SUPPORTING PLACES OF WORK: INCUBATORS, ACCELERATORS AND CO-WORKING SPACES

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ABBREVIATIONS

3D	Three dimensional
BID	Business improvement district
BIS	Department of Business, Innovation and Skills
GLA	Greater London Authority
HM	Her majesty
IAC	Incubator, accelerator and co-working space
IOTBay	Internet of Things Bay (http://iot-bay.org/)
IP	Intellectual property
LA	Local authority
LB	London borough
LEP	London Enterprise Council
PTAL	Public transport accessibility level
QMB	Queen Mary Bio-science
SME	Small and medium enterprise
UK	United Kingdom
UKBI	UK Business Innovation
US	United States of America
VOA	Valuation Office Agency
YES	Youth Employment Scheme

Pop-up shops in Camden Collective's C/159

EXECUTIVE SUMMARY

OBJECTIVES AND APPROACH

This study has been commissioned by the Greater London Authority (GLA) to explore and map the provision of incubator, accelerator and co-working space (IACs) in London. IACs play an important role in the provision of work space and support to start-up and small businesses and encompass a wide range of models. This report examines the current provision of IACs in London and outlines the potential benefits both to businesses and to the surrounding areas in which IACs are located.The research conducted also supports the development of an interactive map of IACs across London and their offer, which it is intended will be hosted by the GLA. The role of the public sector in supporting IACs in order to enhance these benefits is discussed and recommendations put forward.

A number of research tasks were undertaken to inform this work, including:

- Review of existing information and literature about IAC provision and offer
- A data gathering exercise, to inform the IAC mapping and analysis of growth
- Ten interviews with IAC providers and an additional six detailed case studies
- A survey, sent out to all London local authorities to ask about IAC activity and the borough's potential to accommodate further provision
- A survey investigating the views of businesses occupying IACs, and stakeholder consultations with policy makers.

DEFINITION

Although there is no universally accepted definition of IACs, characteristics common to IACs can be identified. All three types of spaces – incubators, accelerator and co-working spaces – offer environments designed to suit small and micro businesses with varying levels of business development offered. The differences between these types of spaces are not always obvious and they typically these three spaces have overlapping features. Typical features of IACs are considered to include:

- Incubator spaces: Provide work space designed to actively support the growth start-ups or a business in its early stage of development. A distinguishing feature of an incubator is the provision of business support. Businesses leasing space in an incubator are chosen through a competitive application process and do so to access business support facilities which may be provided by the incubator management or their partners. This support is provided in return for a share in profit or minor equity stake in the business.
- Accelerator spaces: Typically provides space to start-up businesses or existing businesses (which might have been operating for several years) with the potential for fast growth and good financial returns. A key characteristic is the fiercely competitive nature of the selection process and dedicated support provided by the space management and/or investors who working closely with the business to guide their growth. In return for access to space and business support an accelerator will require an equity stake. This support lasts for a defined short period, at which time the investor will decide to expand their involvement or exit the business, either of which will result in the business moving on from the accelerator space.
- Co-working spaces: The spaces provide a combination of workplace and supporting facilities at affordable rates with easy in-out contractual conditions. The renting of space is set up to attract users who require ad hoc and short term access to workstations and supporting facilities such as meeting rooms. The format of space is primarily open plan and of an informal setting, aimed at facilitating an interactive and creative networking environment to form a sense of community among users.
- For the purpose of this study, however, it is more

appropriate to focus not on the difference between IACs themselves but by their differences with conventional office space (including serviced or managed office space).

PROVISION OF IACS IN LONDON

The mapping exercise found 132 IACs in London. IAC provision is concentrated in boroughs of the Central Activities Zone (CAZ) and CAZ fringe boroughs. There is a particular cluster of IACs in the inner East London area in the London Boroughs of Islington and Hackney located around Old Street roundabout and extending across the Shoreditch area, St. Luke's and Clerkenwell/ Farringdon; and clusters too in areas of LB Camden (around Bedford Square); and City of Westminster (Soho in particular). These locations have clusters of businesses involved in digital technology, communication and other creative businesses. The higher incidence of start-up and entrepreneurship within these sectors also has a knock-on effect in terms of demand IACs. Research found that IACs provide space for a wide range of business types and sectors. Almost 80% of business activities were classified in the fields of: digital; advertising, marketing and communications; designer-makers and product design; production, TV, music and photography; or with a social enterprise and charity focus. By number of IACs, over two thirds offered office space (B1a/b use classes), around a quarter offered workshop space (predominantly B1c/B2 use classes rather than B8), and less than ten IACs providing laboratory space. Coverage in outer London was sparse and tended to include IACs with a social focus that operate in partnership with local authorities, charities or housing associations.

The key characteristics observed in relation to IAC offering to businesses were:

Flexibility in relation to membership and pricing according to use, which anecdotal evidence suggests has made IACs 'affordable' to small businesses. The focus here is on the short term nature of commitments, provision of all required services (i.e. telephone line, broadband, etc) and low up-front costs rather than on price per unit of workspace, which is relatively high in some instances.

High levels of support which were found in all types of space, including co-working spaces. The provision of formal or informal business support also differentiates many co-working spaces form traditional serviced office spaces.

A design and format of space which enables and facilitates interaction between businesses and with investors.

Our work highlighted the wide range of characteristics covered by IACs, including wide variation in size. The IAC market in London was also found to be young, though we acknowledge that the concept and operation of incubators has been active for some decades, and showing rapid rates of growth, with the majority of IACs established in the last three years. The analysis of current provision therefore shows only a moment in time and should be considered in relation to emerging trends which may change the nature of provision in the future. We estimate that, during a given working day, upwards of 3,800 SMEs occupy IACs in London. Given the availability of short term membership options and the relatively high turnover of start-up and SME businesses, the actual number of businesses supported during the course of a year is probably significantly higher.

Potential future trends in IAC provision could see the market covering a broader range of sectors, including those with workspace requirements beyond pure desk space working, such as shared specialist equipment such as 3D printers. This could be beneficial to small and start-up businesses who require access to specialist equipment to test and develop their ideas.

There is increasing awareness among local authorities that IACs, which operate targeted social programmes, can generate socio-economic benefits to communities which extend beyond commercial or economic returns. The role of the public sector in supporting and facilitating IACs and activities conducted by providers has the potential to expand in order to secure these social benefits.

IACS AND BUSINESS GROWTH

The benefits of IACs tend to depend on the characteristics of provision and also the motivation behind their establishment (and that of the founder's). However, the study found that there is a lack of monitoring (and therefore data available) which tracks the success and progress of businesses working out of IACs, which makes it difficult to quantify the wider commercial or economic benefits of IAC provision. This is in part due to the space typology being young (over half IACs being established in the past two years and the majority within the past 5 years) and evolving in nature but also due to the breadth of IAC management models. For instance, IACs led by business angels who invest

capital and expertise to work with a select number of businesses only are more interested first and foremost in finding fast growth businesses rather than supporting all businesses which utilise their space. Entrepreneurs acknowledge that there is a fine line between business success and failure, and high churn rates are not necessarily reflective of failure.

The quality of the IAC management and business support was considered critical to the level of benefit derived, particularly in accelerator spaces. Business support is tailored to the needs of the business and may range from support on business administration such as marketing, finance (e.g. taxation), legal and marketing advice; training to help enhance product development or services such as IT software; networking and mentoring; office administrative support e.g. photocopying.

FINDINGS FROM CASE STUDIES

Case studies present in-depth examples of individual IACs operating in London and cover a range of models, sector and geographical location. The six case studies are presented in Section 5 with further key findings from Provider Interviews incorporated throughout the report.

A key finding was the diversity in workspace provider and rapidly evolving nature of the market, which confirms the findings of the other research tasks.

Businesses themselves identified a key feature that attracted them to their IACs to be the 'affordability' that flexible provision allows and also the access gained to support and interaction with other businesses. The relationship between IAC provision and regeneration was explored in the case studies. For the communities in which these IACs were located a number of positive impacts were identified, including for example the provision of related services such as cafes and events spaces, the increase in footfall for local businesses and the running of community outreach programmes by IAC providers/businesses including placements.

IACS AND REGENERATION

In some instances, particularly in outer London boroughs, IACs have been identified as having a positive impact on their surrounding area. The regenerative benefit of IACs in relation to the physical environment is often linked to the increasingly effective manner in which temporary spaces are being used to enhance and further business ideas, including meanwhile spaces and pop-up uses. The utilisation of space which is temporarily vacant has a positive regenerative impact, not only because it brings back into use redundant commercial space but also because it helps to tackle any negative perception issues which could potentially impact on surrounding businesses. For example IAC providers are taking on temporary use of retail space on high streets and offering these for little or no cost to occupiers. The benefits of this are to provide a unique opportunity to businesses wishing to showcase or test new ideas on a consumer base and for planning authorities to help increase the footfall and vibrancy of local high streets and making the local economy visible.

In addition, complementary services and functions such as cafes and events and follow on spaces associated with IACs can be attracted to areas and have the potential to generate additional local growth and catalyse local business activity.

Some IACs, notably those whose setup has been motivated by non-commercial return (such as social benefits and not for profit venture) also operate targeted community engagement programmes. These range from programmes of events, aimed at increasing awareness of local entrepreneurs of the opportunities on offer to training and skills programmes which aim to up-skill the local workforce.

GAPS IN PROVISION AND BARRIERS TO GROWTH

The gaps identified in IAC provision in London are predominantly by geography and sector. The majority of IACs are operated by the private sector, particularly in central London, which tends to be dominated by the digital tech, communications and media sector. There are driving factors behind this which include the suitability of IAC work spaces for digital start-ups who require flexible workspaces located within the digital tech hub within an environment of collaboration, networking and innovation.

A mechanism that could enhance the effectiveness of IACs in the future could be the promotion of collaboration and networking across IACs. Networking of this kind could promote knowledge sharing and best practice models and help to meet the needs of start-ups more readily and provide tailored localised business support.

However the evolving models of IAC provision are broadening the range of appeal to include new sectors and new types of business. It is possible that these 'gaps' are therefore temporary features in a rapidly changing landscape of provision.

CONCLUSIONS AND RECOMMENDATIONS

IACs have an important role to play in the provision of workspace and support for SMEs. They typically offer high levels of flexibility in relation to membership and pricing, which increase the effective 'affordability' of workspaces enabling start-up and small businesses and freelancers to access office space in London. They also generally offer business support in the form of mentoring, workshops and networking, which is typically an integral part of membership.

Indications are that the recent rapid growth and continual evolution that are defining features of the current IAC market will continue, at least over the short term. Growth in provision is anticipated to follow current trends – that is in close proximity to existing hubs and transport links with a focus on digital and creative sectors. However with broadening appeal IAC provision may also spread to new sectors and to different areas of London. This may be particularly the case for incubator and co-working space providers, where the focus is not specifically on high growth businesses.

Although IACs are largely run as private businesses there may be a case for expanding provision in outer. There are significantly many more IACs in inner London locations, but their membership is generally more expensive than IACs located in outer London boroughs (reflecting the higher rent paid on commercial space). The combination of more expensive membership at inner London IACs and fewer IACs in outer London locations could mean that economically disadvantaged groups are disproportionately affected by access to IACs. There could be a case then for some focussed interventions in inner London using public sector support in return for targeted social benefits and job growth as well as up skilling outputs linked to IAC activities.

Types of public sector interventions?

The following recommendations have been made by this study:

R1: After launching the on-line mapping and database of IACs in London, the GLA should keep the site up-to-date and monitor its effectiveness and value to IACs and SMEs in London.

The study findings should be shared publicly via this on-line site to provide guidance. The resource should be monitored for its effectiveness and subject to tests of value for money. It should be continually evolved to ensure it maintains its usefulness and reflects the changing nature of the sector.

R2: Encourage research and monitoring of the performance of incubators, accelerators and coworking.

The evidence base regarding the success of businesses located within these spaces should be built up in order to establish their effectiveness in providing business support to start-ups and SMEs. At present we are not aware of any systematic collection of data on for example business success rates. This information could be particularly useful when promoting their services to businesses; in making the case for funding; and helping to evidence the IACs role in supporting economic growth.

R3: GLA to explore setting-up a forum tasked with facilitating networking across IAC providers in London.

This could also enhance the concept of London as an 'incubator of businesses' itself – making use of the wealth of business development activity taking place across the capital. We recommend that the GLA explores further the benefit and potential form and model for such a forum, and arrange a pilot event.

R4: Facilitate the sharing of best practice guidance on the establishment and management of IACs and work to get recognition in planning policy.

This could include a best practice design and management guide. This could help particularly with new buildings where developers might struggle to get the specification right. Any design guidance should be worked up in collaboration with expert operators and developers.

R5: Promote further the potential for IACs to extend into non-office, quasi-industrial, workshop and studio uses.

The Mayor of London can help promote the sector by investing in new types of IACs, where there is clear indicators of long term demand but evidence of market failure. In particular, given incubators and coworking spaces serve a broader set of agenda than accelerators and offer a greater role for the public sector to deliver

socio-economic benefits, the public sector should promote non-tech sector incubators and coworking spaces in outer London.

R6: Develop models and programmes for public sector investment in the provision/support of IAC-related activities and buildings that address market failure. These are likely to focus on more social-orientated initiatives with a strong element of training and community support.

Overall a key ingredient in the success of IACs is the entrepreneurial drive and vision of their founders and management teams. This is often a difficult ingredient to replicate, and it is probably best for the public sector to focus on ways to facilitate the activities of IAC providers rather than becoming direct providers. Activities could cover, for example, assistance with provision of suitable low-cost spaces for entrepreneurs; tracking the length of leases remaining on public property, and marketing and granting short term leases to IAC operators where suitable space is vacant; and/or to give support for selective outreach programmes that complement core commercial offerings. Incubators could benefit from links with an academic institute to support drive and vision. There could also be advantages in exploring offers which promote increased affordability of the space in return for community engagement activities led by the businesses and IAC management.

Co-working area in Fitzroy House,
Bootstrap Company

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Bootstrap Campus, image courtesy of Owen Davies

1
INTRODUCTION

1.1 CONTEXT

The London Enterprise Panel (LEP) was established in January 2012 to advise the Mayor on jobs and growth in the capital. London' unique challenges present complex investment decisions and opportunities to influence spend. To ensure that the LEP is focusing its efforts in the areas of greatest need the Panel identified four key themes and four working groups, one of which focuses on SMEs (SMEWG).[1] SMEs are recognised to be an important contributor to the London economy, generating around £430 billion of turnover and accounting for nearly 50% of employment opportunities in London (if the financial and insurance sector are excluded).[2]

In May 2013 the LEP published its Jobs and Growth Plan which details how the four priorities will be addressed and how funding will address some of the barriers faced with an overall objective of creating 200,000 jobs by 2016.

To support this Plan, the SMEWG has identified four priority areas of work, one of which is the provision of workspace for SMEs. One type of workspace provision which is growing rapidly is the provision of 'incubator, accelerator and co-working' (IAC) spaces. IACs play an important role in providing accommodation for start-ups and small businesses and in supporting economic growth in London. Their appeal to start up and small businesses lies in their emphasis on business support and the opportunities they provide for networking with other businesses and access to investors and potential clients.

To oversee and advise on this research a reference group was set up comprising representatives of the SMEWG alongside members of the Mayor's Design Advisory Group and Outer London Commission.

This research also has links with the GLA's research on Accommodating Growth in Town Centres, which explores the potential to make use of underused or vacant spaces on high streets in order to accommodate the needs of small and growing businesses.

1.2 OBJECTIVES

The objective of this study is to gather knowledge on IACs and map and explore current trends in provision in London. The research will include an assessment of whether IACs are providing successful in supporting London start-ups and in supporting growth, and the impact IACs have on the economy as well as the wider community in which they are located.

The key objectives of this study are to:

- Research and draw up a database of IAC providers in London and place this on a user-friendly web map for SMEs and others to use
- Examine the benefits of IACs and how they can create a dynamic and nurturing environment for SMEs
- Explore the contribution IACs make to neighbourhood vitality and regeneration
- Assess geographical, sectoral and service gaps in IAC provision and assess the nature and extent of any market failures, and
- Identify potential public sector interventions to address any gaps or market failures.

The analysis and recommendations provided by this study may also inform the future investment decisions made by the LEP and Mayor of London, who both have a

1 The other three priorities are Skills and Employment; Science and Technology; and Infrastructure.

2 Business Population Estimates, BIS, stated in the London Enterprise Panel (April 2013), Jobs and Growth Plan for London

key role in the allocation of strategic London-wide regeneration and growth funding including ERDF/ESF European funding in order to support the growth of SMEs in the capital.

1.3 APPROACH

The approach taken to achieve these objectives was as follows:

An analysis was undertaken of the existing body of literature and information relevant to IAC provision, including UK and international academic research, work undertaken by the GLA and general press sources. The information gathered formed the basis of our IAC definition. This definition was then developed in an on-going process throughout the study and was shaped by the various research tasks conducted, particularly the case study and provider interviews. The information review also highlighted the findings of previous studies in relation to models of IAC provision, key characteristics and emerging trends in provision.

A data gathering exercise mapped the location and key characteristics of current IAC work space providers across London. The data gathered included information on the IAC provider location, the offer in relation to workspace type, facilities and price and the IAC occupiers by sector and size. The data gathered through this exercise was used to inform the following tasks:

- Database of IACs: A database of IACs across London, providing information about IACs and provider and informing mapping which, it is intended, will be hosted by the GLA. (Analysis of mapping is set out in Section 3.3).
- Analysis of trends and characteristics of IACs: The data gathered has been analysed in order to explore the current trends in provision of IACs in London. (The analysis of these trends is set out in Section 3).

Ten IAC providers were selected for detailed analysis (see Appendix 1). These ten providers represented a range of characteristics, including location within inner and outer London, sector focus, the size of providers and the model of provision and funding. Interviews were conducted with the owners and/or managers of IACs, gathering detailed information and views. (The information gathered in the provider interviews fed into the study and contributed particularly to the analysis of the features and benefits of IAC work spaces set out in Section 4).

Of these ten IAC providers, six IACs were also selected to be presented as case studies (Section 5). The case study information was also gathered through interviews with the IAC provider managers and presents the context and set-up of these particular IACs. The information presented in the case studies includes an assessment of how the IACs relate to their wider context, including assessment of sector-specific clustering of businesses and relationships with the local community.

Two further surveys were also conducted as part of this research.

The first was a survey sent to local authority (LA) planning officers for all London boroughs, which helped the study to identify IAC provision across the boroughs that the officers were aware of, in addition to identifying proposed and potential IACs and schemes that could come forward and suggesting examples of good practice and/or lessons learned in that local authority. The results of this survey identified IACs which were then picked up as part of the detailed data gathering task to inform the mapping of IACs. It also provided examples of local authorities who are engaging with IAC providers in their area.

The second survey conducted was of the businesses who were occupying the IACs selected for detailed analysis. These surveys captured the views of the businesses on what the benefits of their IACs were, the effectiveness of this and their intended length of stay in the IAC. The results of the local authority survey and the business survey have been used to support and check the findings presented throughout this report.

