At The Werks there are two directors, two members of staff (office manager and accounts) and several volunteers.

Businesses and members

There are 1,500 regular users of all the Werks and a further 300 occasional users, mainly home-based. Businesses range from web designers and programmers to arts and performance at Coachwerks. Individual membership is fluid, with people shifting between full- and part-time use.

'Many of our members are very experienced in business and management. Many have switched to running their own company from a larger employer,' he says. 'We have former BBC executives using our hub. We are not just offering some kind of arts or creative benefit to the local area. The potential impact of the collaboration we enable here is very significant for the local economy.'

The challenges

'This is the way of the future. The new game not the old game,' Elwick says. 'The tide was going this way anyway.' But in the meantime the organisation is struggling to offer either the level of staff or quality of fit out it would like to. The contrast with the amount of public sector support workhubs have in other regions is stark.

'We need to step up a gear,' says Elwick. 'We have a huge asset – our collaborative culture – which sells membership to people. But more resources will be needed if we are to capitalise on this. The answer is not better equipped but sterile space but to try to marry together the people aspects of our workhubs with better facilities. That, frankly, requires support from the public sector and a better understanding of how much of Britain's GDP is developed through small dynamic businesses.'

York Hub

In the centre of York, is the city's first workhub. A variety of freelance users co-work there, invited by the owner who wanted to share his commercial premises with a wider range of businesses

The building

The York Hub is in the basement of a medium-rise building within York's city walls. There are flats above. The space was bought by John Logan (below) at an auction in 2008, initially for his own company to use as a city centre office.

'This purchase was simply a valuable thing to do, a good investment in a prime city centre location,' says Logan. 'The spins offs – collaboration, skills and knowledge sharing – are harder to measure on the balance sheet. But that doesn't mean they aren't incredibly good for the business.' Logan's company Anglo Management UK Ltd, which specialises in making better use of under-used car parks in urban centres, had previously leased premises.

What's special

'The hub is totally unique in York,' he says. 'Business centres here tend to be out of the city centre. Here we offer a more open plan and collaborative space. There is a community feel which you simply don't get in soulless office centres. People aren't coming in wearing suits – it's not that kind of place. That doesn't mean to say our users aren't business-like.'

Logan's company initially wanted an asset as well as its own office space in a central location. But it became clear quickly that there was plenty of spare space. 'I knew others would be looking for somewhere like this, just as we had been,' he says. 'I liked the idea of people sharing a space and helping each other with different skills. So we opened up a series of desks for everyday use or hotdesking. There has been huge demand and in no time at all we have created a thriving group of freelancers and small businesses.'

The hub business is run by Logan with help from Shereen Roe, who helps manage the space on a freelance basis as a subcontractor. She combines this task with separate varied work of her own from the same space.

Logan's core business is far from the creative sector typically associated with many urban workhubs. But he is very pleased with the benefits of being co-located with writers, photographers and IT specialists. Many of them, he says, have helped his own business – and each other. 'The hub gives all of us a chance to offer customers a wider range of services and products than any of us could have offered alone. Subcontracting and sharing work is very good for business if you are a micro. We expected the hub to appeal to mainly creatives and freelancers and it has done.' The next phase will be to investigate the growing number who use the space occasionally or virtually.

Alex Robertshaw

www.discoverytravel.co.uk

Alex Robertshaw is product manager for a family business offering adventure and activity holidays in Britain and across Europe. 'It's been going for 13 years and I've worked for them for about three, doing a bit of everything,' he says. Walking or cycling Hadrian's Wall is the most popular option but the selection is expanding.

'We're looking into mountain biking and I'm off to Lanzarote in a couple of weeks to recce a new trip.' Two full-time colleagues are based in Richmond while Alex and a colleague are based at York Hub. 'We've been here since October and in winter we'll be in the office a lot, checking the routes and hotels are all OK.' In summer, he says, it's unlikely they'll be at the hub more than one day a week.

'We'll be outdoors most of the time and it's one of the reasons I got this place instead of leasing an empty office.' Alex and his colleague both started out working from home together. Where the hub has the edge, he says, is human company. 'When it's just two of you it's easy to get in a rut. We've noticed a definite difference here.'

Shereen Roe

Live Music Solutions

Shereen wears many hats, among them office manager for the York Hub and administrator for manager John's car parking enterprise Anglo Management. 'I met John when I tried to flog him advertising space in a local magazine. I'd been there for years and if he hadn't offered me part-time hours here I'd never have been given the push to go self-employed. I enjoy life so much more now,' she says. Some work is done at home. 'I'm also a band promoter and agent and I do that at home but my dad's retired and needs conversation so I go into my bedroom if he gets too much!'

Shereen fits in 25 to 30 hours a week working for John but her workload is building up. 'I do admin, book-keeping and paperwork for John's parking business. And I also a few hours of admin for a lady who has space here. Another hub user wants a part-time PA too.' Shereen is keen to point out some of the many ways York Hub differs from a traditional office. 'We share things like printers, we don't have divided camps and it's fantastic how people interact in creative ways.' An unusual benefit recently was a free haircut. 'One of our members is a photographer and designer who happens to own a hairdressers. One of my haircuts featured in a "before and after" shot he did for a magazine.'

Miles Salter

wordswordswords.co.uk

Miles Salter is a freelance journalist, author and copywriter. He's also dad to a two-year-old daughter and with that comes caring responsibilities. 'She's at nursery two days a week and with grandma one day but my partner and I juggle the rest of the week. I'm lucky if I get a full day a week at the hub but it's not intentional. We have an ongoing debate about whether I should work at home full-time. Helen says we'd save a lot of money but I'm reluctant to give my desk up. One of the benefits is you're near people with similar work and interests and more work comes from that.'

One of his collaborators is film maker Simon Collins. 'We started working together on a community arts project and talked about renting an office then. But Simon knew someone who knew John so we ended up here. I've also worked with Lee, a website designer based here.' The social aspect, Miles says, is a huge asset. 'The main thing really is just chatting to people. I'll say what I do if someone's a designer or photographer and I feel it's appropriate. I like the space, I like the contacts and I can have meetings here. The hub is just great.'

Simon Collins

yorkfilmingandediting.co.uk

Simon is a film-maker and animator who went freelance six years ago after working as a graphic designer for a large company. 'I got fed up being in the same place and I'd always done a bit of film-making. I thought if it doesn't work out I could always get a proper job.'

After making a film for the Learning and Skills Council, and a few jobs done gratis, paid commissions began coming in. 'I mainly make short documentaries about particular projects. I also run an animation project with young people with medical conditions including diabetes and Aspergers.' A big advantage of the hub for him is cost. 'I did look around at a few other places, but for what I can afford I'd probably have been tucked away in the corner of a large building.'

It becomes apparent quickly upon visiting that this workhub could easily have been much bigger and still met local demand. 'In the centre of York there is no central shared workspace, no creative headquarters. So although we are a private business we are fulfilling a role that many cities deliver through large amounts of public sector investment.'

There is a business incubator at the college, but Logan believes few small businesses want a college setting. 'They prefer to learn from real businesses and pick up ideas and skills off each other.'

Management

The model this workhub illustrates is a simple concept: a single company opening up its own space to other businesses to share, not only for revenue but for the benefits of a collaborative business environment.

The hub is managed entirely by John Logan's Anglo Management UK Ltd. However, he is considering a separate hub management company, possibly a not-for-profit, if demand continues rising. What does he get out of it? 'We didn't set this up to make a big profit. As long as it covers its costs, what we get is a completely different work atmosphere. The income is obviously beneficial to us because otherwise my company would cover the whole cost of the space. But what we get is the impact of collaboration, having people in the same building with the skills and experience we didn't have.'

The finances

The building cost £125k on a 999 year lease. Aside from the loan to repay this, running costs are just under £15k per year. This covers business rates, fuel, telecoms etc.

Income sources break down as follows: 10% of revenue is from membership (occasional users), 80% from regulars and 10% from one-off fees such as meeting/event hire. As other services expand, the proportion of income coming from regular users is gradually becoming less dominant.

The hub is self financing, but only on a bare bones basis – and because the building also houses its core business – the owner's company. Expanding its user base and facilities would need more investment.

'We are keen to avoid the hoops and red tape of public sector support,' says Logan. 'We may however look to up our number of users and see if we can get some kind of sponsorship or partnership with a service such as a bank, insurer or law practice.'