Consultations were conducted with key stakeholders, including the LEP SME working group; the GLA; the department for Business, Innovation and Skills (BIS); and UKBI.[4] These consultations were conducted at various stages in the study to inform and test findings and recommendations.

The information and analysis gathered through the exercises set out above was used to draw out key conclusions in relation to IACs, the benefits for

4 A nation-wide body supporting business entrepreneurship, start-up, innovation and accelerated growth

occupiers, the regenerative impacts for the wider community and potential future trends. The conclusions also draw out current or potential future gaps in provision and provide recommendations for policy considerations and potential future public sector intervention in the IAC sector.

URS managed the commission supported by Gort Scott, a specialist architectural and urban realm practice; Ramidus Consulting, a property market research consultancy; and #1Seed, a business specialising in the collection of IAC data across London.

1.4 STRUCTURE OF THIS REPORT

The remainder of this report is structured as follows:

- Section 2 sets out the definition of IACs used to define the scope for inclusion of providers within this study.
- Section 3 presents an analysis of the provision of IACs in London, including the results of the IAC mapping task.
- Section 4 sets out the findings on the potential impacts of the IAC model of workspace provision on business growth.
- Section 5 presents six detailed case studies of different IACs
- Section 6 presents an analysis of the regenerative impact of IACs on the surrounding area
- Section 7 looks at the gaps in provision of IACs and potential barriers to business growth that could be addressed through IAC provision; and
- Section 8 covers conclusions and recommendations.

Club Workspace Chancery Lane,
image courtesy of Jill Tate for Studio Tilt

2
DEFINITION

2.1 INTRODUCTION

Incubator, accelerator and co-working spaces (IACs) are types of workspace designed primarily for start-up, micro and small businesses. There are no universally accepted definitions for these different types of space and how they differ to other more conventional forms of business space, such as serviced office space. Nonetheless, general trends exist and this study has identified relevant characteristics of incubator, accelerator and co-working spaces provision. This definition has informed the data gathering and interview tasks undertaken, and only IAC providers who fall within the definition have been included.

The definition has been informed by relevant literature and tested and agreed with the Reference Group, which includes experts from the SME workspace sector. The literature review picked up a wealth of sources covering various aspects of IACs, including key features and tracking their success rates in relation to supporting their business occupiers. A full list of sources is set out in Appendix 2.

There are many different forms of IAC. Distinguishing between them can also be difficult as provision forms and their characteristics often overlap. This is understandable given that a space provider will shape their offer in response to market demand and not by a generic model of space.

The providers of space do not typically think in terms of a clear distinction between three types of facility. The tangible differences between them can be marginal. The key difference lies in the type, extent and active involvement of business support, which are not connected to the location of size or format of space. Without an agreed definition or industry standard, commercial property agents are using their own judgements about whether their space offers incubator, accelerator or co-working provision. This adds to the uncertainty about how to define an IAC. Some serviced or managed office spaces are conflating the offer of small office space, the availability of meeting space, relatively flexible leasing and basic administration support with incubation or co-working space. However the spatial format of serviced / managed office space is not typically focused on facilitating interaction between users, business support (aside from basic administration or secretariat services) is typically quite limited and forms of leasing comparatively more onerous (certainly when compared to co-working membership options, which may offer day passes etc.). Our database and mapping of IAC provision, which will appear on the GLA website, will help to clarify what facilities, support services and membership options are offered in IACs spaces across London.

The sections below set out the key features and differentiators of IACs.

2.2 INCUBATOR SPACE

During the first few years of start-up a business is at its most vulnerable. Owners may have incomplete knowledge of their market conditions, competitors and experience of how to develop a product or service and leverage opportunities, and lack access to finance. The objective of an incubator is therefore to offer support for businesses during this start-up phase, with the aim of actively enabling business growth. However, incubators do not cater exclusively for start-ups. Businesses can also return into incubation in order to develop growth.

Support offered includes services such as training and assistance in areas such as business management (including cash flow, marketing), business mentoring and help with access to funding. The level of support is often down to how much businesses require. Incubator providers or their backers may ask for a profit share in the future or require a minority stake in the business as a pre-requisite to taking space and accessing support

services. Competitive processes are utilised to select new users.

Space in incubators is therefore intended for start-up businesses which are in the pre-revenue or early growth phase. Incubators typically provide support for start-up businesses for a period of one to two years during the early stage of development. There is not necessarily a time limit on the support services but generally businesses stay within incubator environments for 18 months to five years. Leases for incubator spaces are therefore often short term and highly flexible (easy in/out conditions). If the business succeeds and grows it might then be expected to move to a more traditional form of property and there may be clauses in contracts to ensure businesses do not overstay. Incubators are therefore often part of a larger property offering (e.g. a business park or managed office) or part of a larger institution (e.g. a university), though they can be standalone.

Given that provision is focused on start-up and early stage businesses, incubators tend to offer space and support at reduced rents, though it is typical that as the company becomes profitable/improves its economic performance, rental levels rise or other models are used to ensure a financial return to the incubator host. Some providers may also offer financial support for start-up businesses to help them purchase equipment.

The format of space within an incubator tends to be dedicated and personal compared to that of a co-working space. This is because there is a need for different companies to establish their own identity and maintain their confidentiality than in co-working space, although this may be changing and may be less relevant to some sectors.

Many incubators support arrangements for co-working and networking, which provide peer-to-peer learning that can benefit businesses. This is the case even where an element of competition exists. Possible exceptions may include life science incubators, for which the facilities do not generally promote a co-working environment by their nature (individual specialised laboratories).

The number and size of units within the space incubator will be flexible, depending upon demand.

2.3 ACCELERATOR SPACE

Accelerator spaces cannot always be easily differentiated from incubator spaces. A key characteristic is that accelerators focus on start-ups businesses and SMEs (which might have been operating for several years) that have the potential to achieve high growth, typically within products or services which have a national or international market. The potential to achieve rapid growth means that the high level of support provided within an accelerator space, as opposed to an incubator space, will typically involve more direct, hands-on involvement from the accelerator managers (the provider of the space is not necessarily the accelerator managers and the managers are not necessarily the investors). To take up space and access the tailored business support services managers will typically require equity in the business. The potential for high growth can typically be tested and determined within a short time period and for this reason accelerators provide business support for a limited time period, typically up to twelve months. As such the contract for an accelerator space is generally in the form of a licence, which will provide an informal contract, without landlord and occupier arrangements and other such obligations. It is also typically based on monthly rather than quarterly payments with a simple exit route.

Accelerators do not always provide physical workspace, though for the purposes of this study only those which do are considered. Accelerators are generally located within co-working and incubator hubs in larger cities.

2.4 CO-WORKING SPACE

Co-working facilities provide space where multiple businesses can operate from, may it be for desk based working or more physical making/prototyping activities or hybrid versions of these. The provision of space and facilities is orientated towards micro businesses (often with just one person per business), many of which are in their start-up phase. The format of a co-working space tends to be that of a large open plan area offering shared desks where businesses can work (or make things) alongside but not with one another, meeting areas (and potentially breakout spaces), a shared reception and facilities such as workshops/labs with shared machines, café and/or vending facilities. The sharing of space, equipment and facilities means that the cost of renting space in a co-working spaces can be lower than the market rate for office space. Desks in co-working spaces offer access to workstations computers, phones, power and broadband connectivity. Co-working spaces typically offers some flexibility in terms of working hours and type of residency (different types of memberships). The space often allows for drop-ins and visitors.

Co-working spaces are differentiated from the offer of a traditional business centre by the emphasis on supporting or facilitating the potential for interaction between users of the space including networking, topic clubs and social events. Attention is paid to the design and animation of space as part of creating the right physical environment for the community of users. The intention is to generate interaction and enhance creativity among users and formulate a sense of place and community. As such the layout of desk space may be centred around café or kitchen functions. Often there is engagement by the provider with users of the space to understand how to create a sense of community among users. This may include locating the provider's management team within the space so that they sit alongside business. This support can be termed community management with the community being the users of the space. Co-working spaces will sometimes provide opportunities for networking among businesses and also become involved in events that engage with local people and other co-working spaces through a multinational network (e.g. hubs). There are also examples of the providers facilitating trading between businesses located within the co-working spaces, where businesses are encouraged to make use of the services offered by other co-located businesses.

Co-working spaces are occupied by businesses from a number of sectors, though in some parts of London (such as the inner East London) a number of co-working spaces host digital technology, media and the arts related sectors. Co-working spaces which develop a sectoral focus may help facilitate greater interaction and knowledge exchange and improve the likelihood for business success, as well as enhancing the sense of belonging and place which users may derive. Users of such co-working spaces may also be more likely to employ each other's services.

Co-working spaces do not necessarily explicitly focus on supporting fast growth businesses but provide space for all businesses of various levels of profitability and performance. Users of co-working spaces will therefore include businesses which can be considered to be in a steady state. Research conducted as part of this study found many examples of small businesses located within co-working spaces that had no further plans to grow.

Co-working space may also be provided as part of a larger commercial offer which includes larger units for more established businesses. This is sometimes used as grow-on space for businesses that have out-growth their co-working space and wish to move to a larger, more formal set-up.

Co-working area, Impact Hub Westminster

3
PROVISION OF IACS IN LONDON

3.1 INTRODUCTION

This section begins with a brief overview of the growth in IAC provision, based on a literature review, and then sets out our findings from the survey of IACs provision in London. The objective has been to build up a database of IAC providers across London and key features of each IAC that would be of use both to researchers and also to businesses themselves when looking to identify an IACs to support their business accommodation and growth requirements.

The IACs were identified through desk based research, stakeholder consultations, the provider interviews, the local authority survey and also the knowledge of consultancy team. Once identified a survey was undertaken with the provider owners/managers.

Following the definition set out Section 2, a total of 132 IACs were identified. Of these 66 took part in the survey and provided detailed information. For the remainder 52 IACs information has been gathered through secondary sources. As far as possible this data represents the most comprehensive and up-to-date source of information on IACs in London.

The GLA will continue to identify additional spaces through further survey and research with partners, which will be included in the GLA's IAC mapping.

3.2 GROWTH IN PROVISION

The work for this study has underlined the fact that most of the IAC provision is young. Our research has found that the sector is highly dynamic and likely to undergo further evolution before maturing. The data gathered shows that over half of the IACs surveyed were established in the past two years (2012 –14), and a further third established 3–5 years ago (2011–2009).

Incubators

In New York the origins of incubator space has been traced back as early as 1959 and were first developed as a means of filling vacant space.[6] However it is likely that the first formal incubator was not established until two decades later when in 1980 Renssealer Polytechnic Institute created an incubation programme for its students, faculty, and community residents.[7]

First generation incubators offered mainly affordable workspace and shared facilities typically within business centres and science parks. Huang et al[8] note that value-adding services such as 'consulting, networking and access to capital were developed in the 1990s for tenants in the facilities'.

The growth of incubators has been strong, particularly in the US. According to some accounts they are now more than 1,000 business incubators in North America, compared to only twelve in 1980.[9] In the UK, according to UKBI, there are around 300 incubators, directly supporting in excess of 12,000 businesses from sectors including ICT, science, technology, creative industries and social enterprises.

6 Brown M; Harrell MP & Regner W (2000) Internet Incubators: How to Invest in the New Economy without Becoming as Investment Company Business Lawyer, 56(1) pp273-284

7 Mubaraki HM & Wong SF (2011) How Valuable are Business Incubators? A Case illustration of their Performance Indicators European, Mediterranean & Middle Eastern Conference on Information Systems May 30-31 2011 Athens, Greece

8 Huang Y; Kiuchi M; Ndlovu T & Sun L (2013) Business Incubator and Accelerator Model Evaluation Report Greater London Authority

9 Mubaraki HM & Wong SF (2011) How Valuable are Business Incubators? A Case illustration of their Performance Indicators European, Mediterranean & Middle Eastern Conference on Information Systems May 30-31 2011 Athens, Greece

Typically incubators each support between 25–40 businesses and between 44–91 jobs.[10] Many incubators (around 60%) also have outreach programmes to support businesses not resident in the incubator. Incubators also generate employment benefits indirectly through the business supply chain.

Accelerators

Accelerators are an even more recent phenomenon than incubators. There are suggestions that business accelerator models first emerged around the dot-com bubble as another form of incubator, but 'providing another class of early stage development programmes that service business ideas and turns them into prototypes or products that are ready for market with a short and intense number of months'.[11]

Miller & Bound[12] argue that since about 2005 'a new method of incubating technology start-ups has emerged, driven by investors and successful tech entrepreneurs: the accelerator programme'. The authors observe that 'there have been few attempts at formal analysis' of the phenomenon, a situation that has changed little.

Miller & Bound claim that accelerator programmes have grown rapidly in the US over the past few years and that 'there are signs that more recently, the trend is being replicated in Europe'. Early examples include Y Combinator and TechStars, but 'there are now dozens in the US that are funding hundreds of start-ups per year'. The first accelerator model in the UK – Seedcamp – was established in London in 2007, followed by Springboard (Cambridge, 2009) and Oxygen (Birmingham Science Park, 2011). Recent examples in London are shown in Table 3.1 below. The small number is indicative of the recent nature of accelerators in London.

Table 3.1 London Accelerator Examples

ACCELERATOR	LOCATION	OPENED	DESKS
Barclays Accelerator	Mile End Road, E1	2010	60
Edtech	City Road, EC1	2013	4
Digital Enterprise	Greenwich, SE10	2010	150
Impact Hub	Haymarket, SW1	2011	230
Warner Yard	Warner Yard, EC1	2013	123

* Some of these accelerators also offer co-working space

10 Dee NJ; Livesey F; Gill D and Minshall T (2011) Incubation for Growth: a Review of the Impact of Business Incubation on New Ventures with High Growth Potential NESTA

11 Huang Y; Kiuchi M; Ndlovu T & Sun L (2013) Business Incubator and Accelerator Model Evaluation Report Greater London Authority

12 Miller P & Bound K (2011) The Startup Factories: the Rise of Accelerator Programmes to Support New Technology Ventures NESTA

Co-working Spaces

Co-working spaces are a relatively new phenomenon, dating back little more than a decade. To some observers their specific emergence reflects a broader (albeit nascent) change in the economy: a switch from predominantly corporate environments to one that is much more fluid and dependent upon networks and collaboration.

Foertsch and Cagnol provide a useful brief history of co-working spaces, and the following is a summary of their article.[13] The word 'co-working' was launched in 1999 by DeKoven 'as a way to identify a method that would facilitate collaborative work and business meetings coordinated by computers'. His method aimed to support collaborative work through a non-competitive approach while giving people the opportunity to work on their own projects.

In the same year, in New York, a centre called '42 West 24' was launched. Run by a software company the space offered flexible desks for individuals and teams, which could also be cancelled on short notice. The centre continues to operate, with 50 co-workers occupying around 32 desks, surrounded by eight offices.

In 2005 the Hub was launched at The Angel in London, although not formally as a co-working space. From this beginning over 40 other co-working spaces have been developed by a franchise network on five continents, resulting in the largest co-working network. In 2006 the Hat Factory was launched in San Francisco as the first full-time space labelled a co-working space.

The authors claim that by October 2012 there were more than 2,000 co-working spaces worldwide, with around 100,000 people working in co-working space by the beginning of 2013. The rate of growth in this sub-sector in London is demonstrated by the survey of IACs undertaken for this project. The survey identified 44 centres that claimed to offer co-working space; of which 24 verified their desk numbers, totalling 1,399 desks. Of this total, 1,082 (77%) have been provided only in the past three years, with 342 opening in 2011; 466 in 2012 and 274 in 2013.

3.3 GEOGRAPHY OF PROVISION

The IAC data gathering exercise identifed 132 IACs, which have been mapped according to the type of space offered (I, A and/or C). The distribution of IAC provision is shown in Figure 3-1 and Figure 3-2 (overleaf). A map of provision within central London boroughs is shown in Appendix 4. Appendix 3 lists all 132 IACs identified and Appendix 5 provides a breakdown of IACs count by borough. More details on the provision of IACs and their characteristics will be provided on the GLA website.

13 Foertsch C & Cagnol R (2013) The History of Co-working in a Timeline According to Foertsch and Cagnol (2013) http://www.deskmag.com/en/the-history-of-coworking-spaces-in-a-timeline, viewed 5th Jan 2014

Figure 3.2 Distribution of IACs mapped against Public Transport Accessibility Level (PTAL)

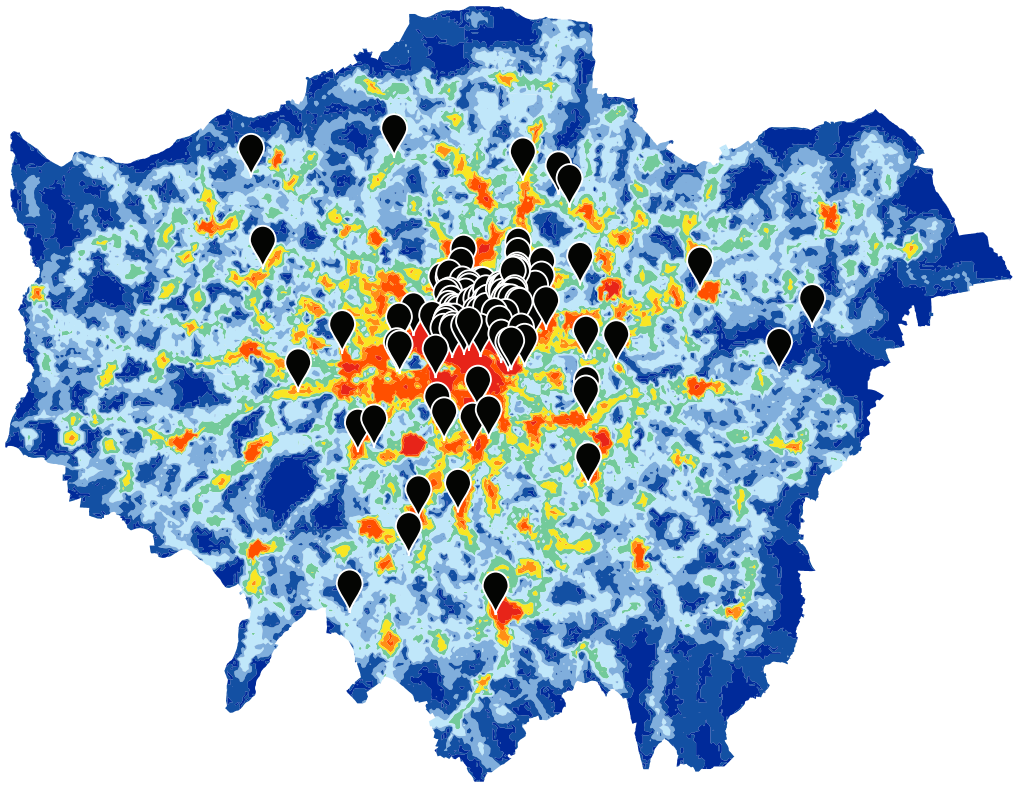


Figure 3.3 Distribution of IACs by Borough

Provision in Inner and Outer London

These maps show that provision of IACs in London is heavily concentrated in central areas of inner London boroughs (identified by the black boundary), to the north east of inner London.

The majority of the IACs are located in four inner London boroughs: Westminster (20 IACs), Camden (20 IACs), Islington (21 IACs) and Hackney (23 IACs). Within these boroughs the IACs are clustered around the boundary with the City of London. The main clusters are in areas where we would typically expect this type of provision; that is, on the boundary between Islington and Hackney where the Tech City digital technology cluster is located (Tech City has a high proportion of tech associated businesses in sectors such as communications, marketing, branding, creative and cultural). Tech City is a formally recognised hub of tech related businesses, particularly SMEs and start-ups. Another smaller cluster can be seen around the Soho area. There are signs also of these clusters spreading outwards, with peripheral activity identified outside of the core of these clusters.

In outer London there are significantly fewer IACs, and particularly few incubator and accelerator spaces. The spread of IACs generally in close proximity to the inner London borough boundaries, though there is no clustering and these are evenly spread to the north, south, east and west.

Provision by Transport Accessibility

Figure 3-2 shows the spread of IAC provision in relation to levels of transport accessibility according to public transport accessibility level (PTAL) ratings. This map shows a correlation between PTAL scores and the location of IACs, with the vast majority of IACs located within or in close proximity to an area with the highest PTAL (level 6). Within central areas an analysis of the spread of IACs at a local level shows this trend continuing, with IACs clustered within local pockets of high PTAL ratings. This is supported by the results from the business survey, which found 'good transport links' to be one of the top factors that attracted businesses to their IAC.

The IACs located in outer London, although relatively spread out, are also located in local areas of the highest PTAL ratings.

3.4 ANALYSIS OF PROVISION CHARACTERISTICS

Within the IACs around 20% offered a mix of incubator, accelerator and co-working provision. The majority of spaces surveyed were co-working spaces, although a high proportion of these also offered incubator and accelerator provision.

SMEs Using IACs

The IACs surveyed were asked to indicate the number of SMEs using their space at any given time. As this is typically not a static number, the IACs were asked to indicate a range. We estimate that the 132 IACs identified in London support around 3,800 businesses at a given time (though figure could be lower assuming vacancy).[14] Given the availability of short term membership options and the relatively high turnover of start-up and SME businesses, the actual number of businesses supported during the course of a year is considered to be significantly higher.

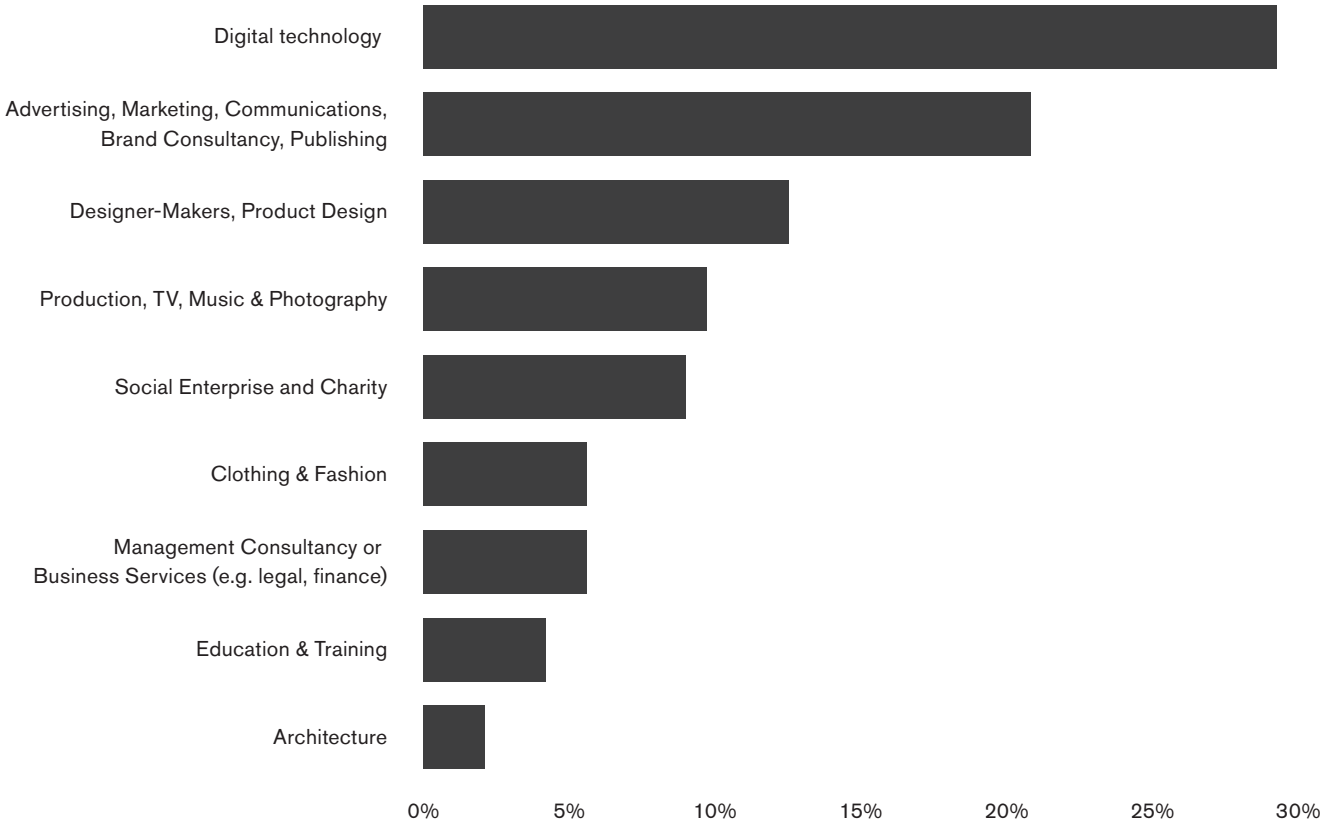
The data showed that around two thirds of those surveyed estimated that over 80% of the businesses located within the IAC were privately owned. Around a third of IACs surveyed said that they had a small proportion (10-30%) of voluntary sector, charity or social enterprises. Public organisations located in IACs were a minority, with only three IACs recording public sector occupiers. (Qualitative research suggests that whereas IACs located in inner London are more likely to support private owned SMEs, IACs located in outer London boroughs were more likely to support voluntary sector, charity or social enterprises.)

The data shows there to be a significant focus of IACs on a few core sectors, with the highest proportion (29%) identifying the 'Digital Technology' sector as one of their areas of focus. The other sectors with the highest proportion of IAC provision were found to be 'Advertising, Marketing, Communications, Brand Consultancy, Publishing' (21%) and 'Designer-Makers, Product Design' (13%).

The nature and type of workspace that IACs represent is typically a good fit for young digital tech start-ups. They provide creative, flexible and affordable environments where new ideas can be fostered and enhance innovation. The tech sector is particularly characterised by innovative start-ups, which sometimes achieve rapid

14 Number of IACs multiplied by the midpoint of the desks per IAC.

Figure 3.3 IAC Provision by Sector



levels of growth and therefore often attract financial backing as part of incubator and accelerator packages.

The consultations and interviews have suggested that new sectors may also be starting to make use of IAC provision, which include start-up businesses that require specialist equipment. This specialist equipment is provided within the IAC and is shared or used flexibly by a number of different companies. There are a few examples of this, including Kitchenette, a 'kitchen incubator' and Maida Hill Place, a venue offering a kitchen for hire to start-ups wishing to test ideas.

Models of Provision

The information gathered shows that the overwhelming majority of these spaces are funded privately (around 75% of the IACs surveyed), or receive a mix of funding (20%). This is in line with the views gathered through consultation, which confirmed that most IACs are run as commercial enterprises with a view to making a financial return through leasing of space to businesses, and are primarily backed by private finance. Though there is anecdotal evidence to suggest it is difficult for IACs to be run as profit making commercial enterprises, a number of these primarily private backed IACs are expanding their portfolio: Club Workspace operates in six locations, the Brew in four locations and Hoxton Mix in three locations.

There is a range of other models which involves private and public partnership. A number of IACs backed by private finance operate from public owned buildings and benefit from short term leases on reduced businesses rates, or public funding. Over the past 2 years Camden Collective (CC) has received funding as part of the regeneration of the southern part of Camden Town junction. Funding was provided by the Mayor of London, specifically the Mayor's Regeneration Fund (MRF), Camden Council and Camden Town Unlimited (CTU), a legal entity fronting Camden's Business Improvement District (BID) whose members are appointed by the business community. Impact Hub Westminster is a Community Interest Company owned by a joint venture of Architecture 00:/, Westminster Council and a private investor, and space is leased from the New Zealand High Commission. (See Case Studies in Section 5 for more details).

There are also examples of IACs being run as charities, for example, Exchange at Somerset House, which is run by the Somerset House Trust. The London Youth Support Trust is also a provider of IACs with multiple locations who are set up as a charity. IACs with a social enterprise focus or registered as charities will benefit from tax breaks and incentives as well as small grants.

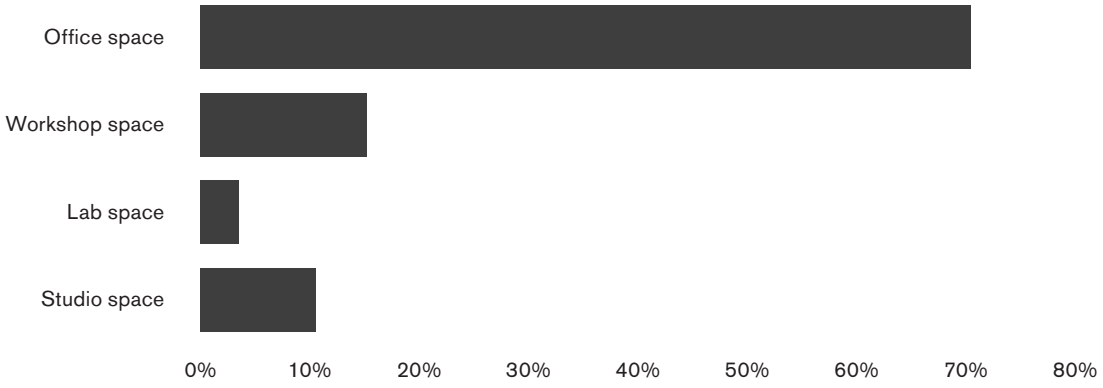
There are two examples of IACs that are entirely supported by public sector funding. These are the Coming Soon Club at Cottrell House in Brent, which runs an enterprise hub for start-up businesses and community projects, commissioned by Brent Council, and is delivered by Meanwhile Space; and Digital Enterprise Greenwich, an innovation and technology centre, whose Digital Accelerator Programme was part funded by European Regional Development Fund Programme 2007–2013.

The format of provision of IACs is either as a self-contained space or as part of a wider space provision. A few were found to be attached to larger institutions such as universities and colleges, though most were part of a wider serviced office space. This allows those businesses who achieve a certain level of growth to move out into the wider office space if they wish, rather than moving onto totally separate premises. The idea of creating informal co-working spaces which is located within the shared areas of formal office spaces is currently being explored, for example at the new Club Workspace due to open shortly in Bethnal Green.

The type of space offered was predominantly office space. Workshop space was offered as part of a wider provision that also included office space. Our survey found that laboratory space was offered in incubator spaces only. Space for artists, designers or production was found to be offered either as standalone space or part of a wider provision of office space. An example is Cockpit Arts, operating in Deptford and Holborn, which provides co-working and incubator space providing office facilities as well as spaces suitable for designers/makers involved in arts and crafts.

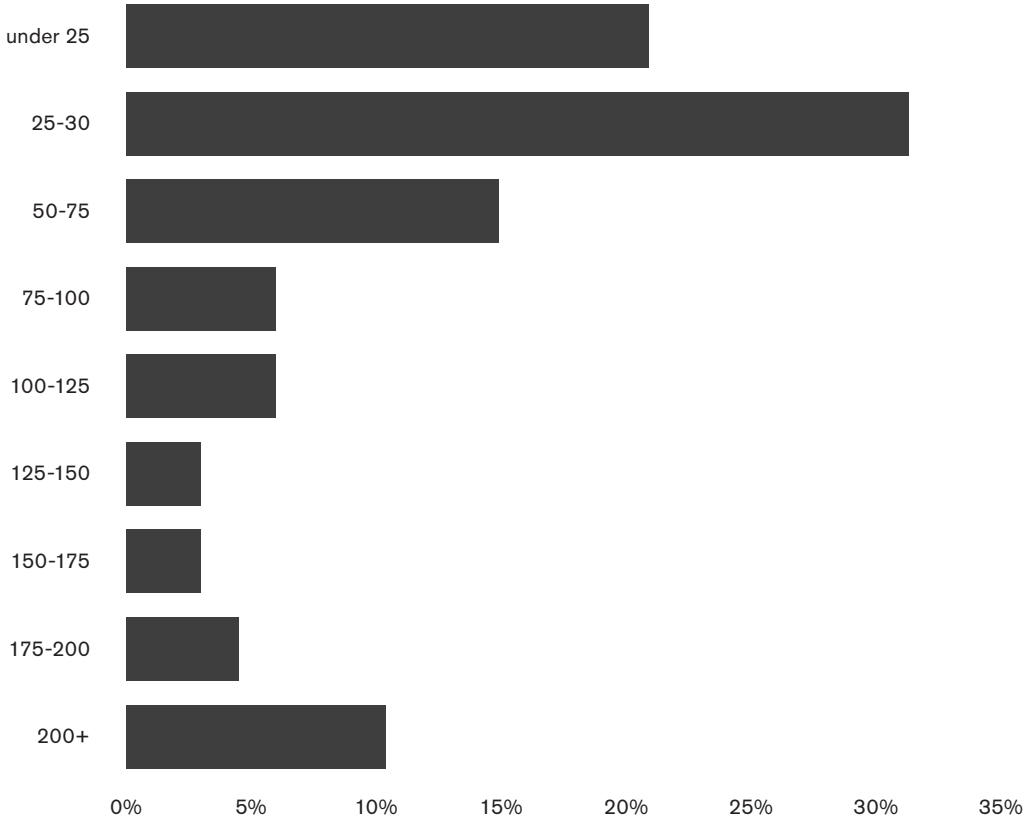
The IACs surveyed tended to be located within buildings categorised as 'post-industrial conversion (e.g. 'warehouse/loft type'). Almost half were identified as being located within this type of building. This fits well with the view of IACs catering for tech and creative industries who may choose to be located within buildings that present a certain authenticity. Another factor may be that this is the type of building which is common in the areas of central east London where the IACs tend to cluster. Around a third of IACs were located in purpose built office blocks.

Figure 3.4 IAC Provision by Type of Space



In relation to the typical size of the IAC offer the survey found there to be a wide range. The number of desk spaces ranged from four Edtech Incubator to 400 Cockpit Arts (Holborn) and the number of business occupiers varied from under five to over 100. The majority of IACs tended to be at the lower end of the scale, with most having between five and 50 desks and between five and 30 businesses.

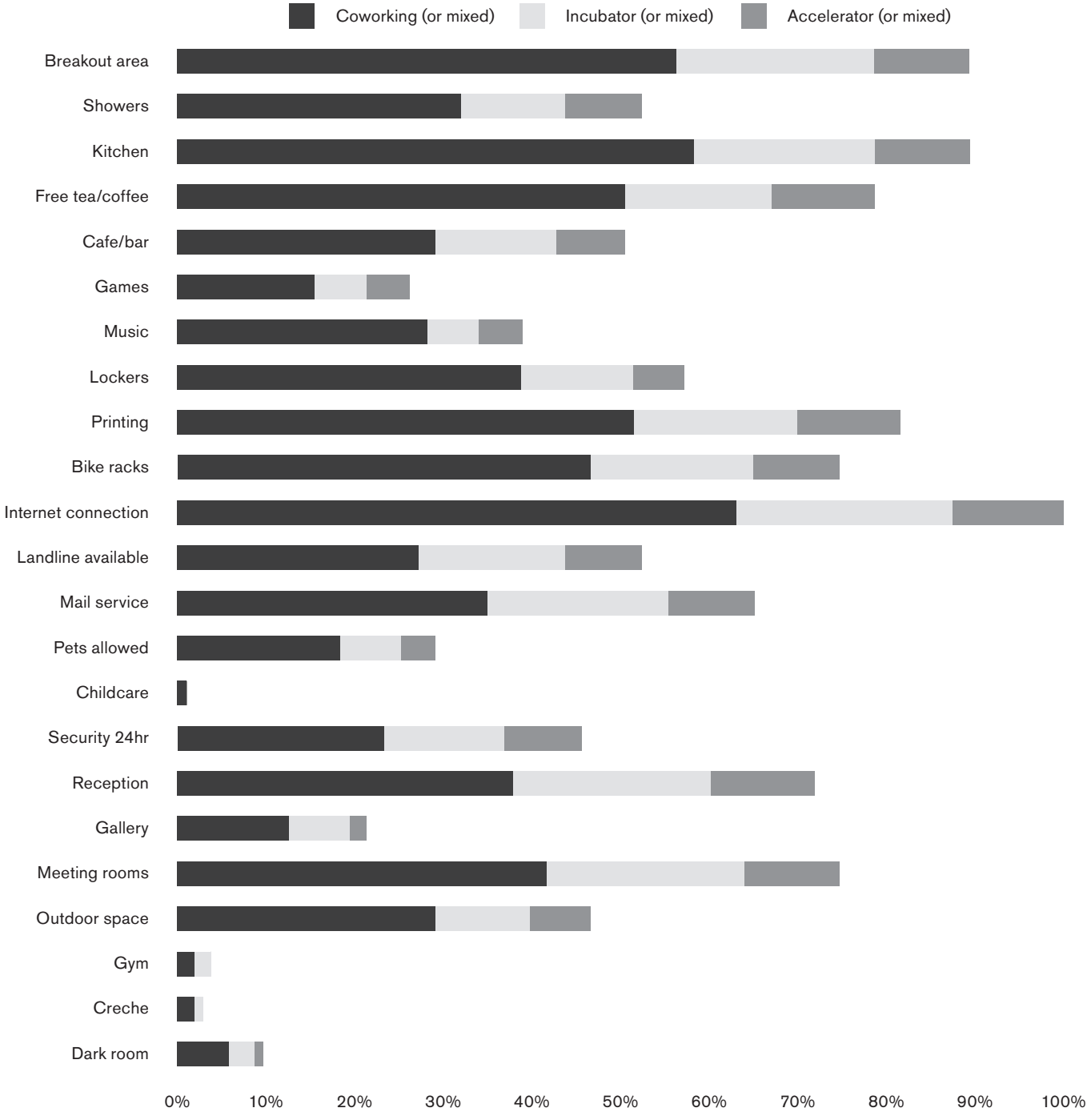
Figure 3.5 IAC Provision by Size, Number of Desks Offered



Key Offerings

Initial research identified a number of key features which are offered by IACs in addition to the work space, including for example access to kitchen facilities, breakout areas, meeting rooms, reception services and café space. The results of the survey showed that almost all IACs offered at least these core shared services, with the exception of accelerator spaces, for which a lower proportion offered access to these services or facilities.