Staff

John Logan's approach to staffing is typical of many hub users – a preference for subcontractors over employees and for flexible use of workspace. 'This has worked well for companies in the downturn,' he says. 'You can expand and contract what you pay your team and your office overheads very quickly.'

It is this flexibility, he believes, that gives places like the York Hub a unique offer to users. 'Our tenants don't want to be tied in to long-term office costs. Here they can increase or reduce their presence very easily. That lowers the risk to their business.'

Businesses and members

The hub has 40 users. Half are full-time tenants and the rest are virtual users – a mix of home-based and others who use the city centre address to help brand their business and to pick up mail etc.

The businesses are very varied, from designers and IT based businesses to travel and holiday operators and even a hairdresser. Most are sole traders, several businesses employ one or two people and a few are larger companies with regional representatives at the hub.

The hub could easily fill more space if it expanded. In the meantime, Logan is in a position to choose who uses it. 'We are not only going for creatives. That's not what my own company does for example. But we only want people here who are willing to collaborate and share the space in a friendly way.'

'Users are often those who have insufficient space at home or who have come from places like London and want to plug in to York quickly by doing business with others.'

The challenges

'This works as a model only on the basis of my company being here, because space is limited,' says Logan. 'We could go larger scale but would have to find the place to do this. If we did I am confident there would be demand.'

In retrospect, he believes he could have been more ambitious in his choice of premises. 'I wish we had got somewhere bigger! But there wasn't and isn't much available at a good price. Considering we set up York Hub in the teeth of a downturn and demand has been high ever since, this suggests that many smaller cities and towns have hidden demand for workhubs like this.'

Was there really no impact on demand in the downturn? 'We may have lost a couple of users because of the recession, but they have been easy to replace. We have actually found we've benefited from the hard times. Many people were looking to downsize from separate premises to a cheaper shared space. One of the most appealing aspects is adaptability. If you want to see a truly flexible labour market, visit a workhub!'

Funkbunk, Wing, Bedfordshire

Funkbunk occupies a shed with a richly varied history – home to the Women's Auxiliary Air Force during World War One, followed by dairy cows, then furniture. It has now been reincarnated as a workhub

The building

You don't get much more rural than a farm. Glebe Close Farm is owned by the Cranwell family, who use some of the farm buildings for a furniture business and, in the case of one brother, an IT company. A little over a year ago Sam (pictured top right), who lives nearby in Leighton Buzzard, took over another of the sheds to accommodate his growing design agency.

'These rooms had been variously derelict or used as workshops for the past 30 years and then they got flooded,' Cranwell says. The main room is now painted a minimalist white and fitted out with modern designer desks, sofas and shelves, with only the exposed steel roof supports hinting at earlier incarnations. And potentially offering an alternative use. 'We liked the idea of a space we could play basketball in,' Cranwell says.

The room next door, which had served as a gallery/events area, is for now closed. 'An inspector came round from the council and decided we were between 5-10 square feet over the small business relief limit,' Cranwell says. Funkbunk is now looking for a single company to rent the space, 'ideally one that would want to collaborate with Funkbunk workers'.

What's special

Not surprisingly, given Cranwell's main job, Funkbunk has an exceptionally strong brand. The website is striking and makes for a lively and informative read. So effective is it, Cranwell has been invited to set up a franchise in Austin, Texas, which he says might be jumping the gun a bit. There's a few boxes still to tick establishing Funkbunk One.

Funkbunk is also a rare workhub in a part of the country where home-working is widespread but under the radar. It might never have come about had Cranwell not tired of home-working. He set up his own design agency eight years ago after years working as a graphic designer, mainly in London. He first rented a serviced office at a nearby business park but rising costs prompted him to shift the operation to his home.

'There were some days when I never stepped outside and it was really taking over the house,' Cranwell recalls. 'Also I was used to working for a company with a lot of people so I was mentally exhausted.' When the chance to rent space at the family farm came up, he leapt at it. Cranwell senior raised a bank loan to renovate the shed, but Sam furnished and decorated the rooms.

The decision to invite others was partly driven by the need to subsidise the rent, and partly to fill up a space far larger than Sam and his team of two needed. Cranwell's partner, then running her own marketing agency, took deskspace, and added her professional expertise to the mix. Others were found through sometimes less conventional routes, including the local pub.

Today Funkbunk offers an environment that provides intellectual stimulation and a sounding board for ideas. 'Open plan encourages collaboration and, with just one exception, we've all collaborated on projects one way or another,' Cranwell says.

'Opportunities come up more times than you'd imagine. Two of our regulars are technical engineers who produce vision systems for production lines. They asked us to build them a website then some time later we needed a projection system for a visual installation we were working on and they wrote the software for that. It was great for them and a departure from their usual work but they now use it to show others what they do.'

'We don't want people to feel they have to donate their own services, which some of the London hubs do,' he adds. 'We're just asking for some money for the desk. The people here are serious about doing business and when everyone in the room is doing well there's a great feeling.'

Funkbunk is currently enjoying its moment in the sun, having being named one of the '10 best

co-working spaces in the UK' by reputable creative community website *Creative Boom*. 'This kind of exposure is fantastic for us. It doubled our website traffic for two weeks and has generated new enquiries,' Cranwell says.

Management and staff

Funkbunk is in the process of formally becoming a non-profit company limited by guarantee. Cranwell runs Funkbunk as a sideline to his main business – running the design agency. 'Most of the work is in promotion – letting people know we're here,' he says. He and his team, Rob and Josh, help with the keeping things running smoothly. 'The cleaning?' says Cranwell. 'That's probably down to me.'

Tariffs

Inspired by Forward Space, Funkbunk has introduced a range of membership options. 'I'm trying to formalise the membership and in fact people have said it's better that way for them,' Cranwell says.

Funkmonk: £25 per month

- Up to 16hrs (two days) desk time per month
- Broadband internet (wireless or wired)
- Free black and white printing (fair usage)
- Use of meeting room and spaces
- Free tea and coffee
- all business rates, buildings insurance, electricity, water, security, cleaning and health & safet

Funkchunk: £70 per month

- Up to 48hrs (six days) desk time per month
- All of the above plus:
- Promotion of business on the FunkBunk website
- Own mail box at FunkBunk

Funktrunk: £140 per month

- Up to 96hrs (12 days) desk time at per month
- All of the above plus:
- Dedicated storage space for files, stationery etc

Funkbunker: £200 per month

- Own dedicated desk
- All of the above plus 24hrs access
- A sign with your logo on the door.

The finances

The building is rented on a short lease, with rental and running costs per annum coming to approximately £14,000. The cost of decorating and furnishing the workhub came to circa £5,000. Rental from others using regular space or hotdesking is the main source of income. The main outgoings are rent and business rates, followed by electricity, phone, broadband and keeping the kitchen stocked.

Businesses and members

Funkbunk now has 22 businesses on its membership list now, including seven homeworkers. An events organising company, with two staff, has taken full-time space. Regular users include an engineering consultancy and a web development company. Among Funkbunk's home-based members are a graphic designer whose primary base is her garden shed, an author who develops Flash applications and a freelance web developer. 'When he comes in he'll work from 8am to 11pm because he has a baby at home and it's easier to get all his work done in one go,' Cranwell notes.

The challenges

The two biggest struggles have been finding people locally to rent deskspace, and the local authority's rates office decisions on business rate applicability (Funkbunk's floorspace was marginally too large to qualify for a reduction).

Finding more potential Funkbunkers is a priority. 'The difficulty for us is reaching self-employed people working from home,' Cranwell says. He subscribes to a service that sends out lists of new businesses set up locally in the preceding month. 'I look them up on Google Earth and if it's obviously residential, target them.'

Otherwise it's a matter of building up contacts. 'We've tried advertising, but it's expensive, so all our promotion is done on the website or Twitter. I also attend tweet-ups, which is basically a bunch of geeks in a room. We usually meet up in a pub and we've gained a few members through that.'

Woodend Creative Workspace, Scarborough

Woodend, once the home of the Sitwell family, has been transformed from a declining museum into a vibrant workhub at the centre of Scarborough's new creative business cluster

The building

Woodend was originally the family home of the Sitwells, whose shared literary output graces the walls of the beautifully preserved old library. The Sitwells left after bombing raids by the German Navy and zeppelins destroyed nearby homes in the First World War.

Woodend became a natural history museum but fell into disrepair, virtually ignored until Scarborough's renaissance programme saw a chance to turn it into a centre for the town's fast growing colony of creative entrepreneurs.