Figure 3.6 IAC Facilities Offered within IACs



In relation to membership types, flexibility was a key theme across the IACs, with multiple options available at most IACs. Four types of membership/provision have been identified: These options typically included the following:

Resident, where the occupier gains access to their own fixed desk/work space. Notice period and minimum terms are typically around one month

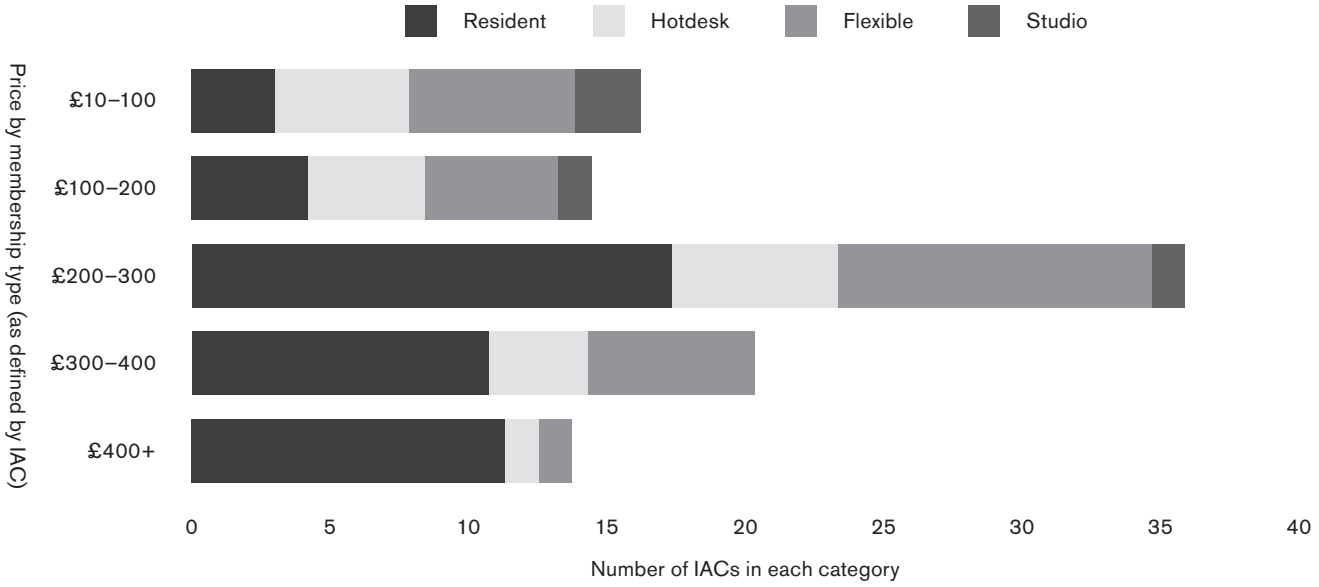
Hot desk, where the occupier is given access to the workspace and to a hot desk space that is not fixed and usually limited access in relation to the number of days per month. Minimum terms do not generally apply and access to facilities is generally at additional cost

Flexible, offering flexible terms based on the levels of access and amount of use per month, typically a number of days per month or pay as you go. Minimum terms do not generally apply and access to facilities is generally at additional cost, and Studio, where access to studio workspaces are provided. Longer leases and minimum terms generally apply.

For SMEs located in IACs surveyed as part of this study, flexible membership was listed as a key factor that businesses look for when choosing their IAC. For start-ups and SMEs who have less certainty over their growth trajectory and cash flow, a flexible membership is helpful. This allows businesses to pay less or more according to their needs and/or ability to pay, in addition to the option to expand the number of desks they require with the growth of their business.

The price of membership varies with the membership type and presents a wide range across the London IACs, from daily rates per desk/ person of £25 to £900 a month. Most types of membership tended to fall within £200 to £300 per calendar month, though there was also a good range of spaces priced below this. There was a good representation of all types of membership across the price ranges though in general the flexible and hot desk memberships represented a higher share of the lower price ranges and the higher prices mainly applied to resident membership.

Figure 3.7 IAC Membership Type by Price Range (£ per calendar month per place)



Based on the data received from the 66 IACs surveys the average equivalent rental levels was estimated to be £950 per sq.m pa (£89 per sq.ft pa).[16] This contrasts with prime West End rents of £1,075 per sq.m (£100 per sq.ft pa)[17] and prime rents in the City Fringe area in the range of £430 to £485 per sq.m (£40 to £45 per sq.ft pa) in 2013.[18] The average density of desks was around 6 sq.m (approximately 65 sq.ft) per desk, which is twice as high as the average office employment density in London of 12 sq.m (approximately 130 sq.ft).[19] Rental rates could reflect the value users of IACs place upon the flexibility of membership (notably little/no deposit, and the possibility of having short term access to space) and support services associated with the packages. This calculation of an average rental level also hides variations in cost too: Camden Collective, for instance, offers rent-free work space for creative start-ups, as long as tenants take part in skill-sharing. Membership will vary too by frequency of access and allow tenants to tailor their usage to what they can afford. Overall, for start-ups and SMEs, the flexibility of IACs membership options are more beneficial than conventional commercial space.

The data showed that there were high levels of business support offered IACs, with nearly all IACs offering at least events to their occupiers. Support in the form of mentoring, business courses and workshops was by definition offered at all incubator and accelerator spaces. The majority of co-working spaces also offered high levels of support in these formats. This is supported by the findings of the consultations and interviews, which confirmed that co-working spaces often differentiate themselves from formal office space by the level of support they offer to their business occupiers. This support is orientated towards and focussed on the needs of SMEs and start-ups who occupy co-working spaces.

Business support services identified included support on business administration including marketing, finance (e.g. taxation), legal and marketing advice; training to help enhance product development or services such as IT software; networking and mentoring; office administrative support e.g. photocopying.

Figure 3.8 IAC Facilities Offered within IACs

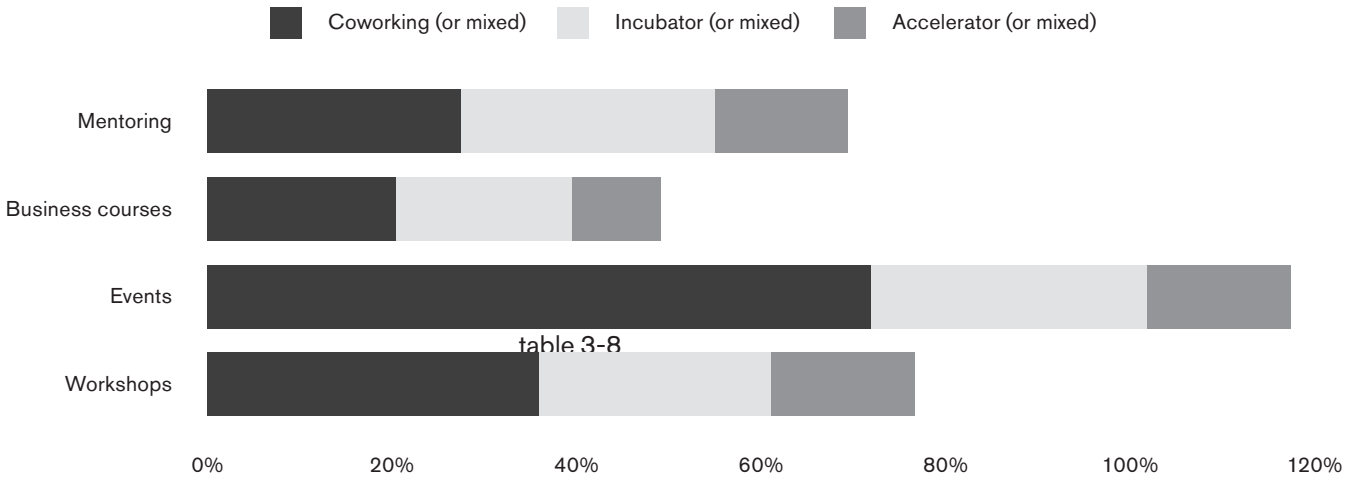


table 3-8

16 This calculation was based on the cost of membership per person per month; the net internal area of the IAC (sqm); and the number of desks available. From this we derived an average rental cost per square metre, which was grossed up over the period of a year to represent an indicative annual rental value.

17 (Financial Times, 18th December 2013)

18 JLL research

19 When compared with the HCA's Employment Densities Guide (2nd edition, 2010) by net internal area (NIA). More recent work however by BCO (2013) found a lower mean density of 10.9sqm NIA per workstation.

A key aspect of the offer is the local attractions of the area. IAC providers were asked to provide a short description of what was attractive about their local area to their business occupiers. Responses focussed heavily on the benefit of public transport links in close proximity to the IACs, highlighting connectivity as a crucial factor. This is also backed up the business survey, where businesses listed transport connectivity as one of the key factors that led to their choice of IAC. Another key factor was the location of the IAC within a known hub or cluster of similar businesses within the same sectors – particularly for creative and digital technology focussed IACs. The proximity of the IAC to cultural and leisure facilities and the general vibrancy of the area was also listed as a key factor.

3.5 FUTURE PROVISION

Geographical Change

At present demand is heavily focussed on clusters within central London. If the trend of growing demand for IAC continues then this growth in provision may also spread to outer London areas. As the mapping in this section has shown public transport connections play a major role in attracting IAC providers and occupiers to an area. The other key factor for businesses in choosing their IAC location identified in the business survey was affordability[20] (the top priority) though this is a relative term that does not necessarily imply space will gravitate to lower rental areas. Any growth in outer London would need to be focussed on areas where there are good public transport links. There is evidence of IACs locating near transport hubs in outer London, such as Matthews Yard in Croydon, which provides evidence of how IACs may unlock latent demand and encourage local entrepreneurship.

The local authority survey identified numerous potential IAC development sites, including for example some located in close proximity to existing business centres in Barking. Of those surveyed there was evidence of a growing awareness of the potential positive local impacts that IACs can have, with council plans to support the growth of these spaces as part of social initiatives in outer London boroughs including Brent, Bexley and Croydon. Hounslow Council responded that 'given this gap in [IAC] provision … the London Borough of Hounslow will therefore be commissioning consultants in the next couple of months to consider the potential demand for IACs in different parts of the borough'. Other outer London boroughs including Harrow, Romford, Barnet, Merton and Sutton also identified potential sites for future IAC development.

One response from London Borough (LB) of Richmond gave an example of an incubation centre, the Richmond Touchdown Centre, which had recently closed due to lack of take up. The response stated that a possible cause for this low demand could be the competition from the other Touchdown centres that were more centrally located. It is therefore likely that the outer London IAC offering will need to differentiate itself from central London competitors.

Demand

The rapid increase in demand for IACs has been a recent phenomenon. The data shows that over half of the IACs surveyed were established in the past two years (2012–14). The rapidly changing provision of IACs was noted in the provider interviews, with many existing providers looking to expand provision either within current location or into multiple locations. An example of this is Club Workspace, who currently offer six co-working spaces but when interviewed in March stated that they hope to have a total of 11 co-working spaces in London by the end of 2014. Another provider, the Ugli Campus in White City, in their response to the data gathering survey stated that the space was filled within six months of opening, despite zero marketing budget. Other sources have confirmed that demand for IACs in London is continuing to grow and is expected to continue at least over the short term.

Models and Types of Provision

This increasing demand for IACs is also reflected in the changing models and types of provision. Particularly in areas where IACs are clustered, providers are engaging in a rapidly changing market and the models and types of provision are undergoing a process of continual change as the level of competition and demand increases. The offer is no longer focussed solely on digital tech and creative start-ups as the benefits of these types of workspace have been expanding the reach and models of provision. A recent development has been the

20 Though out analysis on page 26 illustrates that the rental of space in IACs is relatively expensive when measured by area over a time longer term period of say a year, the flexibility offered through membership options means that renting or leasing space is relatively more affordable as users can take up space for short periods e.g. per day.

introduction of spaces offering shared workspaces to new start-ups who require specialist equipment, such as maker, hacker or kitchen space, which can then be shared by the start-up businesses.

Links between the IACs and the wider formal office space they are located within are also being explored. The lines between the supportive office space offered to small businesses and larger, more formally arranged move-on space linked to this are being blurred, both physically and operationally. In some cases the IAC is being integrated into the shared areas of the formal office space. This helps the transition for businesses when moving between IACs and larger office space units and may also be transferring some of the beneficial working practices of IACs to serviced office space.

Co-working space and also sometimes incubator and accelerator space have typically been located within post-industrial conversions, such as warehouse and loft spaces. These post-industrial buildings may be outdated and in need of refurbishment but are often suitable for conversion. Anecdotal evidence suggests they are considered 'authentic' and attractive to the entrepreneurial community, especially those from creative and cultural sectors. In this respect, older, post-industrial premises may be considered important to protect for the provision of space to support start-up and growth businesses. However, with the emphasis on the flexibility of design and effectiveness of the layout to promote interaction, new and purpose-built co-working spaces could become more prevalent in the future. The idea that workspaces can be tailored to enhance benefits for particular businesses is also becoming a key offer for larger co-working spaces. There is some anecdotal evidence to suggest that some larger corporate businesses are locating some staff members in co-working environments. If demand from corporate businesses does grow the development of high quality, purpose-built co-working space could before a greater possibility.

3.6 SUMMARY

The mapping data collected shows that there is a wide variety in the IAC offering across London. The range established in the size, focus and model of IAC provision shows that there is no common concept that can neatly encapsulate this growing type of workspace provision. The unique identity strived for by each provider and individually tailored model is an important factor to consider. Branding has been found to be important for IACs, and it has been suggested that if IACs were to receive corporate or public sector funding they would retain a unique brand instead of taking on the corporate or public sector branding.

Key trends observed are the high levels of flexibility in the use of desk space and terms of use, allowing new and small businesses to access prime workspaces with relatively little financial commitment in the long term. The affordability of these spaces is generally in the terms of the flexibility of pricing according to use, and prices seem to cluster around a middle range of £200 – £300 per calendar month (usually per desk space). The benefits of networking and trading between co-locating businesses are key factors in the attractiveness of IACs as is the provision of business support, which can be offered informally or through a structured, tailored programme delivered by a dedicated support team.

The data shows a brief snapshot of IAC provision and indicates that this is a relatively young, continually evolving market that has seen drastic growth over the last five years. The development of the interactive IAC map will be a useful feature of monitoring IACs provision in future. Some trends are beginning to emerge, including the potential for IACs to spread of IAC provision to areas of outer London where provision is currently sparse apart from a number of traditional community based co-working facilities in deprived areas supported by Local Authorities, Charities or Housing Associations. This growth is likely to be supported by local authorities, who do not currently play a major role in the support of economically sustainable IACs, but are becoming increasingly aware of the potential social and economic benefits that IACs can have. This is particularly the case for IACs which were set up specifically with a view to tackling local issues or have socially-minded occupiers and owners. The other trend is for many more IACs to spring up in centrally located areas to provide space for entrepreneurs including social entrepreneurs who could otherwise be marginalised.

The model of IAC provision is also changing and expanding to include new ideas, designed to enhance support for businesses in an increasingly competitive IAC market. New sectors are taking up the idea of shared, collaborative workspaces becoming part of their offer and IACs still catering for traditional sectors (crucially the digital tech sector) are exploring ways to enhance the effectiveness of their offer for other business areas.

Club Workspace Chancery Lane,
image courtesy of Jill Tate for Studio Tilt

4
IACS AND BUSINESS GROWTH

4.1 INTRODUCTION

This section provides a synopsis of the ten interviews with providers which are broadly representative of the IAC market as a whole. The six case studies overlap directly with these ten interview and therefore the findings from the case studies are incorporated into this section's write up. The interviews sought to understand matters including: the management of IACs; the benefits accruing to their occupiers; their funding issues; the role of the public sector; and their design and layout. This section brings together the main themes and lessons learned from these interviews. Appendix 1 lists the ten providers interviewed and their key characteristics.

4.2 FEATURES AND BENEFITS OF IACS

Management of Occupiers

Management of occupiers in IACs is critical in terms of achieving the basic objectives of each sub-type. In accelerators there is a more intense and structured approach to the management of occupiers than there is in incubators, and each of these is more intense and structured than co-working spaces. This gradation of management is due to the fact that there is a more specific and explicit agenda in accelerators, which is carried to some degree through to incubators. Co-working spaces cater largely for independent businesses that are mainly looking for a convenient place to work and interact with others.

Management of occupiers in incubators is less intense, but no less important than in accelerators. This might be as little as a monthly meeting with the centre provider/manager to discuss any issues arising, needs for training and mentoring or support requirements. Conditions of entry in the incubators are generally less stringent than in accelerators, but centre managers generally seek to ensure that occupiers are adhering to a business plan and moving forward.

There are examples of centres where in such circumstances the start-ups are encouraged to take an active role in the management of the centre in lieu of their rent. This demonstrates the important role of active management of occupiers.

The provision of space and support services is an integral part of the offering of most incubator and accelerator providers. Consultation feedback suggested there may be a tension in some instances between the role of an incubator and accelerator IAC manager acting as a landlord and their role as a trainer/provider of business support (the former focussing on payment of rent, the latter focussing on the success of the business which may include times when the business finds it difficult to pay rent and charges). An issue for centre managers who are involved in providing training can be that they struggle to give sufficient time to supporting businesses as the demands on managing the facility may be considerable, though this issue was not apparent with the ten providers interviewed.

More widely the role of the provider/manager is to support the occupiers at a time when they are, perhaps, most vulnerable, in order to increase their chances of success. Business support can encompass a range of things including financial, legal and marketing advice, administrative support, office services and shared resources.

In accelerators occupiers normally engage in a programme, often of three or six months duration, in which they are coached through a process to the point where they pitch their products to investors. They might then remain in situ for, say, a further three months to undertake further development. There is then a critical role for the provider/manager to negotiate with enterprises their graduation from accelerator to longer term premises arrangements. This focus on a structured

programme is the critical difference between accelerators and incubators.

Accelerators also differ from incubators in that they are more likely to involve an equity stake on the part of the provider or related investor. They tend to encourage small companies rather than individuals, and they tend also to pass occupiers through their programmes in cohorts, often with several star-up passing through the accelerator programme at any one time.

These differences with accelerators illustrate why the management approach is generally more structured and hands on than in incubators (and co-working spaces).

Management of occupiers is the most informal in co-working centres. The process can be aimed more at the provider being able to manage the facility more effectively. For example regular meetings with users will help identify when businesses have outgrown the space or when they are using the space more regularly than agreed in their membership.

The providers of co-working spaces range from commercial organisations to charities and their aims range from economic regeneration to profit maximisation. It is therefore a broad category with various management approaches. It is clear that in most circumstances there are strong reasons for the provider/manager to be in regular contact with occupiers, both to optimise the use of the facility and to ensure that occupiers are using the premises appropriately.

Whereas in accelerators and to some degree in incubators there are screening processes for new applicants, this is present but less competitive process in co-working spaces. A co-working space which has lower levels of demand will generally screen less; however, there are instances where screen potential users to ensure the user is from a certain sector or have follow similar objectives – examples are Camden Collective and Impact Westminster Hub. In incubators, and particularly in accelerators, screening becomes more important in terms of identifying businesses that have the greatest potential to succeed. It is not unknown for some hundreds of applicant to be whittled down to 20-30 for joining a programme.

In all three types of centre providers and managers must manage occupier churn of newcomers and leavers.

In incubators there is not generally a time limit on occupation although businesses tend to stay for 18 months to five years. After a certain time a business will either become economically sustainable, in which case it no longer requires incubation, or fails, in which case it should no longer be in the incubator. In either case there is an exit to be managed. Leases therefore tend to be time limited with simple in-out conditions. There are exceptions to this however, such as at Queen Mary Bioscience Innovation Centre, which has an anchor occupier providing steady income over the long term.

Accelerators are explicit in their agenda and the start-ups understand their position with respect to property occupation – the completion of the programme augurs a new occupancy solution. Churn is thus often managed through occupancy licences which are simple agreements often based on monthly payments with an explicit exit route.

Generally speaking co-working spaces are less focused on growth than incubators and accelerators. They provide space for businesses at various stages of growth, including mature and there is generally an acceptance that occupiers will stay as long as they wish. The churn rate of businesses is thought to be relatively high as the coworking space format offers an opportunity for entrepreneurs to trial their businesses ideas over a short term period. Whereas some occupiers become successful and move out as their space requirements increase, there are many more businesses which remain small-scale and do not out-grow space. Typically a high proportion of occupiers of co-working spaces live nearby, underlining the role of such centres as alternative work environments, though some businesses use the coworking space as a base and travel there once a week to conduct business. In this sense there is a lesser role for providers in actively managing churn. Their role is to optimise the number of occupiers through marketing and to maximise fee income.

Benefits to Occupiers

In order to describe the benefits of IACs to occupiers it is possible to describe a number of generic benefits, but it is also necessary to describe some specific benefits of each. In terms of the generic benefits a fundamental benefit of IACs is their role in providing space that is specifically targeted at the needs of start-up businesses. These needs vary between the sub-sectors.

For some they provide affordable and flexible accommodation. They allow businesses, that otherwise might find it difficult, to afford a step on the commercial property ladder. Affordability and flexibility are linked features in that flexibility (i.e. terms) can be an important part of what makes space affordable. In the case of co-working spaces particularly they also provide the opportunity for workers in small businesses to work away from home in an environment that closely resembles a traditional office in terms of working alongside 'colleagues', but with the added benefits of informality and flexibility.

Particularly for incubators and accelerators the support mechanisms (which include mentoring, advice and investor interest) directly increase survival rates and facilitate growth, and can be even more important than flexibility and affordability.[21]

All three also offer a financial benefit in terms of reducing the capital required to start a business and in making less onerous demands on credit worthiness.

The specific benefit to incubator occupiers is an environment that is conducive to enterprises that otherwise might not exist. Perhaps more than accelerators and co-working spaces incubators enable individuals who might otherwise struggle to start a business (due, for example, to capital requirements on equipment or to specialist space needs) to find an environment that understands and works with them. This benefit is a critical element of economic regeneration in areas where there is much latent talent but constraints in terms of access to property, credit and support.

The main benefit to accelerator occupiers is the access to potential investors. Whether the investors are based on site or whether they visit for pitches, the fact that such access is a fundamental part of the deal is hugely attractive. Sometimes the owner of the accelerator might be a part of the investor scene and this is doubly helpful in terms of there being a shared interest in the success of the accelerator programmes.

The availability of business support (financial, legal, marketing, recruitment, strategy) is a second key benefit to accelerator occupiers. When these support mechanisms are subsidised the benefit is potentially greater.

One of the main benefits for co-working occupiers is the flexibility of occupation, which gives flexibility to the cost of using or renting space. A typical provider might, for example, offer a menu of options including access for a small number of days per month, unlimited access, a dedicated desk or a dedicated team area/room. Payments are made on a monthly basis and termination can be immediate. Some centres even offer space on an hourly rate. Such flexibility is a great benefit.

Other benefits for co-working occupiers reflect the motivations of different types of co-worker:

For some, co-working spaces provide an environment where they can meet and potentially develop business opportunities with like-minded individuals that they might otherwise not meet. The space provides a setting for networking and business development.

For start-up businesses they provide a stepping stone to more formal premises arrangements at a critical time of business formation and development. They reduce the risk of start-up while providing facilities and services.

For micro-businesses that are not located in central London but which undertake much of their business there, co-working spaces provide a more cost effective, and sometimes more appropriate, alternative to serviced/managed offices. They provide on-demand workspace and a suitable environment for meeting colleagues and clients, with support such as wi-fi and meeting space.

For home workers they offer meeting facilities in a more formal business environment

Creating Communities of Shared Interest?

One of the pervading perceptions of IACs is that they create communities of shared interest. This might comprise a centre focused on the tech sector, where nascent tech companies share ideas, collaborate and socialise and where the interaction between the companies creates benefits that would not occur without the sense of being part of a community. The reality is somewhat more complex.

Occupiers of incubators benefit from the provision of business support, sometimes in return for an equity stake for the provider. Their motivation for being in the

21 Business support identified in the survey of IACs is listed at the end of page 23.

incubator is the process of incubation, perhaps for two or three years. Beyond this their position in a community can often be a side issue. Incubator space is far more likely than co-working space to be subdivided into discrete business units. Many young companies require privacy partly for reasons of being able to concentrate without distraction and partly for reasons of security, e.g. protection of intellectual property (IP). While there might be a programme of networking or social activities this is an add-on rather than a fundamental draw to the centre. Despite this, even in incubators, having an environment that encourages peer-to-peer learning is one of the attractions for occupiers of such space. At Bootstrap, for example, tenants are involved in helping develop young people's employability and work opportunities, and support community and cultural exchange. This involves interaction between businesses/organisations and residents of the local community through educational courses and classes (see case study for more detail). To avoid direct competition, having a mix of sectors within an incubator space can have a beneficial effect by encouraging the sharing different business perspectives.

Accelerators seek to identify businesses with the potential for rapid growth and good returns. Partly because of this there has been a tendency for them to be characterised as having a technology focus, which has helped to create an aura of communities of shared interest. A feature of accelerators is their short-term focus, with occupiers passing through in clearly defined periods of as little as six months, at the end of which investors will either extend their interest or withdraw. In either case the result is that the business leaves the accelerator. This short-term focus leads companies to be highly focused on their work, often (though by no means only) within segregated spaces, using open and shared spaces for meetings, breakout and networking activities.

Some co-working spaces have a sectoral focus with occupiers being drawn from related industries, but generally they are open to all-comers. For example when they are established as part of a regeneration initiative they are welcoming, almost by definition, to any businesses seeking a foothold in commercial property. Similarly commercial providers are seeking to maximise their attraction and are unlikely to segment demand. Some centres might specialise simply because of their location, for example being located in the heart of Tech City in East London. Co-working spaces do not, therefore, always create strong communities of interest, and interaction and socialising can be quite low in some instances.

This discussion about creating communities of shared interest suggests that the reality is more complex than the more widely held perception. This is not to suggest that such a role is unimportant. Rather it is to suggest that different types of centres attract occupiers with multiple objectives and motivations and that provision and design should recognise this fact.

Funding

Funding for IACs is provided by commercial companies, private individuals, institutions (such as universities), government, charities and philanthropic bodies. There is no clear pattern but there are a number of issues pertinent to this study.

The approach to profit will differ according to the motivation of the individual provider and the relationship with the landlord. In the case of incubators and accelerators the view might be that value is to be secured through investment in successful companies and therefore the approach to areas such as accommodation costs (e.g. rent) is one of cost recovery rather than profit. In the case of co-working spaces, where they are provided on a purely commercial basis, levels of membership and pricing schedules reflect an in-built profit margin or, in some instances, may be subsidised by other workspace provision, e.g. conventional office space.

Generally IACs make relatively modest demands on building structure and services. Where this is different is in the case of incubators and accelerators that are targeted at businesses using, for example, scientific and industrial equipment. In these cases the buildings can be purpose-built or within heavily refurbished space. In either case the capital costs can be high and lead-in times long. While some institutions (such as universities) and banks might see commercial benefit from such investment, generally speaking provision of such centres is very limited.

Role of the Public Sector

Incubators and co-working spaces sometimes require launch funding. This is particularly where a non-commercial organisation (such as a charity or social enterprise) is seeking to start a centre, say, as part of a local economic regeneration initiative. Buying or leasing a building is obviously capital intensive and can be a major barrier. The public sector can play a role in securing buildings that are capable of being converted to such uses. It can, for example, use stock within its operational portfolio that is surplus to requirements;

which it can then make available on advantageous terms. It can also potentially acquire space and then sub-let on commercial terms. Similarly, it could encourage new provision within larger redevelopment and regeneration projects, possibly as part of a development gain agreement.

Some incubators and co-working spaces are established on a commercial footing from day one and are expected by their owners to turn a profit according to a clear business plan. For others the route to a sustainable business model is more complex or not the aim. This latter group includes centres established/supported by charities and regeneration bodies (including the LDA regional development agency), for example, with an explicit social or sectoral agenda. They depend on ongoing subsidy in terms of grants or donations and income from non IAC related activities like event room hire or cafes/restaurants.

In the wider context of public sector investment in economic regeneration initiatives, IACs can present an opportunity. The centres bring economic activity to an area, with its spin-off benefits (retail expenditure, etc), but more importantly, perhaps, encourage local businesses to stay and grow within the locality.

A key role for the public sector is as a facilitator/enabler. The public sector can use its resources to help kick-start centres. SMEs and micro businesses are the backbone of the economy, not least as job generators, and yet their founders often face great problems in terms of the unavailability of financing, unavailability of premises (that are affordable), their own credit worthiness and the lack of access to business advisors. These are all key roles of IACs, and the public sector can potentially and where appropriate assist in overcoming such hurdles. IACs should not be seen as targets for permanent subsidy, though there are examples where there is a business or regeneration case for this to happen (see the Chocolate Factory case study, for example, which receives income from GLA and other grant funding). In the case of buildings, for example, it might be that a provider is able to make use of a publicly-owned building at no cost in the short-term (subject to State Aid tests), but given three years to reach sustainable economic viability and pay rent on commercial terms. Similarly there should be an emphasis on supporting occupiers for capped periods. For example occupiers might be supported by paying half rent in the first year, three-quarters rent in the second year, and full rent in the third year.

In summary, key methods by which the public sector could provide financial support for IACs include:

- Public sector fund e.g. Growing Places Fund, Big Lottery Fund or European Social Fund, or via grant funding (typically with conditions regarding how the fund should be spent)
- Funding via mechanism such as Business Improvement District (BID)
- Asset share with free/ reduced rents; and
- Business rate reduction, tax break/incentives.

The type of support deemed necessary will be specific to the business plan of the IAC, its objectives and local circumstances. Any public sector intervention should include careful consideration of the 'but-for' case, an understanding of the net additional impact arising through intervention including cost benefit analysis and risk assessment, and include a clear exit strategy.

Design, Layout and Quality of the Work Environment

There is a variability in the quality and characteristics of IAC workplace environments. They range from high specification, purpose-built facilities to converted industrial buildings with basic interior design and often allow open floorplans.[22] The appropriateness of provision within this spectrum will depend largely upon the target market. For example an incubator aimed at companies developing innovations in life sciences might require specialist provision in terms of utilities, floor tolerances, isolation units, riser provision and security (both within the building and with the outside community). By contrast most co-working spaces provide simple environments where the emphasis is on informality and lap-top enabled mobile working.

With the exception of centres where there are demands on specialist equipment and operating conditions (by far the minority of centres) there is little evidence that the success of co-working is dependent upon providing high quality work environments or that performance or user satisfaction is dependent upon such. Many co-working spaces have basic provision with low cost fit out. This

22 Our survey of IACs found that the three main building types were: post-industrial conversions, 44%; purpose built, 39%; and part of mixed use housing schemes, 9% (percentage as a proportion of all responses).

may be because demand for space in some locations currently outstrips supply. Whether this changes over time as more centres become available (and competition increases) is a moot point. It might be that greater choice will encourage more discernment over the quality of the work environment. But this does not seem to be the case currently. It might equally be that the overriding need of start-ups and micro businesses for cheap space will keep focus away from a shift to high quality.

The needs of businesses within IACs vary widely in terms of the layout of the work environment. Generally speaking co-working spaces by definition are open, in order to encourage interaction and collaboration between those working there. There is a requirement for enclosed meeting/project areas in order to provide discrete space for group discussions but most of the space is open plan. Within this the workspace provision includes a range of options, including individual drop-in desks (first-come-first-served), dedicated desks, group tables, soft furnishing and meeting areas.

Co-working spaces are generally designed to encourage interaction (and creativity and collaboration) between occupiers and to create the sense of a community. The role of the provider/manager varies but often this will include encouraging the community aspects of the centre, including orchestrating events and networking opportunities within the space. They are often based among the occupiers in order to enhance the sense of community.

Co-workers sometimes work together when they are part of the same company, but for many the experience is one of solo working while using shared space to interact and socialise with other co-workers. This underlines the community role of co-working spaces. Co-workers use a mixture of first-come-first-served desks and dedicated desks. There is typically a mix of (mainly) open and enclosed space.

Incubators and accelerators provide a variety of work environments. Sometimes they are divided internally like managed workspaces, i.e. broken down into discrete units in which companies work largely in isolation with minimal interaction with other businesses. The businesses might involve themselves in the social side of the centre but their work activities (perhaps due to IP requirements) remain behind closed doors.

In other situations there is a more open and flexible approach to layouts. Where companies grow to perhaps four or more people then centre operators will often seek to allocate an area of the office (sometimes with partitions) to their exclusive use. This is particularly helpful when it comes to using video conferencing facilities or company meetings (both of which can be disruptive to others). Otherwise centres tend to be open.

Apart from incubators and accelerators where specialist equipment is used the level of facilities support within buildings is typically quite light and similar to a traditional office environment. Thus, apart from areas dedicated to workstations and meeting spaces, facilities provision typically comprises shared kitchen/vending areas, break-out areas, copy/print facilities and lockers. Storage space, typically, is minimal.

Depending upon the size of the centre there might be a cafe/canteen which might be part of the management establishment or a small business in its own right.

Management of IAC Buildings

Separate to the management of occupiers, all three types of IACs clearly require active and day-to-day management. This covers everything from facilities management (FM) to business administration to marketing to event management. All require a rigorous management capability. FM services may be outsourced, as are areas such as building maintenance, or may be undertaken by the centre's management, particularly if the centre is small in scale.

The size and skills profile of the management function will depend largely upon the scale of the facility and its particular focus. There are a number of general lessons to be drawn.

Management needs to be visible and supportive preferably with a strong centre manager. It should not be a back room function that simply processes new members and collects fees. It needs to be proactive and engaged with the occupiers. Management must also have access to a network of business support and mentoring services.

In addition to a centre manager some centres have a dedicated client support manager whose role is designed around providing a constant resource to which occupiers can turn for help and support.

The management function is also critical to maintaining the social and shared experience of the centre. This refers to the opportunities that are created for occupiers

to socialise, share experiences, learn and develop business relationships. Particularly for incubators and accelerators these activities are important.

4.3 EVIDENCE OF BUSINESS GROWTH

The project brief asked for an analysis of the success rates of start-ups and SMEs based in IACs, including their progress of over the first two and five years, growth and failure rates and their destinations on leaving IACs. However, with the exception of one accelerator where the records were deemed confidential, providers we interviewed did not keep records of their graduates.

Published evidence of the impact of incubators is mixed. For example the UKBI[23] have measured the impact that incubators, and have shown that the incubators measured provide 'an average of 167 jobs (full time equivalents) per incubator and are home to an average of 30 client businesses at any one time'. While those operating outreach services 'support an average of 150 additional businesses'. UKBI have also conducted research that suggests 'business incubators have an average success rate of 98% of businesses succeeding whilst in the business incubator (compared to a national average of less than 30% of all small and medium sized companies registered) and 87% surviving after 5 years'.

Another recent study was conducted in order to understand the perception of the impact of incubators on business success.[24] The study found that many SMEs incubated in universities felt that the level of business support (such as mentoring) was poor. A suggestion made was that mentoring and access to finance services need to be integrated fully into the business incubator model.

Evidence of the performance of SMEs passing through accelerators is equally poor but the occasional disadvantages of some incubators referred to above are less likely to occur in accelerators. This is because the SMEs enter prescribed accelerator programme activities.

In co-working spaces the occupiers are generally seen as independent businesses paying for a service. They have less of the formalities of incubators and accelerators in terms of qualifying for membership or mentoring, though in some instances, due to demand for space, there is a process of vetting. Comparatively qualifying for membership is not something which businesses leasing space at managed office space face. For commercial operators there is therefore little incentive to measure the performance of those SMEs occupying or passing through the spaces. Coworking spaces supported by public sector finance however may need to demonstrate and evidence how they support businesses, as part of their application for ongoing funding.

There is a lack of evidence pertaining to the impact of IACs on the success, or otherwise, of their occupiers. However such evidence is critical to understanding how the sector might be developed.

4.4 SUMMARY

The impact of IACs on economic growth, in terms of business start up rates, employment or turnover growth, is difficult to measure not least because their establishment results from a wide variety of motivations and ambitions, and so performance criteria are not uniform. It is however possible to highlight a number of lessons in terms of the strengths and weaknesses of centres.

A noticeable feature of IACs is the lack of evidence of success in terms of how many new businesses graduate each year and their subsequent growth pattern and progress. Most centres are able to state the approximate number of enterprises that graduate from their space each year but not in terms of numbers employed or financial performance. This lack of data is understandable in terms of the priorities of the providers but it leaves the sector with no measure of its success.

The provider interviews emphasised strongly the critical role of management in IACs. If the occupiers are to gain maximum benefit from the centres then the quality of management is critical. This is most important in accelerators but it is important to all three. The constitution of the ownership team (whether directors or trustees) is important to determining the direction of travel. The structure of the management team, its skills and capabilities and its culture of engagement with occupiers, must all be appropriate to the objectives of the centre and provider. There is in most cases a visible presence of the management team within a co-working

23 UKBI (2014) Business Incubation http://ukbi.co.uk/resources/business-incubation viewed 6th January 2014

24 Huang Y; Kiuchi M; Ndlovu T & Sun L (2013) *Business Incubator and Accelerator Model Evaluation Report* GLA

space, often sitting alongside businesses and offering opportunity for direct face-to-face contact and advice.