Scarborough has seen repeated exoduses of its wealthier residents over the last few hundred years. One followed the arrival of the first railway in the 1840s, bringing mass tourism and ending the appeal of the gentrified seaside town's remote beauty. The art deco revival (still evident in some hotels) also petered out, leaving the town largely dependent upon seasonal working class tourism until its renaissance as a leader in creative enterprise.

The idea for a workhub came in 2005. A coastal town renaissance programme was being funded by RDA Yorkshire Forward. Locally the council chose to kill a few birds with one stone, using the programme to co-fund Woodend's conversion for a new use that respected the building's heritage.

Director Andrew Clay came eight months before the centre opened in April 2008. 'A delayed opening allowed the project to be very carefully thought through, responding to detailed market research. There was a group of hardcore creatives in the local Creative Coast Network here already, with 140 members. We cultivated them and built up connections with photographers, writers, artists etc. But we also aimed for key anchor tenants such as the BBC, which now has a studio here,' Clay says.

What's special

'Woodend is completely unique in Scarborough and most of this part of Yorkshire,' says Clay. 'We've got a heritage building, some of the best quality workspace in the town and we reach a good range of sectors not just the creatives.

'Other offices in town tend to be above shops or you have to go out to the business park. Neither of these appeal to people like our space does. We offer a place to collaborate, not just to take a room. And nowhere else facilitates networking like we do. Our everyday tenants were previously at home or in shabby places, even condemned buildings. Woodend has changed everything for them.'

Scarborough's traditional sectors, fishing and tourism, he says, are either flagging or seasonal and in decline. 'This was an opportunity to brand the town an exciting place for relocating creative businesses, lured by stunning scenery, the coast and cheaper premises and housing.' It was ideal for freelancers and creative businesses wanting out of the larger northern cities – people with young families returning to Scarborough or choosing it because they came here on holiday as children or for weekend breaks. 'Returners as well as relocaters. Plus there is surfing here!' Clay says.

Management

Creative Industries Centre Trust Ltd, a not-for-profit company, was set up by the council to run the centre after its refurbishment in 2008. It has a board with 11 directors and is currently chaired by former councillor Sheila Kettlewell. Articles of association guarantee a place to two education reps (from Yorkshire Coast College and Hull University) and a councillor. The chief executive of the local theatre is also on the board. Andrew Clay, the director, formerly ran the Round Foundry Media Centre in Leeds and previously worked as a creative consultant at another Yorkshire workhub, Huddersfield Media Centre.

The company advertised the director post at over £40k to attract a relocating director. 'I think it was important for them not to recruit someone who commutes and leaves after short period,' says Clay, who lives happily in Scarborough now with his family.

Tony Bartholomew

www.bartpics.co.uk

Tony Bartholomew is a photographer who went freelance in 1995 after years working as a staff photographer for newspapers, including the *Northern Echo*. A large room at the top of his house served as his office until 2008 when he relocated to the newly opened Woodend.

'Working at home suited me but when I saw Woodend I thought I'd give it a go,' he said. 'The rents were low enough that I figured just one extra job a month would pay the rent.'

Another attraction was the prospect of attracting new business and some regular clients were also moving to Woodend. An unexpected change has been his own attitude to work. 'It has given me a slight kick-start and I'm doing things like running a photography workshop, which I'd never have done at home.'

Tony rents an office and with his work almost entirely digital no longer needs a dark room. 'Most of my work is done on location so I rarely need a studio but I can rent a room if I need one.' Other benefits, he notes, include reception signing for his deliveries and the social events. If Woodend hadn't come along, Tony says he'd still be working at home, disappointing his small son. 'He has his eye on my old office.'

Gillies/Jones

www.gilliesjonesglass.co.uk

Negotiations are in hand over funding for a permanent exhibition space at Woodend, a move that would allow Woodend to extend its support for local artists. If successful, one of the first exhibitions would star internationally renowned glassmakers Gillies Jones, also sometime collaborators with Tony Bartholomew.

Tony first came across the Gillies Jones studio 15 years ago. 'I was working on the Yorkshire Moors shortly after they opened their studio and was intrigued,' he recalls. His first photographs of their work, for the *Yorkshire Post*, have been followed up over the years by other combined efforts including their first major catalogue. 'Tony's eye sees parts of the process even I don't see,' Kate Jones says.

Kate and Stephen Gillies work in a former blacksmith's forge just 20 metres from their cottage in the village of Rosedale. Their live/work set up is ideal, says Kate. 'Winter's our creative time and our studio's open seven days a week. So in the lighter summer months we get lots of people coming to the door,' Kate said. 'Our children go to the village school and we don't usually blow glass after three, so we're very much working with the rhythm of the seasons and the children.' Many orders are placed online and Parcelforce beats a regular track to the forge door. They are frequent visitors to Woodend. 'I've seen a massive change in Tony since he's been there and we've been exploring using one of the website designers there,' Kate says. 'You do feel a kind of buzz there. It has a really forward energy about it.'

Tariffs

Typical rents for a 150 square foot unit at the centre are £160 per month. The council is keen for the centre to nurture new business so Woodend offers a 30% discount to start-up businesses for the first six months.

Virtual office services cost £50 per month for phone answering or £25 per month for post (£75 both). Clients who buy broadband get free wifi.

There is also a good range of meeting rooms, including the famous Sitwell Library. A contemporary conference room seats 50.

The finances

The building, owned by the local authority, was renovated for a capital cost of around £6 million. The managing company has taken out a 30-year lease, with a peppercorn rent. Running costs are around £250,000 per annum.

'We have 90% occupancy which is what it should be – having a little space available is always good,' says Clay. 'The first priority was letting physical space to get the income flowing. Now we are expanding our reach to the more hidden home-based businesses in and surrounding Scarborough.'

Staff

- 1 director FT
- 1 finance/admin FT
- 1 building/events mgr FT
- 1 receptionist PT
- 1 maintenance PT
- 2 PT cleaners.

Businesses and members

52 units with 35 physical businesses (some taking more than one space). These range from 150 square foot to 650 square foot. Many of these businesses have home-based staff or make part use of their space. There are five virtual members – the next phase of the centre's work is to expand this group. A university-run incubator has taken space in the building. And Woodend is also home to BBC York radio studio.

The challenges

Woodend has had to prove its wider economic benefit to the town, especially to those who see the creative sector as contributing more to the arts than business. We've comprehensively dismissed those "all this money for arty farty people" complaints you naturally expect in a project like this,' says Andrew Clay.

Lindsey Tyson

www.lindseytyson.co.uk

Lindsey Tyson is a textile designer and artist who went freelance after years designing fabrics for the automative trade. 'I worked in Belgium as a freelancer for a while and did the design from home. I left so I could be at home more but the room I was using is now a child's bedroom and I come here instead, even in the evening.' Lindsey has for the past six months rented a double studio space at Woodend where she creates vibrantly coloured textiles – some functional, some decorative, some both. 'I make scarves and wraps to sell and some cards and paintings.

'I also do workshops in felt making every month and teach art on Thursday and Friday mornings. The workshops pay my rent and business rates. It's easier to work at home because you don't have the overheads. But I can't fit all my stuff there now and I'd need somewhere for my workshops,' she says. 'There aren't many places in Scarborough big enough. This place also has such lovely views and you can walk outside with your lunch. I'd be devastated if I had to give it up!'

One recent idea was to extend the reach of its Wimax broadband with a line of sight connection to the Crown Spa Hotel on the hill opposite. 'This will make fast broadband available to other businesses in different sectors,' says Clay (pictured right). 'The technology we have brought into Scarborough can be rolled out to benefit tourism as well as year-round creatives.

'The council initially wanted Woodend to feed through growing businesses that would then take space on the business parks. 'This is not happening yet, which suggests we all need a better understanding of the type and size of workspace creative businesses seek,' he says.

Woodend first concentrated on core income – tenanted space. It now wants to extend its membership and virtual services to the diaspora of home-based businesses in this part of Yorkshire. 'We need to do some outreach and a mapping exercise of hidden home-based businesses that might like to be members of the Woodend community,' Clay says. 'We are also looking to better exploit uses of our art gallery and performance spaces, with a funding application to the Arts Council to do a creative programme.'

There are other ideas in the pipeline too. 'We want to reach creative retailers, for example the jet jewellery makers of Whitby. One idea might be for them sell at Woodend, with us taking a small commission on any sales.'

The biggest challenge, however, might be whether the council is willing to carry on capitalising on the town's impressive EU award for enterprise.