The provider interviews demonstrated clearly the importance of listening to and responding to the needs of occupiers. The lesson here is that the sector is evolving and the needs of occupiers (and possibly providers) are likely to change over time.

Another important lesson, specifically for incubators (and possibly where public funding is involved), is that centres should remain true to their mission. An incubator exists to nurture small and start-up businesses through their most vulnerable period, not to support viable or stable businesses. Incubators can quickly take on the characteristics of managed space if they fail focus on their real role.

The provider interviews demonstrated the true breadth of occupier types within IACs. They ranged from artists to software developers and from professional services to medical research. There is a particular focus at the moment, in public policy terms, on the tech sector, as evidenced by the coverage of Tech City in East London. However the range of occupiers is broad and there is potential for offering facilities, particularly through incubators and co-working spaces, to a larger market than is currently serviced. Within this theme there is also potential to offer different types of IAC. Most IACs offer simple office space but many small businesses are involved in making things that do not fit easily into an office environment. Incubators and co-working spaces could equally be provided in a quasi-industrial format and be combined with artistic sector and designer/maker facilities where there are emerging trends to share labs and workshops with expensive machinery.

Related to this theme are two points of specific relevance to accelerators. First specialist accelerators aimed, for example, at science-based companies can be expensive to create, with long lead-in times. This, at least partly, accounts for the fact that there are so few of them. Secondly it is not clear that accelerators are catering for full range of start-ups, from early stage to late stage. The comment was made during interviews that businesses were being created in London and then lost to larger facilities beyond London.

The IAC sector is an evolving and highly diverse sector. In London it is a relatively new phenomenon and the provider interviews suggest that the sector is dynamic. Arguably, it is not a 'sector' at all, but simply a useful means of describing different forms of accommodation for London's hugely important start-up and SME companies. While the ten provider interviews represent a quite small sample from which to propose wider trends, a number of possibilities can be highlighted.

First, wider trends in the economy and the growth of SMEs are likely to see very rapid growth in demand for coworking spaces. These will be highly diverse in their offerings, from high quality Grade A office space through to converted industrial space in secondary locations.

Secondly, growing demand might encourage a greater emphasis on the quality of the offering, both in terms of more rigorous and transparent support mechanisms and in the quality of the work environment provided.

Thirdly, incubators and accelerators might each see greater focus. For example, accelerators might see even greater focus on a venture capital approach to encouraging commercial applications (particularly technology-based), where rapid growth is a key objective. On the other hand, incubators might see greater focus on longer-term nurturing of businesses through institutions such as universities and by supporting economic regeneration.

Finally, the least 'agile' of the three types of space is the incubator sector. This is particularly the case where science-based and specialist facilities are required. Capital intensity and long lead-in time can be prohibitive. It might be the case that this is where public sector and institutional support could be most effective.

Co-working area in Netil House,
image courtesy of We Made That

5
CASE STUDIES

5.1 INTRODUCTION

This section presents six IAC case studies. Each case study presents the key characteristics of the provider, drawing on the particular characteristics of each IAC offering.

Consultations have highlighted the importance of differentiation of IAC models in order to meet different demands and objectives. They have identified the concept of the success of an IAC as a flexible term, which is dependent on the objectives and nature of the IAC provision in question.

The case studies were conducted using a rounded qualitative and ethnographical approach. They were conducted through a range of structured interviews, informal and formal conversations, and anecdotal and observational recording within the work place environment.

In-depth interviews were undertaken with each IAC provider team including a managing director, business development manager, workspace/membership club manager and businesses using IACs. The interviews made use of both the structured provider and SME questionnaires in addition to more open discussions regarding the IAC.

The six case studies were chosen with the aim of obtaining a spread across the following factors:

- Inner and outer London locations
- Industrial, urban and central locations
- Sectorial split
- Scale of operation, and
- Model of provision (commercial, charity, social enterprise).

The case studies include the following IACs:

- Bootstrap Company, Dalston: social enterprise providing affordable workspace and support for local start-ups, social enterprises, charities and businesses
- Queen Mary Bioscience (QMB) Innovation Centre, Whitechapel: specialist biotech incubator linked to Queen Mary University
- Matthews Yard, Croydon: a new community space offering flexible co-working to businesses, charities and community groups in Croydon
- Camden Collective, Camden: charity, linked with Camden Town Unlimited Business Improvement District (BID), which manages co-working and accelerator space for creative industries
- Impact Hub Westminster, Westminster: one of the largest hubs in a global network of locally-owned collaborative working spaces, and
- Collage Arts Chocolate Factory, Wood Green: an arts development charity and affordable creative workspace provider.

5.2 OVERVIEW OF FINDINGS

One of the key findings is the diversity in workspace provider funding models, motivations, types of facility and scope of services provided. There are many types of small and growing businesses in London and there is a correspondingly wide variety of IAC options available suits these varying needs.

There are many new workspace providers and typologies that have opened in the last 2-5 years. The more established IACs are also evolving their mode of operation and their offer, in response to competition, the changing nature of doing business, changes in the local area such as regeneration, and in recognition of success factors. Therefore the case studies represent a point in time taken from a rapidly changing IAC market.

This constant evolution may add to a sense of disorganisation in a few of the case studies. This should be viewed in the context of those organisations' constant growth and change amidst ambitions to provide affordable space and therefore to keep running costs low. Nevertheless there was a sense that some of the organisations could benefit from clearer business plans or management structures and from a recognition of the possible ways of measuring success.

According to the businesses who were interviewed opportunity, affordability and flexibility all appeared to increase the chances of a sustainable, quick and better managed growth.

The most critical workspace-related factors that aided businesses in their start up and growth (expressed by businesses spoken to) were:

- Access to affordable and flexible workspace; and
- Access to a business community of support, shared resources and collaboration opportunities, whether formally or informally achieved.

The following characteristics that typified most IACs were identified from the case-study work:

Flexible Affordable Workspace Costs
The case study IACs typically provided a sliding scale of memberships or rental rates from ad hoc and temporary use to full time membership. For example, Matthews Yard provides membership from £10 a month for one day access to a desk to £150 for one month full access. More centrally to London, Hub Westminster also offers tiered pricing from off-peak (50 hours a month) at £25/month per desk space to Hub Unlimited full time access at £475/month. Leasing space at Bootstrap is offered on a sliding scale, which reflects their social impact to the local community. Of the six case studies, Collage Arts Chocolate Factory was a notable exception with a larger upfront rental deposit required.

For coworking spaces the flexibility of occupancy terms, such as short term commitments, combined with relatively low cost or no upfront cost to join the space, acts as a key draw for a start-up business. Though the cost for use may be high when considered on a £/sq ft basis, the use is relatively affordable as businesses can chose membership options which allows them to use the space as much as required and therefore pay only for their requirements. Coworking space can therefore encourage businesses to test the viability of an opportunity without upfront commitment in terms of costs and leasing duration.

Flexible Use of Space for Expansion
Co-working spaces work best when they do not operate at completely full capacity, allowing for growth and movement of businesses within them (the large majority join the space as a sole trader or partnership). Flexible open-plan building construction with large windows allows for flexibility in the use of space allowing teams to expand and decrease in size with relative ease from month to month without relocating. At Impact Hub Westminster members can add on or take away memberships from month to month. Likewise at Camden Collective members can grow teams on free desk spaces. Hub and Camden Collective now provide a small number of anchor desks for business teams of six to eight in designated areas of the workplace. Bootstrap Company operates a short-lease co-working space as well as a variety of sizes of studio which can act as grow-on space from the open plan co-working desks. These studios can also be combined or sub-divided to suit occupier needs and as companies grow or shrink. QMB Innovation building design and phased construction allows for growth into adjoining lab space.

Flexible Layout of Space
The layout of desks in co-working spaces can encourage collaboration whilst offering a range of areas for different workspace-related activities. Open areas may facilitate collaboration, slightly enclosed corners for more studious activities and supporting facilities (kitchen facility, café, theatre) for more active dynamic collaboration and events.

The adaptability of the layout and mobility of furniture can also allow for different uses and revenue-generating activities at different times and allow Camden Collective Hub 37, for example, to use their space for events.

Community Value
Members often have desirable skills but little capital when they first start up. IACs build on this shared value and can offer opportunity for business from varied sectors of work to interact in the same environment by sharing resources though peer-to-peer mentoring and formal or informal networking events. This adds value through connections made in early-stage development of business growth.

For example Camden Collective runs a '2 hours/month skill exchange' programme. Upon signing up to

Collective members state skill to offer to other business user and pledge to share them. Bertrand Beghin co-CEO, Numbers for Good, Hub Westminster said 'It's like being part of a big company, but actually being a start-up.'

Design of Spaces

The positive elements of design of workspaces is derived largely from the building itself rather than from any formal interior design. For example in the case of existing buildings the qualities of the construction, structure, and light, provided a robust and beneficial background for the workspaces, requiring little in terms of designed intervention. By and large the fit out of existing co-working spaces and interior design of new ones create a modern environment similar to creative, non-corporate office space in Central London with a functional and contemporary design that is cost effective and multifunctional.

The affordability, location, flexibility and buzz generated by the space were much more important than any formal design. However where spaces were subdivided the ability to easily and cheaply customise spaces to individual needs was seen as essential.

A notable exception was Impact Hub where the design and layout furniture and meeting spaces was highly considered. This was viewed as an important factor by both the provider and the users.

QMB Innovation stood out from the others in its highly specialised technical design which is necessary for the successful functioning of its bio-science occupiers.

Regeneration and Community Benefits

The case studies presented a number of good illustrations in relation to the potential for IACs to have a regenerative impact on a local area. Examples include Bootstrap, who have been found to have positive local economic impacts and also runs a cultural programme which offers events for occupiers and also residents in the wider community. Matthew's Yard similarly runs a programme of cultural activities. Both Matthew's Yard, Camden, Chocolate Factory and Bootstrap also run community outreach programmes, bringing support and skills into the local community. Camden Collective offers a slightly different approach, and their work has recently made use of vacant retail space on local high streets in Camden to showcase the work of start-ups. They run computing courses for Camden community subsidied as well. This meanwhile use has brought life and vibrancy back into areas in addition to benefitting local businesses. Maximises efficient use of high street with some upper buildings derelict and empty – good model.

Work in a Broader Sense

IACs are redefining the concept of a place of work. Impact Hub Westminster has a physical and virtual work environment hosted online. Coding events and the Internet of Things Bay (IOTBay) have introduced new way of working in a wider virtual sense. Bootstrap Company fosters a sense of corporate responsibility by actively engaging its occupiers in its charitable Bootstrap Campus programme. Matthews Yard is not just a workplace but a theatre, café and shared community resource for all types of work related activity, hosting a radio station, theatre performance, local arts and cultural events and educational leaning. Camden Collective is a place where experimentation and managed failure are supported on the path to success, by providing mentoring and releasing new businesses from the burden of rental costs in return for employing and training people.

5.3 CASE STUDIES

The six case studies are set out over the following pages.

5.3
BOOTSTRAP

AFFORDABLE WORKSPACE & CULTURAL HUB THAT HELPS FUND CHARITABLE EDUCATION OUTREACH IN DALSTON

Date established	1977
Floor area	60,000 sqft
Rental agreement	Co-working: £255–290 /person p/m Studio space: between £15–30 /sqft p/a Business rates exempt in The Print House due to charity status. However, business rates are payable in Fitzroy House
Hours of operation	24/7
Workspace operator	Bootstrap Company
Company status of operator	Charity
Financial arrangements	Bootstrap Company has long leases (25 year and 99 years) on buildings owned by Hackney Council. Bootstrap rents these buildings at £5.00 and £7.50 / sqft p/a, and generates revenue through workspace rental and event space hire. Any profits generated are used to fund Bootstrap Campus, the charitable outreach arm of the company.

BACKGROUND

Social enterprise Bootstrap Company provides affordable workspace and support for local start-ups, social enterprises, charities and businesses. Bootstrap Company was founded in 1977 in its current premises, The Print House, as a training and enterprise organisation helping local people get out of poverty and into work: the place has evolved but this is still very much at the core of its mission.

CASE STUDY STRUCTURE

This case study explores the regenerative impact of a diverse coworking space through an examination of 3 of Bootstrap Company's core objectives:

A SUPPORTING INDIVIDUALS AND SMES

Affordable managed workspaces on sliding scale rents, which reflect the social impact, community commitment and management structure of the business. Aimed to ensure fairer rental costs across a spectrum of tenancies and encourage inter-tenant collaboration to reduce costs.

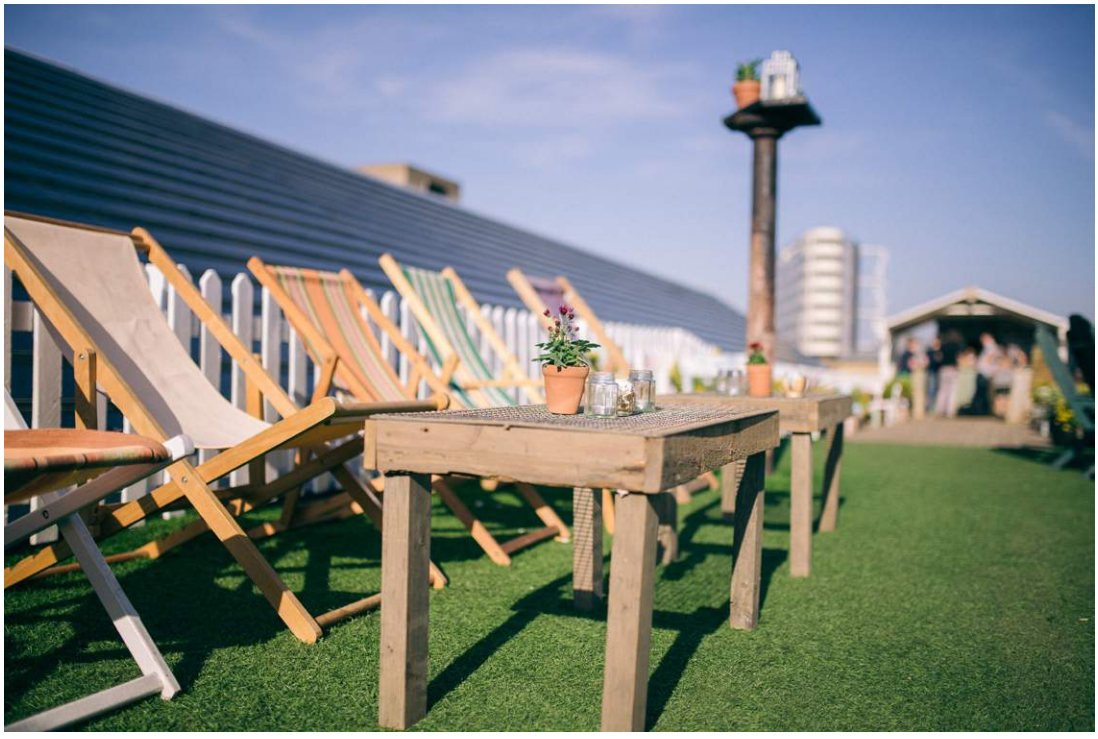
B INNOVATIVE EDUCATIONAL PROJECTS

Programs that focus on creative learning and career-building targeted at young unemployed people from the local area. Bootstrap Campus offers 16-24year olds training and work placements with Bootstrap tenants developing their employability and work opportunities within the Dalston area.

C CREATING A SPACE FOR CULTURAL EXCHANGE

Fostering a strong programme of cultural events open to the local community hosted in an ecosystem of spaces. The Print House Gallery, a WW2 bunker, Dalston Roof Park and community garden.

Below:
Dalston Roof Park and community garden



A1 BUILDING TYPOLOGY

The building is a collection of former light-industrial buildings. They are roughly understood as 3 different buildings; Colourworks, Fitzroy House and The Print House, the latter being earmarked for local listing. All three have brick facades with large windows, meaning the deep floor plans are well-lit. Areas that are compartmentalised, and therefore receive less light, are used as music rehearsal rooms and workshops.

The buildings are for the most part concrete frame constructions, with open spans and robust concrete floor slabs. Floor plates can be easily divided into many different configurations, allowing the building to adapt to the needs of different tenants. Several businesses we interviewed pointed to the buildings' adaptability and flexibility as a significant attractor.

A2 DESIGN

In order to create flexibile workspaces, Bootstrap's internal fit out is intentionally minimal. Many businesses adapt and design their own spaces, prefering flexibility over a predetermined, full fit-out solution. The short-lease, co-working area has desk areas partitioned with simple open shelf units, allowing the space to read as a whole. Common areas are for the most part sparsely decorated, although some areas have been decorated in a more lively fashion - see for instance the wall-painted signage located on the stairs to the roof garden below.

A3 COST

Short lease desks (requiring 2 weeks notice) are rented at £290 and £255 p/m, depending on location. Studio rents range from around £15 to £30 / sqft p/a, depending on type of space and tenant. Bootstrap is currently fully-occupied, with around 50 businesses currently on a waiting list.

A4 SUPPORT SERVICES

Tenant support services include parties and networking events, a staffed-reception and mailroom, as well as a more informal network of business contacts and specialist advisors. Most tenants benefit from this more informal networking community. Bootstrap Company encourage tenants to offer their services to the building. The company has service-level rental agreements with Cafe Merci Marie, a Lithographic printer, and Mamachari bikes.

Top and above:
Fitzroy House co-working space

A5 TENANT DIVERSITY

Bootstraps buildings are occupied by range of community, voluntary, micro and social enterprises in the creative and third sectors. Tenants include:

- Merci Marie Café and event space for tenants and community. Pop-up dining at weekends, with fresh ingredients sourced locally in Hackney and Ridley Road Market.
- Mamachari Bikes Bike workshop selling imported bikes from Japan.
- Hieroglyph Inks Screen printers and printing school.
- Abbot Street Studios Post production and music recording studios.
- East London Food Access Ltd A Social Enterprise co-operative. Promotes access to affordable fresh fruit and vegetables in Hackney
- Haberdashery London Lighting designers commisioned by clients including Selfridges, BFI and BBC.

B1 AIMS

Profit from the rental of workspace funds Bootstrap Campus and their charitable work, currently run by one full-time employee. The Boostrap Campus programme offers hands-on experience via vocational placements, helping to develop young people's skills and workplace experience, as well as broadening their professional networks. Bootstrap encourages businesses to pay their placements the London Living Wage.

Targetting unemployed 16–24 years olds from the Borough of Hackney, Bootstrap looks to prepare young people for the world of work. They provide work experience placements with Bootstrap tenants, fostering partnerships between young people and local businesses. Bootstrap also run day-long 'employability masterclasses' introducing NEETS (Not in Education, Employment or Training) and students from local colleges to a vibrant workplace. Classes include a tour of Boostrap tenants, and talks from businesses and prospective employers.