Jason Birkin

Duo Design

Jason and his business partner Rosie are a new company offering graphic design and illustration – and fresh out of college. 'We really didn't expect to come straight out to work for ourselves,' says Jason. 'We heard about Woodend and it was a really good opportunity. It's why we started the business. We wouldn't have done it otherwise – I'd planned to take a year out before going on to university to study graphics or illustration and Rosie was looking for work.'

The team are tucked into a small attic room thought to have been the butler's retreat. In one corner sits a colour printer – donated by Jason's uncle – which has proved a useful source of income. 'We can do large format, good quality printing for other people in the building as well as for ourselves,' Jason says. Being newcomers, they face the twin problems of finding clients and building up a portfolio but the work is starting to come in. 'We've done the Christmas menus and posters for a pub near where Rosie lives and we've just printed some posters for web designers 8-legged. It's really exciting seeing your designs in use.' Business support is part of their rental deal.

'Business Link were very helpful before we started,' Jason says. 'And Andrew Clay and one of the receptionists set up a meeting for us with one of the big designers in this area and he's now like a friend. He gave us lots of advice.' Both he and Rosie are working one day a week from home. 'We try to be here as much as we can because people will come to see us at an office. But we don't always need the facilities and sometimes it's not worth paying for transport. It's more relaxing at home but it can get a bit lonely.' Both are also working part-time. 'I work in the kitchen of a hotel and Rosie works as a waitress so there's money on the side if we need it,' Jason says. 'Our Business Link adviser says lots of young businesses do this. The whole business idea is scary but exciting at the same time.'

8 Low carbon and collaboration

How can workhubs help reduce the carbon emissions of buildings designed for work?

Homeworking and office working compared

THE ENVIRONMENTAL impacts of home-based working have been the subject of considerable research in recent years. Though individual circumstances vary, the overall findings show a significantly lower environmental footprint for home-based work compared to working in an office separate from home (eg Lake, 2002; DfT, 2005; Banister, 2007; James, 2009).

A large part of the reduced environmental impact comes from the reduction or elimination of commute working trips(table right).

Further reductions arise from the finding that 'domestic dwellings consume considerably less energy per square metre than air conditioned offices – and much less if they have been built recently' (James 2009). Some individual homeworkers may consume more energy if, for example, they moved from working in an eco-office to working from home in a draughty cottage. The following table shows indicative energy consumption in different kinds of homes and offices:

Building type	(kwh/m²)	CO_2/m²	@10m² per person	@14m² per person
Office - naturally ventilated, cellular (2003 average)	205	103	1030	1447
Office - naturally ventilated, open plan (2003 average)	236	119	1190	1665
Office - air conditioned, standard (2005 average)	404	203	2030	2850
Office - air conditioned, prestige (2005 average)	568	286	2860	4004
Dwelling (UK 2005 average, all stock)	261-368	132-186	1320-1860	1841-2597
Dwelling (built to 1998 Building Regs)	128-216	65-109	650-1524	903-1524
Dwelling (built to 2005 Building Regs)	75-124	38-63	380-630	532-875

Source: James, 2009, adapted

Overall, dwellings are more likely to be less carbon-intensive per m² than offices. This is reflected in levels of non-taxable allowances the Treasury sets as reasonable for employers to pay staff working from home: a maximum £3 per week (£156 per year) for any additional heating and electricity costs incurred.

Travel reduction from home working

	Average employed home worker (1.5 days per week)	Full-time home worker (5 days per week)
Distance saved per year*	1175 miles	3915 miles
CO_2 saved per year	364.5 kg	1187 kg
Time saved per year	61 hours	202.5 hours

*calculated on the basis of 45 working weeks per year

The average space per worker in UK offices vary between 9m² and 22m² per person. Recent surveys suggest an average of around 14m² per person (RICS, 2008). On this basis the tables on this page can be used to calculate the average carbon footprint per worker of office working in different circumstances.

One important factor is that when employees move to working from home, their office space is often retained. This shows the importance of combining flexible working options with measures to 'shrink the office'.

For the full-time home-based business, part of the carbon savings arises from never having had an office in the first place. The office build and running costs are avoided, offset by any carbon increases arising from having a larger domestic space and home office running costs.

The worst case scenario (Banister, 2007) appears to be an 80% clawback of commuting carbon savings due to increases in home heating and electricity use,

assuming also no changes back at the office. But this does not factor in behavioural differences: if you are paying the bills you are less likely to heat your home inefficiently.

As offices and homes become increasingly environmentally efficient, the differences may narrow. Nonetheless, having two buildings rather than one, and having to travel to a separate workplace inevitably increase the carbon cost of traditional forms of working. This is in part down to the higher **construction carbon** footprint of developing two buildings, but also to energy used by two buildings. For more evidence on this subject see *Can Homeworking Save The Planet?* (Smith Institute 2008)

For all the advantages of homeworking in terms of costs, carbon reduction and work-life balance, collaboration with others is harder. However, if workhubs can help overcome this, what is the impact on the sustainability advantages of home-based working?

Where do workhubs fit in the homeworking world?

A WORKHUB is an office and meeting place. At a basic level, it increases the carbon footprint of work, compared to working from home without use of a workhub. However, workhubs play a key role overall in facilitating a range of remote working options. These include working from home, and working from a range of other remote locations, all of which have an environmental impact. Workhubs provide facilities that home-based workers value, and they make home-based working more viable and/or improve the quality of the experience, can be used by multiple users, and may reduce the need to travel further afield (eg when trips back to base are avoided).

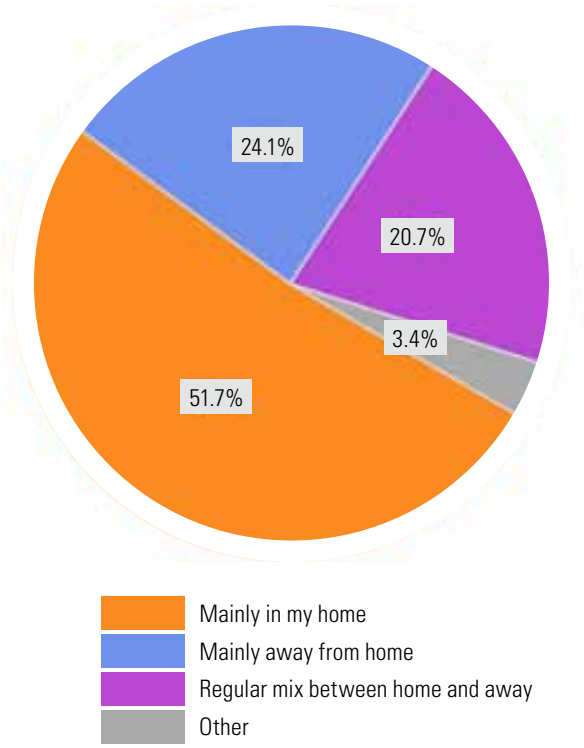
What are the travel and locational impacts of workhubs?

IN OUR survey of 65 workhub users (see page 32), most of the respondents worked most of the time at home, while others use home as a base and work away from home, or regularly mix working at home and working away (see graph top right).

30% of the respondents said that they had employees or regular business partners who also worked at home. For many of those who work regularly away from home, workhubs are an important location of work.

Around two-thirds of respondents used the workhub once a week or less so the travel impacts would not significantly erode the carbon benefits of working from home. But 11 of the 65 reported using the workhub every day despite still seeing themselves as home-based businesses. The carbon impacts of this would be much the same as working in a traditional office, unless they used the hub to avoid travelling further distances for work.

Usual place of work



The average distance of the workhub used from the home of the respondent is nine miles. This is close to the average commuting distance for all in employment. We also asked workhub users to state how far their previous workplace was from their home, if they had been working in a separate place. For half the respondents this did not apply.

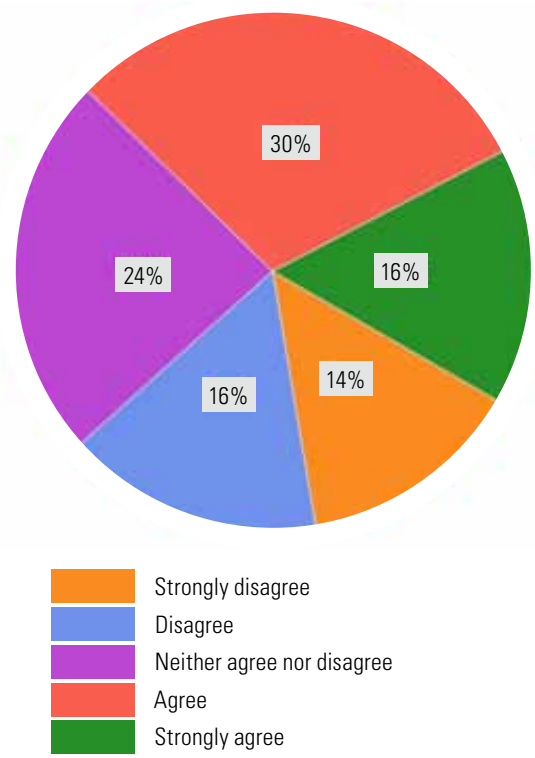
For the other half, the average distance was 18 miles (for this calculation we did leave out one respondent who had a trip of 160 miles, but who had before mainly worked from home). This finding is in line with other research (for a summary, see Lake & Cherrett, 2002) which indicates that people with longer commute journeys are more likely to take up home-based working.

One interesting finding is how people chose to travel to the workhub. Car travel (sole occupant) is the most common mode, though 12% lower in our sample than national figures for commuting to work. What is most striking though is the high numbers who use the most sustainable modes – walking and cycling, and low levels of public transport use. Over a fifth of our sample walked to the workhub they used, twice the national percentage of 11% (DfT, 2009).

Of course this finding may be related to the particular sample of respondents and the locations of the particular workhubs they use. However, it may also indicate that these kinds of workhub will be popular with the home-based businesses that are closest to it.

Do workhub users think that using the workhub helps them to reduce their overall travel? Respondents were divided on this point:

Travel reduction impacts



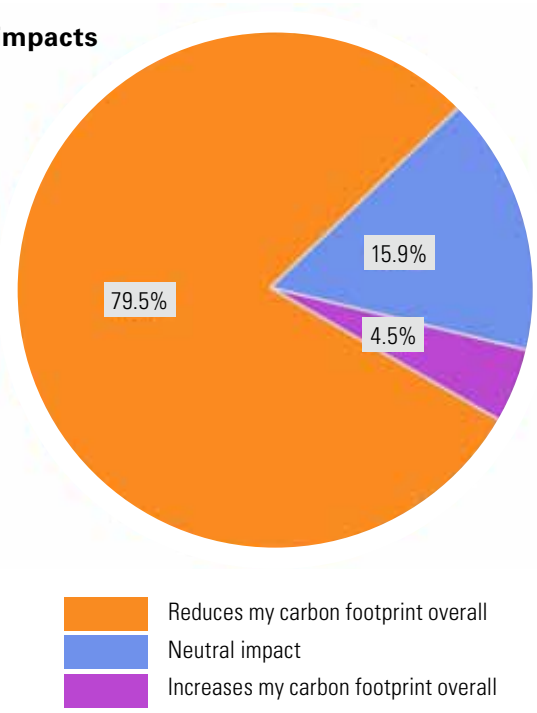
30% agree or strongly agree, while 36% disagree or strongly disagree. It would seem to depend on the circumstances. If one previously worked mainly from home, the net impact is likely to be an increase. If using the hub helps prevent longer journeys by bringing collaboration and other facilities nearer to you, the net impact may be less travel. Our finding for this sample was that for those who used to work in a separate workplace from home, the workhub they use is around half the distance to their previous workplace.

What are the overall carbon impacts?

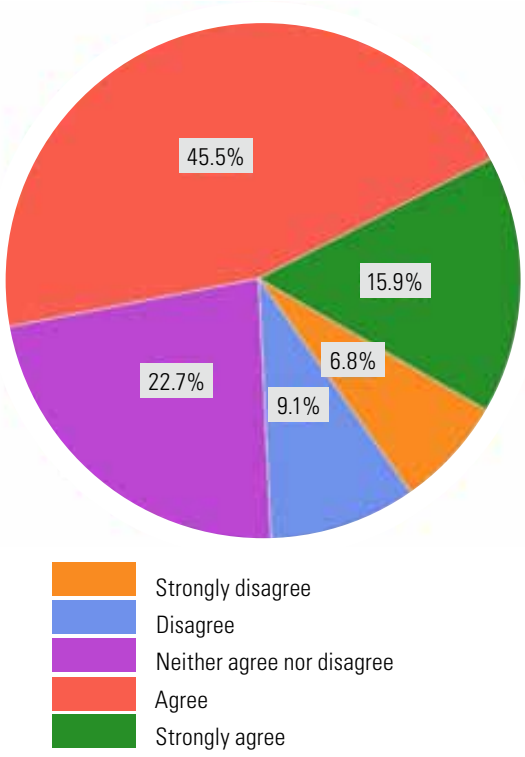
OVERALL, THE respondents feel strongly that combining home-based work and use of the workhub does reduce the carbon footprint of their work (top right).

This answer needs to be seen in the context of the previous question. While in the previous question many respondents did not feel using the hub reduced their travel, nonetheless they believe combing hub- and home-working does reduce their carbon footprint.

Carbon impacts



A majority (61%) feel that by using the workhub they reduce the carbon footprint of the buildings and appliances they need for their work:



Only 17% disagree with this statement. For just over a third of respondents, not using the workhub would raise the prospect of investing in additional work premises and energy-hungry appliances. This indicates that for some businesses, access to a workhub affects the viability of their business as a home-based business. Apart from the economic implications of this, there are carbon implications in their perceived need to have separate work premises if they don't have access to a workhub and its facilities.

Workhubs as low carbon business centres

AS WELL as supporting home-based businesses, workhubs can provide a base for employees who otherwise would have to travel further to work. The environmental efficiency of a place of work can be calculated on a per capita basis, and the more people that a workplace serves per m^2, the more efficient it is.

Many large organisations are now shrinking their office portfolios, and moving to smart working such as desk sharing in offices they retain. In the public sector a more or less default target has emerged in recent years of eight desks for every 10 employees (OGC, 2008). This is not very ambitious compared to private organisations that are achieving ratios of 1:2, 1:4 or even 1:10. Coupled with more radical reductions in centralised workspace is the need for employees to be able to use workhub facilities, whether owned by the organisation itself or by third party providers.

There is a strong argument that local work workhubs should be expanded to serve employees as well as home-based businesses, in the context of substantial cuts in corporate property. This creates a range of work settings for employees – home, workhub and corporate office as well as the various ad hoc locations involved in mobile working.

Linking shrinking workplaces with homeworking maximises opportunities to reduce the carbon impacts of working practices. Workhubs may then play a pivotal role in both providing professional settings for collaborative work, and in making distributed work viable.

The local role for workhubs

AT THE moment, workhubs are in their infancy. The serendipitous nature of where they happen to be means they have uneven impacts in supporting home-based business and on local travel. However, one tentative conclusion is that if local centres are attractive, home-based businesses will come.

The responses to the questions on travel, particularly on the mode of travel, indicate strong usage by those living closest and a greater willingness to travel by foot or bicycle. The number of start-ups in our survey suggests that workhubs play a strong role in supporting new businesses.

Workhubs may serve as a focus for keeping work in the community, and providing a good footfall that may help to support nearby shops and services. These are key issues in terms of social sustainability. Coupled with the findings on their support for environmentally sustainable working practices, there is a strong case for looking to support workhub facilities as a key element of building sustainable communities.

The role of workhubs in promoting a low carbon economy

WORKHUBS CAN potentially play an increasingly significant role in supporting a low carbon economy. The trend in work space is to cut fixed property costs and enable people to work from a wide range of locations. Both employers and individuals want greater flexibility in their use of space. Technology plays a key role in this, unfettering people from the traditional office.

The number of employees and home-based businesses who work at least some of the time from home is increasing, and is set to grow further in the coming years. The carbon benefits of this are high, especially in the context of smart working where organisations shrink office space. But workers still need to meet or to touch down away from home and away from a head office. This has led to a rise in third party provision of both serviced offices and hub facilities. We are now moving into an era where we can talk about 'space: the final frontier of outsourcing'.

In recent years, the typical location for new office premises has been edge-of-town business parks. These are high carbon solutions for economic growth: offices are unoccupied most of the time except between 8am and 6pm, and their users commute between home and work. Some operate flexible space at the margins, and may provide virtual office services. But the model is not geared to the needs of home-based businesses or mobile/homeworking employees, nor is it well integrated into local communities.

It is this intensity of build, tendency to under-occupation and travel dependency that positions these premises poorly to form part of the infrastructure of a low carbon economy. By contrast, workhubs located closer to where homeworkers live and/or in central locations with good public transport access provide low carbon alternatives.