'Out of 621 London wards, Dalston is still the 21st most deprived'
CLG, 2010

B2 PLACEMENT OUTCOMES

10 paid work placements completed 2013
10 paid placements running for March 2014
300 young people attended employability masterclass in the first year
30 Bootstrap business tenants involved in talks, workshops and placements.
3 placements with Bootstrap Company itself
2 day music industry workshop with Foreign Beggars & Lyrix Organix
Recognition and financial backing (£8k) from the Peabody Trust

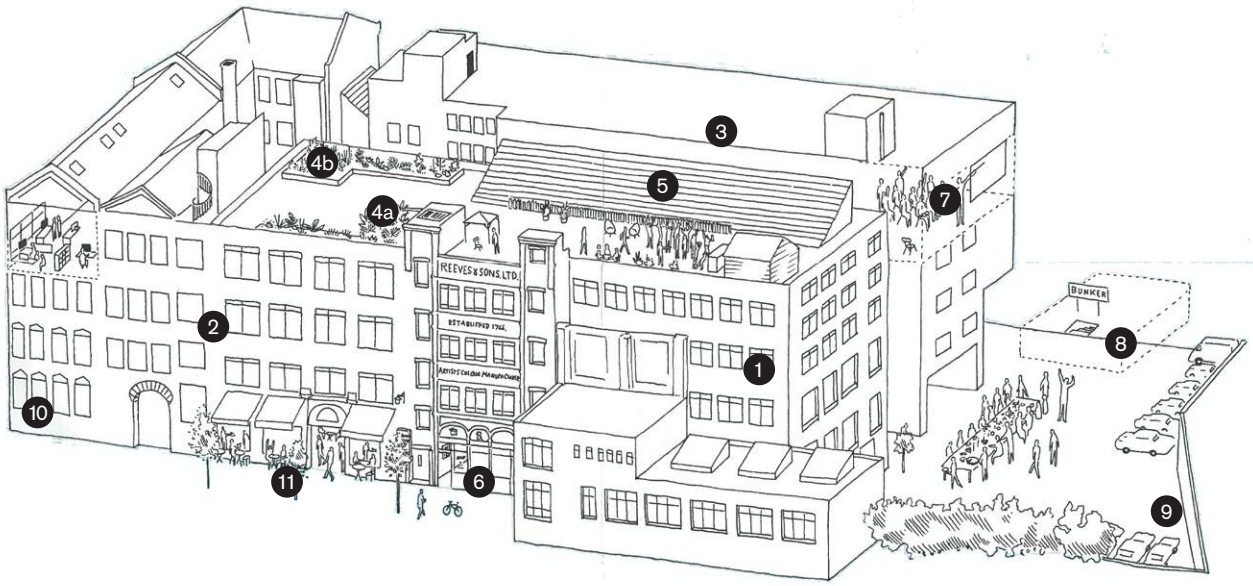
B3 PARTNERS

A New Direction / Create Jobs, Arts Emergency, Forest Road Youth Centre, Hackney Community College, Hackney Council, Ways Into Work programme, Hackney Learning Trust, Hackney Pirates, Inspire, Kids Company, Lyrix Organix, Peabody Trust, Put Me On It, Rhodes Estate TA, Somewhere to / Livity, St Giles Trust, Stoke Newington 6th Form, The Winch, Unltd, Young Hackney, City Academy, Haggerston School, BSIX, Our Ladys School, Cardinal Pole School, Stormont School.

Left: Print House Gallery Space
Right: Event in the Dalston Roof Park

C CREATING A SPACE FOR CULTURAL EXCHANGE IN DALSTON

Bootstrap is not so much a single creative space, as a omplex of buildings containing a variety of distinct cultural offers. Each space has developed its own identity, while still benefiting from the collective association with Bootstrap.



1 THE PRINT HOUSE
25,000 sq ft of studio-based workspace

2 COLOURWORKS
10,000 sq ft of studio-based workspace over the top 2 floors

3 FITZOY HOUSE
25,000 sq ft over 2 floors 70 desks of open plan co-working space, the rest let as studios

4 SUSTAINABILITY
a Solar Panels
b Community Allotments – Urban food production run by volunteers

5 DALSTON ROOF PARK
130 capacity outdoor space. Since 2011 open to the public. Hosts diverse cultural events. 10,000 registered members, of which half live locally. Profits fund Bootstrap Campus charity.

6 THE PRINT HOUSE GALLERY
Public face and entrance. Gallery hosts exhibitions of upcoming artists and designer-makers.

7 EVENT SPACE
40-50 capacity room in an old shoe factory. Flexible space for events, talks, film screenings and drama classes. Also home to Merci Marie cafe

8 THE BUNKER
WW2 underground bunker available for artist exhibitions, film-sets, performance and event hire

9 STREET ART CARPARK
A formerly underused carpark space reimagined as a platform for various popular events, including gigs, theatre events and other perfomances. Emerging plans to build temporary workspace

10 ARCOLA THEATRE
Drama company that has created theatre venue complete with bar. Hold a number of community workshops

11 CAFE OTO
Cafe tenant - popular new music venue also used as community space

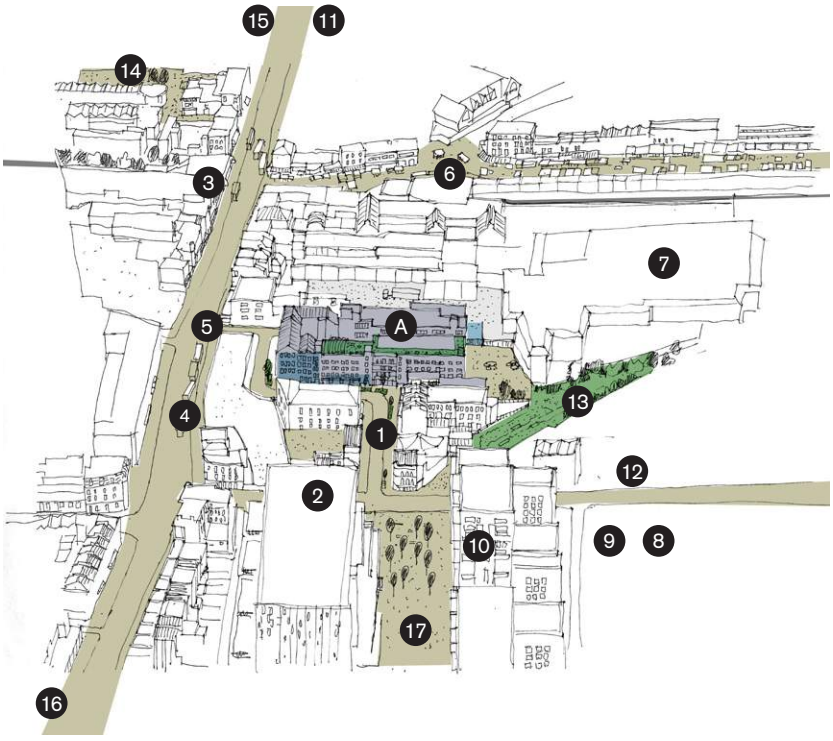
THE LOCAL AREA

Bootstrap's premises, The Print House Colourworks and Fitzroy House, are located on Ashwin Street, a small road just off Kingsland Road, Dalston's busy high street.

Ashwin Street and other pockets of Dalston benefitted from Local Authority and GLA-funded streetscape improvements. These included closing the street to through-traffic to prevent rat running as well as greening, which greatly improved Ashwin Street's attractiveness. Along with the Arcola Theatre, Dalston Roof Park,Cafe Oto, and various creative temporary interventions, the street has become a destination in its own right.

Dalston's Area Action Plan was adopted by Hackney in 2012, building on the 2009 masterplan by Matrix. Alongside the preparation of the local plan complementary work was carried out to prepare a public realm delivery strategy and cultural masterplan in consultation with local stakeholders.

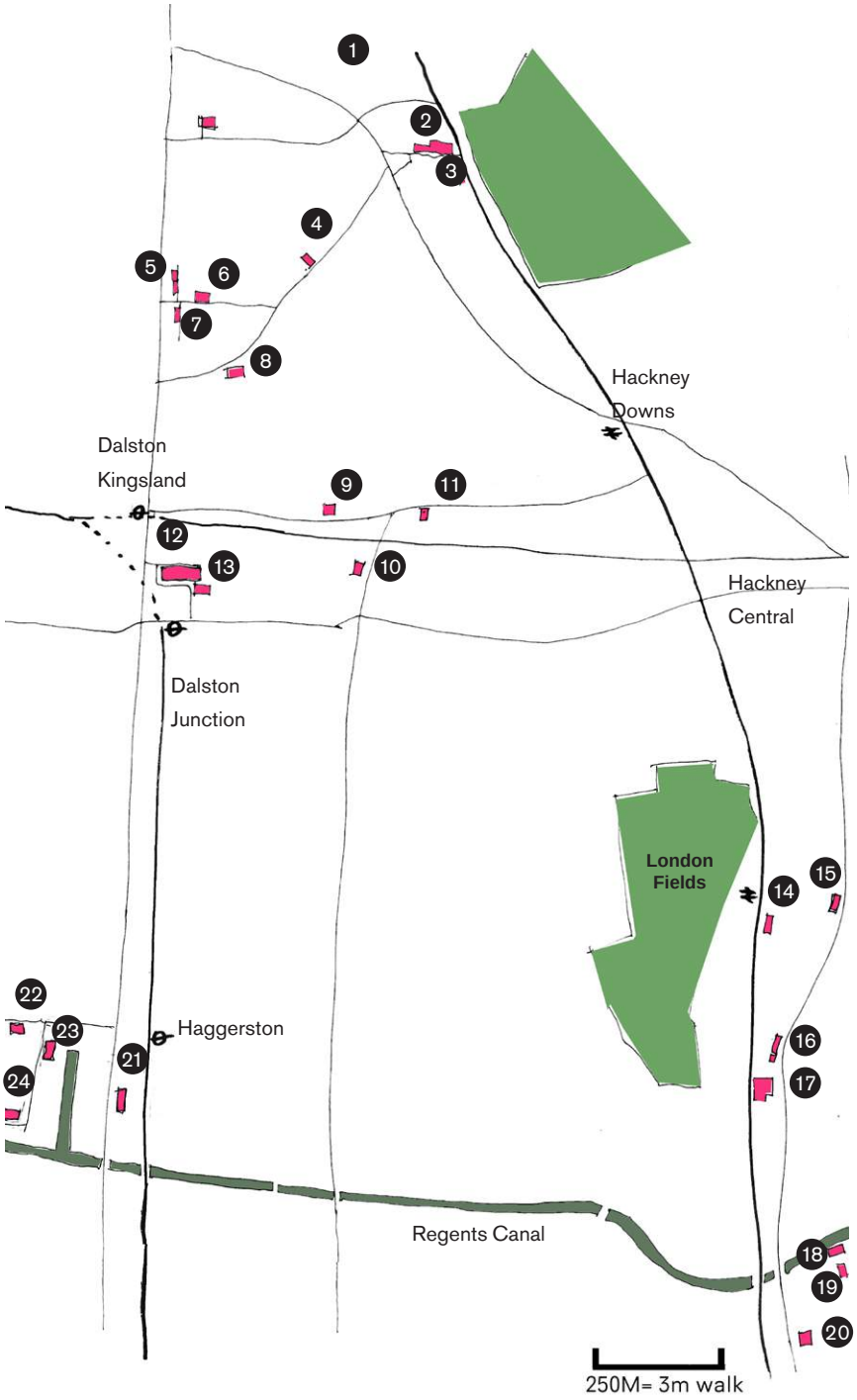
With more than 500 wrokers, as well as numerous professional and culture-seeking visitors, Bootstrap has had a visible impact on Kingsland high street with new cafes and boutiques regularly opening.



A BOOTSTRAP
1 ASHWIN STREET
V22 Gallery, Café Oto, Arcola Theatre, Arcola Tent, The Print House Gallery, Dalston Roof Park, Community Allotments
TRANSPORT LINKS
2 Dalston Junction Station
3 Dalston Kingsland Station
4 Numerous buses to locations including Shoreditch, Liverpool St, Tottenham, Wood Green and Highbury & Islington
LOCAL AMENITIES
5 Kingsland Road High Street
Shops, cafes, bars, music venues
6 Ridley Road Market
Specialist food market, providing food from all over the world
7 Supermarket
LOCAL BUSINESS SUPPORT
8 HBV Enterprise
9 Hackney Co-operative Developments CIC (HCD)
10 Dalston Library
SOCIAL ENTERPRISE HUBS
11 Print Club London
12 Farm Shop
COMMUNITY GARDEN
13 Dalston Eastern Curve Garden
INDEPENDENT CULTURAL ORGANISATIONS
14 Vortex Jazz Club
15 Rio Independent Cinema
16 Passing Clouds
NEW DEVELOPMENTS
17 Dalston Square - new mixed-use residential development

EXPANDING WORKSPACE PROVISION

Hackney has a growing network of workspace providers, often with an emphasis on creative and social entrerprises. Many of these spaces have opened in the last 3 years, Bootstrap being one of the oldest (established back in 1977). Clustered together with similar creative providers these workspaces are typically located close to or immediately behind the High Street, operating from light industrial buildings or converted warehouse sheds with large floor plates. Generous floor to ceiling heights and sizeable windows allows for well lit, functional spaces for both making and desk work. Anecdotal evidence indicates high demand for affordable creative workspace which has rapidly outstriped supply.



1 The Chocolate Factory N16
Farleigh Place, N16
2 Hackney Downs Studios
Amhurst Terrace, E8
3 The Russet
17 Amhurst Terrace, London E8 2BT
4 Lighthouse Studios
75 Shacklewell Lane, E8
5 Print Club London
10-28 Millers Avenue, E8
6 Cell Studios
Arcola North, E8
7 Cell Studios
Arcola Street, E8
8 Shacklewell Studios
18-24 Shacklewell Lane, E8
9 Dalston Underground Studios
28 Shacklewell Lane, E8
10 Cell Studios
Dalston Lane, E8
11 The Blue Studios
160 Dalston Lane, E8
12 Bootstrap
Ashwin Street, E8
13 V22 Studios
Ashwin Street, E8
14 Mentmore Studios
1 Mentmore Terrace, E8
15 ACAVA Studios
Mare Street, E8
16 SPACE Studio
Mare Street, E8
17 Trampery
Mare Street, E8
18 Netil House
1 Westgate St, E8
19 ACAVA Studio
Vyner Street, E2
20 Bathtub to Boardroom
The Church, 33a Wadeson Street, E2 258
21 Cell Studios
Cambridge Heath Rd, E2
22 Creative Blocks
258 Kingsland Road, E8
23 V22 Studios
Downham Road
24 Lock Studios
De Beauvoir Crescent, N1

5.4
QMB INNOVATION CENTRE WHITECHAPEL

SPECIALIST BIOTECH INCUBATOR LINKED TO QUEEN MARYUNIVERSITY

Date established	2012
Floor area	48,780 sqft Gross interal floor space 38,000 sqft Incubator space 10,780 sqft University space, medical school
Rental agreement	Between £55 and £65 /sqft p/a (not including business rates)
Hours of operation	24/7
Workspace operator	Queen Mary BioEnterprises Ltd
Company status of operator	Limited liability company
Financial arrangements	Total construction & fit-out costs – £30 million £17 million debt financing borrowed from bank £7 million grant form LDA £6 million covered by University

BACKGROUND

The Queen Mary BioEnterprises Innovation Centre (QMB) is the largest purpose-built commercial laboratory space incubator in London and is owned by Queen Mary University of London. It is also the only commercial early and late stage wet lab. incubator currently available in London. A mixed early and late stage incubator, the centre houses both established science and technology companies who are looking to expand, as well as recent start-up companies seeking a base for their laboratory and commercial work.

London's status as a centre for university-led scientific research means there are large numbers of intellectual property driven start-ups emerging from the capital's universities. QMB is designed to capture those science-based start-ups that have exapanded beyond the capacity of a university laboratory or specialist business incubation space. By capturing these businesses, centres like the QMB look to safeguard high-value science jobs within the capital.

The Innovation Centre benefits Queen Mary University of London through creating a powerful medical presence in East London, drawing expertise into the area.

CASE STUDY STRUCTURE

This case study explores 3 distinctive characteristics of QMB Innovation.

A HIGHLY SPECIALISED BUILDING

QMB Innovation Centre is a new building with a highly specialised building design.

B TYPE OF WORKSPACE AND TENANCY

The type of workspace provided and tenants it attracts are also highly-specialised.

C CLUSTERING OF SCIENCE RESEARCH

QMB Innovation centre is part of a cluster of University institutions that are connected to science research and innovation.

SUCCESS OUTPUTS OF QMB INNOVATION

- 370+ new jobs 'created and/or safeguarded' in 4 years
- 200+ businesses supported
- 8 new businesses entering incubator

Two high-profile success stories have been that of Spirogen Ltd. and Retroscreen Virology Ltd. Both tenants enjoy specialised bespoke infrastructure at QMB and have experienced geometric growth since entering QMB. Both have been recently capitalised for more than £150 M.

A1 BUILDING TYPOLOGY

This highly-specialised new building required a lengthy lead-time for planning due to its' inner-city location adjacent to residential areas. As one of a kind in London, it came about through extensive planning and collaboration between QMU and the public sector.

48,780 sqft	Total floorspace of QMB Innovation facility
38,000 sqft	Incubator space
10,780 sqft	University space, medical school

A2 DESIGN FEATURES

The rented laboratory spaces range in size from 570 sqft to 2,200 sqft and are arranged in a rational, compartmentalised plan, with no visibility between lab units. Security and the protection of intellectual property are paramount, and this is reflected in the building's design and layout. Space used by the university is separated from QMB, with two separate entrances physically separating the university from the centre's commercial labs.

Deep ceiling voids contain fume-hood extraction and vents, and are serviced by a large plant area on the strengthened roof. Large risers were built to support the centre's specialist fume extraction equipment. This makes it difficult to adapt existing buildings, and was a key factor in the decision to design a purpose built facility for QMB.

The building is designed and managed to be operational 24/7. Most importantly this requires a continuous security presence, as well as the capability to monitor every part of the building via a computer controlled alarm system. This is in order to both protect the IP of tenants, as well as to accomodate on-site clinical trials, which require stringent security measures comparable to those found in major hospitals.

A3 PLANNING & CONSTRUCTION

Project planning and construction for QMB was carried out in three phases

PHASE 1

Compared to many incubator projects, QMB required a relatively long lead time (3–4 years). This additional time was needed to:

- Gather political support from within the University faculties
- Gather support from local residents
- Formulate a business model, sales pipeline forecasts and rent rates
- Obtain planning permission
- Find champions to support incubator within City Hall

PHASE 2

Building construction (commenced in 2009, completed 2011) was undertaken in two phases:

- A base build shell and core construction phased over 24 months, managed by the University
- Generic class two laboratory fit-out by landlord

Top: Typical laboratory space in QMB
Above: Kitchen area adjoining individual labs

PHASE 3

Letting commenced in early 2012 with bespoke fit-outs, according to incoming tenants' requirements. Full capacity was reached in early 2014.