Conclusions on the place of workhubs in a low carbon economy

THE CARBON advantages are essentially as follows:

- Supporting the viability of home-based working
- Based on being an 'as-needed' office, reducing the need to travel for work compared to more conventional offices
- Using office space more efficiently, with more people served per m^2
- Sharing of facilities and services.

9 DISCUSSION

Why are workhubs emerging now? What can make them work even better? Authors' conclusions

WITH GROWING numbers of UK businesses now based at home (including most self-employed people), we are entering an era in which traditional notions of work and workspace are changing fast.

A number of trends suggest a rethink on UK business premises is inevitable:

- 41% of all UK businesses are now home-based (DTI, 2005)
- Most people say that being able to home-work makes them more likely to start a business (DTI, 2005)
- Most UK businesses are now started from home (FSB, 2008)
- Home working doubled between the two censuses of 1991 and 2001 to almost 10% of the workforce and has risen since to 12.8% in 2009 (ONS, 2010)
- Almost two-thirds of home workers in the UK are self-employed (ONS, 2010)
- There are already around 2 million UK home-based businesses (ONS, 2010)
- Many full-time homeworking employees also operate as 'free agents' on a quasi-freelance basis, managing their own time and premises, judged by their output not hours (Work Foundation, 2003)
- The increased mobility of work is being embraced by employers, who are reducing property portfolios and expect staff to share space when in the office
- Modern approaches to working environments follow the maxim 'the network is now the office'.

In essence, work has become more footloose. Home is increasingly a place where work is carried out, both for businesses and employees. This has both benefits and challenges.

POTENTIAL BENEFITS OF THE NEW SECTOR

Overcoming isolation

WE HAVE noted the growth trends in homeworking, and it seems an increasingly attractive option both for businesses and employees. Home-based businesses, however, may face a degree of isolation and invisibility. They may not have space conducive to working or appropriate places in their home to meet potential or current clients or colleagues or collaborators. Many home-based businesses are in relatively remote/rural areas, and some are in leased properties that bar business activities.

Our case studies found that some people feel they can be professionally isolated if there is no easy banter or exchange of ideas with people working around you, and it can be a struggle to find people with complementary skills and services. They are also typically below the radar of agencies providing business support and skills training.

Fear of isolation is a disincentive to people who may be thinking of starting a business from home. Overcoming this perception can be a factor in facilitating new enterprise, and workhubs have a role to play here.

Smart low carbon workspace

UNTIL RECENTLY, our response to global warming was largely limited to thinking of ways to make our homes, workplaces and transport 'greener'. This leaves intact a high carbon assumption – that we work in one building and live in another, and we will always travel between the two.

Most home-based businesses are likely to remain working from a property built for residential use. This has advantages in terms of carbon footprint and land use. As we show in section 6, 80% of 65 hub users surveyed said combining use of the hub with home-based working has helped them reduce their carbon footprint.

Homeworking in the UK is dominated by people who are self-employed or run small companies. They are making smarter use of the building they use as a home. That can be rewarded and encouraged by having workhubs in areas where home-based working is concentrated.

Workhubs are inherently lower carbon than traditional managed workspaces because they achieve higher levels of occupancy and are not dependent

on daily commuting for their use They have more members than space, and average m^2 per head (total usable area divided by the number of worker served) is far lower than in traditional offices.

Other environmental benefits workhubs can offer home-based businesses include:

- Shared use of otherwise expensive and carbon-hungry equipment (high grade printers for example)
- Aggregated demand for training and business support, with one session reaching many businesses that might otherwise be visited individually
- A combination of services under one roof that might otherwise require disparate journeys to different locations – eg a bureau for photocopies, a hotel for a business meeting, a coffee shop for wifi or to meet colleagues.

Business benefits

IN OUR case study visits and surveys, we found users felt there are strong business and economic reasons for home-based businesses to use a workhub, rather than a managed workspace or a café:

- The chance to network with and meet potential collaborators/business partners – from a wide pool (compared to sharing a building with only a handful of other, possibly unrelated, businesses or large companies)
- Business-friendly meeting space – somewhere more professional to meet clients than a noisy public space or a soulless room in a quiet building.

Well run and adequately resourced workhubs can deliver a wide range of benefits – economic, environmental, technological and educational.

Collaboration in the low carbon economy

All the workhub users we interviewed for this report were clear that one of the most important benefits they got from workhub membership was the opportunity to collaborate with others. As an abstract concept, collaboration is a difficult economic benefit to measure. But it is at the heart of what makes workhubs special and it can be measured and encouraged. We would argue that any public sector support for workhubs should make supporting and encouraging collaboration between micro businesses a priority. Workhubs have a role in providing a venue for face-to-face contact. They are also ideally equipped to train home-based businesses, both start-ups and established, in use of new technology and many offer higher speed broadband than is available to home users, particularly in some rural areas.

Graduate retention

MANY TOWNS and regions report problems retaining graduates who, faced with limited employment opportunities or capacity to learn new skills, migrate to the major cities. Workhubs could offer a reason to stay/return/relocate by creating a supportive buzz and a chance to collaborate on economically rewarding and interesting work.

Workhubs can operate as an ad hoc trusted network in which new graduates get their first experience of commercial work. As traditional work patterns radically alter, the concept of the 'free agent' is becoming increasingly attractive to young graduates. Workhubs can provide the network support, market access and a route to peer learning and training opportunities.

Reviving communities

HOME-BASED BUSINESSES and homeworkers can help to revitalise rural communities, market or coastal towns and urban neighbourhoods in need of a new role. Workhub facilities in an iconic building could provide a 'heart' for efforts to revitalise an area, attracting spending power and helping to rebrand the location (eg Woodend at Scarborough, pictured left).

Business skills and knowledge uplift

WORKHUBS MAKE an ideal base for formal training and peer-to-peer learning. Businesses that operate from a home base, from start-ups to those that are well established, are unlikely to want to pay the expensive market rate fpr training needed to keep abreast of increasingly sophisticated ICT technology, for example, and they are unlikely to find 'experts' at home so lackr the benefits of learning from those working with you.

The BBC studio at Woodend

For those tasked with teaching or training, the home-based business is difficult to find. Taking the service to the client is a costly and time-intensive exercise. Workhubs can by contrast aggregate demand, in one venue, for training a large number of businesses. They offer the mentoring and skills sharing normally associated with larger workplaces. And they can introduce home-based businesses to new ways of using technology where the business advantages are not immediately obvious.

Redefining creative business

THE TERM 'creative industries' covers a wide range of business types. Research has shown that creative businesses like to work close to those doing similar or complementary work and the creative quarter concept is common in many European cities. A workhub can offer creative businesses a physical and virtual focus so could be a catalyst for a new creative quarter.

Research for this report found that a workhub can also lead to new ways of using creative skills – for example a mutually beneficial collaboration between software designers, engineers and graphic designers. And even those categorised as creative will need other services (financial, technical, business and marketing expertise) and they need people willing to pay for their own expertise.

At workhubs we found business consultants, trainers, translators, e-commerce specialists and small scale developers rubbing shoulders with people able to design their websites or write or design their marketing material. We found accountants who relished working alongside and for creative businesses and environmental consultants.

The new face of office life

THE WORKHUB users we interviewed took pride in distinguishing between their workhub and other types of managed workspace. While all were evidently focused on business, none had the feel of a traditional office. Several interviewees mentioned visiting 'institutional' serviced offices or the nearest innovation centre ('a modern prison') before settling on a workhub.

Many are making modern use of beautiful old buildings, with bright attractive decor and interesting furniture enhancing the appeal of old stone and timber. Others have introduced features designed to get across the message that this is not 'work as usual' – forget the stairs, you can take the helter skelter to reception at Electric Works in Sheffield.

Recycled materials have been used for bespoke tables for the consciously 'green' users of the Islington and Bristol Hubs. Enterprise HQ and Woodend in Scarborough are decorated to the standard of a boutique hotel. Coachwerks in Brighton is at the other end of the spectrum, but its mainly fine arts members have literally taken the matter of building and decorating their workhub into their own hands.

What the best workhubs demonstrate is that a workspace that feels friendly, looks fantastic and has a buzzy, sociable atmosphere will appeal to home-based businesses.

Workhubs could be seen as the pioneers of a workspace equivalent of the now ubiquitous modern café (which is nothing like its 'greasy spoon' predecessor), used by a wide range of people from all backgrounds. Are we at the beginning of a similar workspace revolution?

LESS BUILDING, MORE BUSINESS

DON'T NORMAL offices, business/science parks and innovation centres fill the gap?

Our research, with both users and managers of workhubs for this report, suggests that workhubs are seen by users as better attuned to modern ways of living and doing business than more traditional types of workplace.

Central government has recognised the value of encouraging flexible working arrangements (eg OGC, 2008; McFadden, 2009; BIS, 2010). A recent report issued with the 2010 budget recommends that flexible working should be integrated with the proposed migration of civil servants from London to 'campuses' and 'clusters' in the regions. This report from the Treasury recommends: 'Relocations should be accompanied by more flexible working practices, increasing the scope for staff to work regularly from home, or other non-office locations or to be permanently home-based' (Smith, 2010).

The changes, however, are not only about employees working flexibly. Growing numbers of working people are adopting a new 'free agent' approach. They already constitute the majority of new businesses and over 40% of all UK enterprises. This is the market for workhubs.

Daniel Pink described this growing phenomenon of the free agent, the independent worker who 'operates on his/her own terms, untethered to a large organisation, serving multiple clients and customers instead of a single boss' (Pink, 2001).

This is precisely the kind of worker we found using the first wave of UK workhubs. Pink explains the driving factors behind a trend which, by 2000, had led to a quarter of all USA workers being 'free agents': 'The social contract of work – in which employees traded loyalty for security – crumbled. Individuals needed a large company less, because the means of production, the tools necessary to create wealth, went from expensive/huge and difficult for one person to operate to cheap, houseable and easy for one person to operate.'

This ten-year-old analysis seems even more relevant in today's economy, with the UK's growing shift to self employment in the wake of the recession and the new agenda for encouraging a new generation of entrepreneurs. Huge advances in new technology are enabling people to run potentially global businesses from a spare room in their home.

We suggest that many people in the UK will increasingly prefer to:

- Spend less time and money commuting
- Have more control over when and how they work
- Be judged on what they do not how long they do it for
- Spend money on one property not two (if self-employed)
- Spend more on clothes they want to wear rather than work 'uniforms'
- Be close to their families to have more choice over their leisure time
- Avoid roads and railways at the busiest times
- Go shopping, take exercise and other leisure activities when they want to
- Define their own idea of a working day/week/year
- Seek to use 'offices' as needed and on a variable cost basis, for specific purposes, rather than have a fixed overhead.

The very real challenges of climate change add to this imperative the need to live and work in ways that generate far fewer carbon emissions.

The most positive aspect of the apparently inexorable growth in home working in the UK is that it is going **with the grain**. Those who do it are generally doing so by choice and in growing numbers. There is a huge opportunity for government to tap into here, because those who work mainly from home are not only at the forefront of UK enterprise, they are making one of the biggest personal contributions possible to reducing their carbon footprint.

Workhubs and innovation centres

INNOVATION CENTRES are part of a recent wave of public sector interventions to address local economic concerns. They were built with small and start-up businesses in mind and offer encouragement and an environment in which they and other businesses can thrive. So where do they depart from the workhub model?

Our visits to two innovation centres, in Yeovil and Hastings, prompt a number of observations. Both centres were built to address serious concerns about employment levels in their towns. Yeovil was keen to reduce disproportionate reliance on a single employer – helicopter manufacturer Westland – while Hastings has long suffered high levels of unemployment and economic inactivity.

The Hastings centre is now in its fourth year and has secured a small number of home-based businesses as virtual office users. Its hot-desking facility however has generated little interest and invitations to business talks and networking events have not been particularly fruitful.

The newer centre in Yeovil also plans to hand a large room designated for hotdesking over to use as a conference room. And Mike Bartlett, who heads the council's economic development team and manages the centre, has been disappointed by slow take up to offers of business support and advice, offered free by his team and Business Link.

Location: like business parks, many innovation centres have been built in locations where land is easily available and relatively low cost – on the edge of town. The Yeovil centre is reached after negotiating a series of roundabouts, passing through a typical out of town retail landscape – Asda, ToysRUs and, in this case, the crematorium. Hastings, likewise, is on a light industrial site dominated by Tesco. Travelling to and from both centres is time-consuming without a car.

Workhubs, by contrast, are typically located in places well served by public transport or easily accessible on foot or bike. Most are deliberately sited close to places their users will also need or want to visit, making them part and parcel of a multi-tasking exercise.

Buildings versus people: Yeovil was converted from earlier use as a pyjama factory. Hastings is new build. They are both large in scale, with Hastings built to easily accommodate 70 businesses. But the differences between the innovation centres and workhubs are less about capacity than how they are structured to accommodate people.

Tenant businesses and their visitors are quickly funnelled down corridors and into offices. Spaces designated for hotdesking are likewise shut off from the buzz and bustle of others using the centre. In workhubs, the upfront physical presence of people working around you is part of their appeal.

Networking and collaboration: Both centres expressed disappointment that home-based businesses had shown little to no interest in their networking events or business advice. The reasons for this are likely to be a combination of the above two factors – travelling there and back takes a huge chunk out of the working day, with little chance of combining the trip with a visit to other useful destinations, and their hotdesking appeal is not obvious.

But there are other factors. In a workhub, you get to know other people working around you over time and through a natural series of exchanges – making coffee, waiting for your turn on the photocopier. A virtual office user invited to a 'networking' event is thrown in at the deep end, forced by default almost to sell themselves or passively sit in silence.

Both innovation centres stressed that they had facilities, such as meeting rooms and conference facilities that home-based businesses could use. But the contrast between these and the facilities being offered by workhubs is stark – right down to a vending machine selling fizzy drinks and chocolate bars at one innovation centre and the very high specification Fair Trade coffee makers sported by some of the workhubs.

Perhaps the most important point of difference is that, as one innovation centre manager told us: 'our job is to **stop people working from home** and help them expand their business and their staff numbers'.

The workhub advantage: Workhubs are substantially cheaper to provide than business parks and innovation centres – which are generally built with a remit to provide full-time workspace. Any consideration of public support for workhubs should be considered in the context of their ability to reach/support many more businesses than they house. In this sense workhubs can be seen as a smarter, smaller-scale and less costly alternative to traditional workspace.

Ten ingredients for a successful workhub

WHERE DO workhubs have the edge over the traditional office, or managed premises? These are our initial conclusions.

1. Reach more businesses with smaller buildings

WORKHUBS UNDERSTAND that many businesses neither want nor need a separate or a full-time office space. Many work from home or a variety of locations. Many use subcontractors/associates rather than employees, so do not need a permanent base for interaction.

They are making businesses more productive but taking up less land and fewer (carbon intensive) construction materials than an office set up to accommodate them all at the same time. The managed workspace model assumes daily use by businesses that will over time take on more staff and need more floorspace. The new economy isn't like that.

2. Help businesses share the cost of equipment/services

WE FOUND workhubs offering a number of imaginative ways to share the cost of services, from use of one person's high spec colour printer (at the York Hub and Woodend in Scarborough) to collectively subsidising the use of equipment that individually they find professionally useful but would not invest in for home use. An everyday analogy might be a car pool.

The most valuable asset workhubs offer is high quality, serviced meeting rooms, particularly valued by home-based businesses who lack somewhere appropriate to use in their home. These are rated highly by infrequent users as much as by full-time and regular users, many of whom said they felt workhub staff were by extension part of their own business.

3. Add a professional dimension for home-based business

HOME-BASED BUSINESSES we interviewed for this report said workhub membership gave their business a welcome veneer of professionalism, regardless of the scale of their operation. Many said this had been vital to their securing work contracts. Members are also rarely locked into long-term commitments as they would often be renting an office.

The sense of professionalism extends to being able to 'plug in' to a business buzz environment, even just for social reasons. This genuinely leads to businesses partnerships, with collaboration just as likely between home-based hub users and regular tenants. By pitching their skills and experience together they can win work contracts each alone would be unable to achieve. Classic examples include workhub users bringing home-based photographers, web designers, translators etc into their teams – not as employees but associates.

4. Offer a 21st century version of workspace – not just an 'office'

WE ARE learning to make very different use of buildings that no longer function as once intended. Pubs can struggle unless they double as restaurants. Some have been adopted by local communities, also playing host to farm shops and small post offices. Modern technology is much more likely to be in our lives. Even less well-off families often have broadband, wifi and laptops.

Arguably workspace has not yet transformed to the same extent. Business parks and office blocks are still being built surrounded by large car parks, and either remote from services or serviced by fast-food chains.

This is a world that no longer appeals to large swathes of the population. For anyone who has made the switch to home-based working, it feels especially far removed from the comforts of a home office where you control both your working conditions and the colour scheme. There is growing resistance to commuting now that technology has given us an alternative. If you can work in a far nicer setting, why go to a business park?

Workhubs operate on a different level. Typically they have plenty of comfortable sofa space. They are far more likely than managed workspace to offer an outstanding contemporary look inside (The Glove Factory, Electric Works) and strong branding (Funk-Bunk and Forward Space). Many we visited display their members' work – photography, digital or fine art. A lot have active collaboration boards with photos of members – they feel friendly and personal. High quality coffee machines (not just a kitchen and kettle) are typical. Above all workhubs feel warm and welcoming.

5. Help training and support agencies reach more businesses quickly and cheaply

BUSINESS LINK and organisations offering business training providers are expected to serve micro businesses. Taking business advice and training sessions to small numbers of dispersed people is not cost effective. And finding micros is difficult if they're home-based, whether urban or rural.

They are not conveniently grouped in business parks or industrial zones, they are rarely members of chambers of commerce, they're unlikely to be listed in the Yellow Pages and they don't even have visible premises. Their presence is more likely to be found on the internet – and that is no indicator of location.

Many workhub users we interviewed felt that training and advice delivered at a workhub was more likely to be relevant to their needs, and they could couple attendance on a course with other reasons to be at the workhub that day. Some suggest that educational institutions should serve this function. But that wasn't what we heard. The idea of competing for space with crowds of college students had strictly limited appeal. Taking time out to travel to a business park for possibly irrelevant advice had even less.

Workhubs by contrast can aggregate demand for advice and training by gathering together groups of micro businesses (including the home-based) for a session in an environment they feel part of. They can tell the advisers and trainers what types of business use the hub, so skills training and business advice can be appropriately tailored. This is a smart way to get a good response to your service offer. Some workhubs (Digital Peninsula Network in Cornwall) have even become specialists at hosting training events, with several large contracts to do so.

6. Turn under-used/iconic buildings into dynamic economic centres

EVEN BEFORE the recession led to large scale closures on Britain's high streets, there were in most towns, cities and urban neighbourhoods interesting buildings that had fallen into disuse. Some are no longer fit for purpose, others have fallen victim to rationalisation – some, arguably like Woolworths, failed to keep up with changing retail trends.

Our view is that many of these could find new life as a workhub, possibly retaining a valuable part of the neighbourhood's heritage (an old fire station, pub or library), bringing a halt to the domino effect triggered by the first boarded-up shopfront.

Locating a workhub on or near a high street would also attract custom to nearby retailers and services the spending power of small business. Our interviewees almost universally agreed they were more likely to spend locally when they visited a workhub, if only to buy lunch or provisions on the way home. The workhub might inform their decision to visit this neighbourhood or town, rather than one with a more flourishing retail sector.

In this study we have visited workhubs in old factories, converted barns, high street furniture shops and museums. As large employers (including in the public sector) look to rationalise their stock of buildings and encourage flexible working practices, there may be opportunities for offices to be used as workhubs too. Large local authorities (eg unitary counties), for example, could convert underused offices in market towns into workhubs, used not only by local businesses but their own staff as an alternative to the long commute to a central office.

7. Help rebuild – and rebrand – the economy of the town/village/ neighbourhood

MANY URBAN and rural settlements have lost the unique economic sectors they were founded on. Some have become commuter dormitory towns, home to people who commute to work during the day, and take their spending power with them. Industrial decline has hit the Potteries in Staffordshire and Cornwall's tin mining towns. There are market towns with no market, with nearby farms whose produce is transported instead over thousands of miles.

If there is evidence that these are also locations where (here or nearby) there are large numbers of self-employed/entrepreneurial people and home-based businesses, a workhub could help rebrand the place. It would be a visual demonstration of new economy opportunities. A good example is the Woodend workhub in Scarborough, which in 2008 won the Enterprising Britain Award. By acting as headquarters for a relatively new cluster of creative businesses, it is helping the town to rely less on seasonal tourism and a declining fishing industry for its economic future.

8. Enable and encourage micro business collaboration

BUSINESS SUPPORT agencies aren't alone in finding it hard to track home-based businesses. Very often they can't find each other. Workhubs make the connection. Many have members directories and notice boards, networking events and staff who will point members to each other.

In the film industry hundreds of people appear on the credits of a film. And almost all are freelance. A much scaled down version of this is happening in UK business, particularly in high value creative, IT and knowledge sectors. Workhubs actively encourage a high level of skills collaboration. This can range from asking advice from another hub user to doing favours, mentoring and peer to peer learning.

The important thing that workhubs do not effectively do, in our view, is to measure the value of all this. Although it may seem difficult, regular member surveys should be able to track the difference workhub membership makes to each businesses' turnover, growth and skills levels. This would provide clear evidence of the value of collaboration among small and home-based businesses to the UK economy.

9. Help cut greenhouse gases and other polluting activities

WORKHUBS CAN actively support lower carbon working. Our snapshot survey showed that those hub users who had previously worked in a separate office

Business support: networking and collaboration

In 2009 BIS had a simplified series of business support products, helping businesses access a less confusing range of services. There are three key business support products which workhubs can contribute to:

1. Business Collaboration Networks

BIS outlines how it expects intermediaries to provide a range of collaborative support activities. Workhubs are ideal phyical locations for this. These networks are expected to be supported by RDAs and local authorities to 'enable businesses to come together to exploit opportunities that stimulate and accelerate economic growth'.

2. Business premises

BIS outlines how in areas with low private sector provision of managed workspace, such facilities might be supported to enable knowledge-based and incubated businesses to develop, particularly those that are willing to collaborate with others. Workhubs can provide such workspace and foster collaboration among large numbers of users who may not be present every day. Workhubs can extend the reach of the managed workspace approach.

3. Business growth – specialist facilities and environments

BIS outlines how special facilities may be required to 'support intermediaries to establish and operate cost-effective, supportive shared premises'. Workhubs can be cost effective by offering services to more users than are present daily. They are inherently all about sharing premises.

This product, BIS suggests, might promote 'access to specialist knowledge, equipment and facilities'. Workhubs can do this by, for example, offering users training in new technology/software, video conferencing and access to fibre optic super-speed broadband. They can also offer high quality copying/print/video equipment that would be hard for user businesses to afford themselves. They can enable mentoring and knowledge transfer by giving users access to a wide range of specialist micro businesses willing to help one another swap and share skills.

could halve their travel distance by using the hub. And by using it on an as-needed basis, there is a regular travel saving when combined with working from home.

The travel reduction potential can be actively marketed to large employers for use by their mobile and home-based employees. However, the larger part of the environmental and business case comes from enabling both small businesses and large organisations to downsize and share their workspace and switch to more flexible use of touch-down and collaborative space, which is provided by workhubs.

10. Provide facilities that also support homeworking employees

AT WORKHUBS we found many businesses whose staff sometimes worked at the hub, sometimes at home. Some were using shared space flexibly, some were renting space full-time but using smaller units than they might have rented in a traditional office.

They are able to do this because they can spill over into break out space if they need to (the shared communal areas) and they can use the building's meeting areas – they don't need one of their own. Some have expanded while they've been based at the workhub. Finally regular users of workhubs are familiar with the working patterns of home-based users and see this as normal.

Perhaps more interesting question is why so few large employers pay for their staff to use a local workhub instead of travelling long distances to a central office. This is the hub and spokes model now advocated by Regus. A company might, for example, want to retain the services of a highly valued employee who wants to move to a different area.

Crucially, if extreme weather or another unforeseen event makes commuting impossible, they could ask staff instead whether travelling to a nearby workhub would enable them to carry on working. Most workhubs can provide vital links to the company's main server, allowing their employee to carry on working at maximum efficiency.

Other benefits could be retaining staff through life changes and even recruiting people who live too far away to make daily commuting possible. Micro businesses often work like this already.

A major beneficiary of this new approach would be workhubs. Employers (including those in the public sector) might for example pay for staff who live or work remotely to use a workhub, at considerably less cost than having a desk set aside for them at one of their offices.

Self employed people (who make up two-thirds of UK homeworkers) have pioneered flexible working. Larger employers have lagged behind but are now learning. The potential for workhubs goes well beyond servicing the needs of freelancers. They have major implications for the rationalisation of workspace by large UK employers in all sectors.

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