B1 WORKSPACE FACILITIES

The building's workspaces have the following characteristics:

- Specialist wet lab rooms and workspace, reconfigurable to tenants requirements
- Individual labs are split between a wet lab, fitted out with with work benches and latent fume hood extraction facilities, and an office space
- Limited interaction between business due to sensitive nature of work and high privacy requirements
- Some shared facilities, including access to highly specialised lab equipment and waste sterilisation room

Top: Shared waste sterilisation equipment
Above: Fume hood extraction facilities

B2 COST

Rents range from £55–£65/ sqft p/a, not including business rates.

B3 TENANTS

Although security and the protection of IP are paramount, tenants value being physically located along side other specialist science businesses, particularly for supplier recommendations and referrals.

Tenants include:
Spirogen, The London Specialist Pharmacy, Mediwise, Duvas, ADCT – Swiss Biology company, BioMoti – Nanotechnology targeting drug company.

The largest tenant at QMB Innovation is Retroscreen Verology Ltd, an R&D clinical trials company that employs 250+ staff and uses 60% of QMB's innovation floor space.

B4 IMPORTANT ATTRACTORS TO QMB

Availability of adjacent lab space to allow contiguous expansion options to tenants. Service over ceiling voids rather than in walls facilitate this.
Specialist facilities incorporated in the building, such as fume hood extractors in lab space, and access to expensive specialised waste disposal facilities.
As an example, one waste units used by QMB costs around £60,000
Proximity to world leading, specialist biomedical research institutions at the Blizard Institute, Barts and The London School of Medicine and Dentistry
London pull factor - desirable cosmopolitan location makes it is easier for companies to employ, and more importantly, retain highly skilled workers

C1 CLUSTERING OF SCIENCE RESEARCH

Whitechapel has become home to a cluster of institutions specialising in bioscience. These include QMB Innovation Centre, the new Royal London Hospital, the Pathology and Pharmacy Hospital, the Dental Institute, Queen Mary University, Barts, London School of Medicine and Dentistry and the Blizard Institute of Cell and Molecular Science. The Blizard Institute is a specialist research, teaching facility, designed for interdisciplinary collaborative research.

This clustering of bioscience knowledge and expertise has wider health and wealth impacts for local businesses, as well as the wider community.

'London has a huge latent potential for science start-ups and for IP driven capitalisation of science, med-tech and clinical science start-ups within London.'

Dr. R. Richmond
Executive Manager QMB

C2 DISPACEMENT AND LABOUR MOBILITY

There are currently no urban science parks inside London, meaning there is currently no follow-on space for businesses that outgrow the upstream incubators. These businesses employ highly skilled scientists and technicians, retaining skills, capital and taxes inside London.

There are growing concerns that despite QMB's role in safeguarding science jobs within the captial, without proper follow on space these jobs will be lost to Science Parks located outside London. Examples include Stevenage Bioscience Catalyst and Cambridge Bioscience Park, both of which have had success in attracting bioscience companies pushed out of the capital.

'One of the paramount concerns of any IP driven Bio-Science company is how to retain skilled and specialist employees.'

Dr. R. Richmond
Executive Manager QMB

Bio Science Cluster

1 QMB Innovation Centre
2 New Royal London Hospital
3 Pathology and Pharmacy Building
4 Dental Institute and New Dental Hospital
5 Blizard Building + Centre of the Cell
6 School of Community and Health sciences

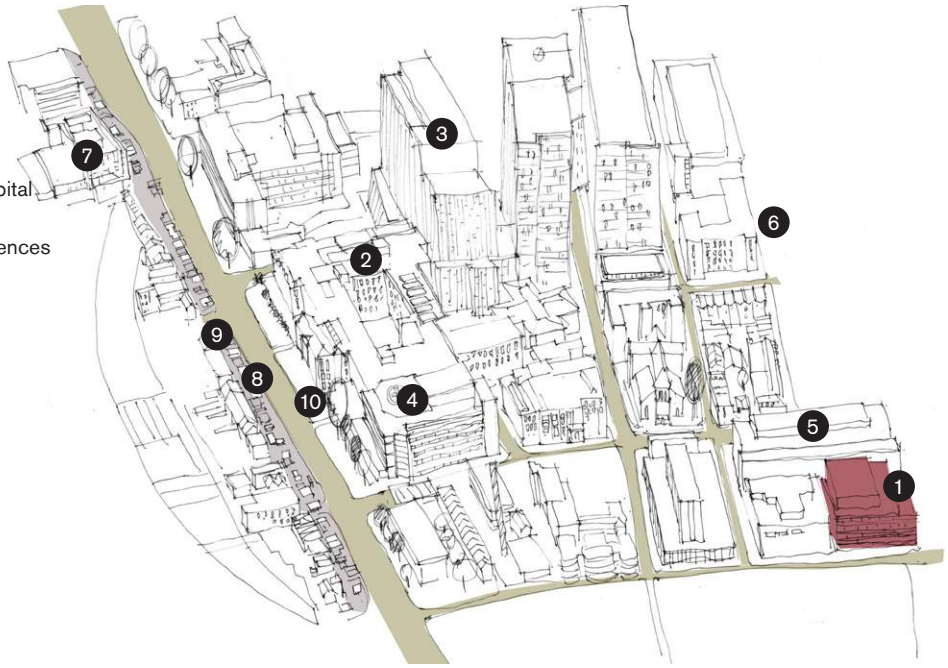
Amenities

7 Idea Store library
8 Whitechapel Market
Whitechapel High Street

Transport

9 Whitechapel Station (Overground, Hammersmith & City + District Lines, Crossrail to arrive by 2018).

Buses
10 A9 to Stansted
25, 205, 254



5.5 MATTHEWS YARD CROYDON

DELIVERING COMMUNITY AND SOCIAL VALUE TO CROYDON THROUGH NEW AFFORDABLE WORKSPACE

Date established	2012	
Floor area	60,000 sqft	
Rental agreement	Membership costs vary from £10 to £150 a month, depending on amount of use. There are also more casual members on negotiated deals, a hangover from a previous, less structured business plan.	
Hours of operation	Monday - Tuesday	8.30am – 8.30pm
	Wednesday	8:30 – 10:30pm
	Thursday - Saturday	8:30am – 11.30pm
	Sunday	9.30am – 10.30pm
Workspace operator	Matthews Yard Limited	
Company status of operator	Matthews Yard is currently undergoing a transition from the founder being the sole shareholder to being owned by a more diverse set of relatively small investors, most of whom (44%) are from the local area. It is hoped this change will create a a more commercially sustainable business model.	
Financial arrangements	Matthews Yard had negotiated a 1.5 year rent free occupancy from landlord, Follies Trust. They now pay £6.50 sq ft. Average rent in area from commercial landlords is around £35 /sqft p/a.	

BACKGROUND

Matthews Yard (MY) is a new community space offering flexible co-working space to businesses, charities and community groups in Croydon. Facilities include a cafe, bar, workspace, lounge and theatre/arts space. The space is unusual, in so far as it is an outer London example of a workspace typology more commonly found in inner London. MY provides affordable workspace for local people, creating a viable alternative to more expensive inner London workspaces as well as more conventional, inflexible office space found in Croydon.

Founded and initially funded by a private individual, the MY aims to deliver a space with lasting social and community value, as well as offering financial returns to its stakeholders.MY is currently undergoing a transition from the founder being the sole shareholder and owner to a more diversified ownership model whereby the business will be 44% owned by small, local investors, many of them MY members. Shareholders have full voting rights at MY's AGM. It is hoped that this diverse ownership model will move MY towards long-term commercially sustainablity.

'This community ownership model we feel merges the best elements of social enterprise, capitalism, franchising and conglomerate structures to deliver a sustainable, viable, high growth, high profit business which has the community and delivering value to that community at its heart.'

Saif Bonar
Founder Matthews Yard

CASE STUDY STRUCTURE

This case study examines 3 key aspects of Matthews Yard.

A COMMUNITY ORIENTATED WORKSPACE

The space hosts a wide variety of local community initiatives. With more than 70 local community groups and businesses regualrly using MY as a meet/work space, the Yard is rapidy nearing capacity.

B A NEW TYPE OF CO-WORKING SPACE

Redefining our place of work; Matthews Yard offers more than just a desk space, it is a place of work for theatre makers, actors, music producers, filmmakers and creative practitioners alike.

C LINKS WITH THE LOCAL AREA

The facility is situated in the Old Town of Croydon just behind the historic Surrey Street market.

A1 EARLY-GROWTH COMMUNITY RESOURCE

Matthews Yard is built around its social spaces, the cafe and theatre being central to the way the workspace functions. The cafe space, initially used as a means of generating revenue to offset construction costs, has helped establish Matthews Yard as an important destination in Croydon. Many current members started out using the café as an informal workspace, before deciding to join the workspace hub.

Close connections with local communities and their networks, as well as local institutions, have allowed Matthews Yard to develop not only a diverse membership base, but also give non-members a feeling of being involved and benefiting from MY's bureoning success. Over the past 2 years the community has watched the spaces built around them and have been involved in its growth. For example, Croydon Radio paid 12 months rent upfront, prior to the workspace even having been completed. Other examples include Lives Not Knives, who not only bought their membership in advance, but also donated high-quality chairs, costing thousands of pounds.

Matthews Yard also has a strong relationship with the local authority and outreach officers, having worked closely with the Market Inspectors, Youth Services and Police Community Support Officers.

Based at Matthews Yard:
Croydon Radio, Croydon Tech City, Croydon Creatives, Croydon Citizen Newspaper, Croydon Portas Town Team (Old Town Business Association).

Matthews Yard hosts public meetings, consultation and social gatherings for: Croydon Council, Old Town Masterplan, Croydon Transition Town, Labour Party, Conservative Party, Green Party, Socialist Workers Party, UKIP, Metropolitan Police Croydon, Stop the Incinerator Campaign, Croydon Bee Keepers, Croydon Community, Against Trafficking, Amnesty International Croydon Chapter, Mencap Croydon, Croydon People First – services for people with disabilities, Mind Croydon – Mental Health Charity.

Over 70 community groups use Matthews Yard including:
Croydon Young Enterprise, GLE Finance, Trade School Croydon, Dippermouth Theatre, Breakfast Cat Theatre Company, Zoom Arts Youth Theatre, Croydon Arts Network, Poets Anonymous, Turf Arts Projects – A social enterprise aiming to provide space and services for local artists, Croydon Eats Out, Croxjam Music Festival, Croydon Heritage, Festival, London International Film Festival, HELD Film Festival, Enter the Keep – Independent film company, Purley Festival, Croydon Opera & Dramatic Arts Association, Croydon Waterstones Book Club, Croydon Craft Club, Knit & Stitch Craft Club, Club Soda & Soda Beats – Events for people with learning difficulties and disabilities, Croydon Women's Institute

'Every decision we make isn't based on the bottom line, but based on the wider citizen project.'

Saif Bonar
Founder Matthew

'Matthews Yard created an audience that didn't exist here in Croydon before. There is a wide diversity of people meeting here through the community groups that operate from within it and the wide range of businesses that use the space for work.'

Paul Collins
Portas Town Team based at Matthews Yard

B1 REDEFINING A PLACE OF WORK

Matthews Yard aims to redefine a place of work, looking to offer more than just a desk space. The space operates more like a civic amenity, providing facilities and functions usually associated with a local library or civic hall. MY is also home for Croydon's local media including Croydon Radio, which broadcasts from the premises, and the Croydon Citizen Newspaper. However, it simultaneously looks to provide a suitable space for growing businesses, with a particular emphasis on creative start ups. Theatre producers, actors, music producers, filmmakers and various other creative practitioners are all based in MY. This civic/creative hub is not only an unusual example of an outer London workspace, it is also a unique space within the wider London context.

B2 MEMBERS

Matthews Yard's founder believes any support of the businesses should be in a considered manner, building on the community network as an asset.

Pricing is geared around incentives, with members generally being encouraged to buy a year's membership upfront. Otherwise, monthly membership varies from £10/month 'Casual Membership' to £150/month 'Unlimited' membership.

B3 WHY TENANTS COME

- Tenants live locally
- First affordable, flexible, co-working collaborative space in Croydon. (Commercial desk space in Croydon would cost minimum £300/ desk pcm)

B4 FACILITIES

- Designated workspace with 20 desks
- 40 co-working spaces in cafe / social spaces
- Cafe, bar and theatre hosting events and performaces
- 15% discount on all food and drink, members events

Below: Co-working area in Matthew's Yard

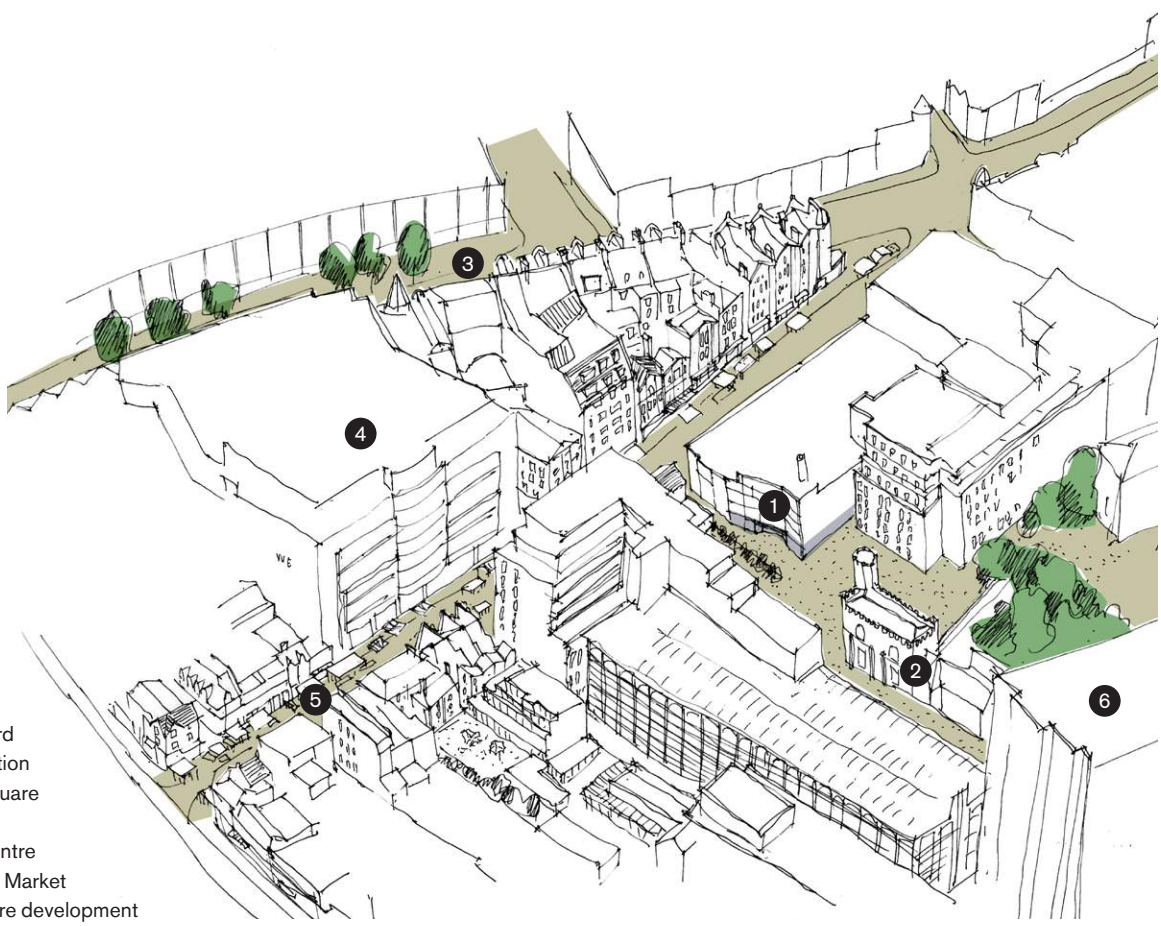
C1 LOCATION

Matthews Yard is situated in Croydon Old Town, just falling within the Central Croydon Conservation Area. It is located in an alley (also named Matthews Yard) which leads to Exchange Square, home to a grade 2 listed Pumping Station. Other important landmarks include Surrey Street Market, a popular six-day-a-week fresh fruit and veg market. Surrey Street lies at the heart of Croydon's busy shopping district and is less than 10 minutes walk to either of Croydon's rail stations, East and West Croydon.

- Proximity to London and connecting cities including Brighton
- 15 minute train ride away from London Bridge (24 hour connection)
- 30 mins to Gatwick on the Gatwick express
- Overground line and numerous National Rail services

C2 INCREASED FOOTFALL TO EXCHANGE SQUARE

Prior to MY opening, a footfall study of Surrey Street and Matthews Yard (the alley) was undertaken as part of the GLAs work for the Mayors Regeneration Fund. It was estimated that 400 people a week visited Matthews Yard (the alley) to access Exchange Square. Today, the founder estimates that on average 150 people a day visit the space, with the cafe making around 105 transactions per day. It is estimated that MY attracts between 750 and 1000 people evry week.



1 Matthews Yard
2 Pumping Station
Exchange Square
3 High Street
4 Shopping Centre
5 Surrey Street Market
6 Saffron Square development

C3 REGENERATION

MY is within the Old Town area of Croydon, as outlned in the Old Town Masterplan, currently in consultation phase. The masterplan sets out a vision for the Old Town, placing a particular emphasis on reinforcing its status as a 'Cultural Destination'. MY is part of the emerging culture of this part of the town. It contributes to the social, economic and cultural diversity of the area, attracting a large number of individuals and small businesses, who have brought new life to Croydon Old Town and the businesses and services around Surrey Street. MY has also succeeded in attracting a more affluent customer, who may not have previously frequented this part of Croydon. Matthews Yard is also working with the local council on the Old Town Masterplan, hosting a number of community consultation events.

Matthews Yard is closely involved with a number of local regeneration projects. Croydon's Portas Town Team is a paid up MY member, and regularly holds its meetings within MY. The Portas Town Team has also funded events in Exchange Square to increase footfall.

Matthews Yard has likewise benefitted from regeneration and new developments in the area. For example MY's founder has noticed a signigicant increase in affluent clientele following the completion of Saffron Square, a 43-storey development from Berkeley Homes. He has also remarked that there has been a noticeable reduction in crime levels and an improved feeling of safety in the Yard and Exchange Square.

Below: Matthews Yard cafe area

C4 OLD TOWN MASTERPLAN

The Old Town Masterplan draft document describes Matthews Yard as an important asset to the area, both in terms of its mixed uses and co-working provision.

Matthews Yard sits on the edge of Exchange Square, which is dominated by the Surrey Street Pumping Station. It was created in 2009 with the development of the surrounding new flats, opening up an old yard to create a hard landscaped open space. The enhancement and activation of Exchange Square is seen by the Borough as a priority project, with Matthews Yard as one of its key stakeholders.

The Old Town Masterplan proposes bringing back the Pumping Station into an active use. The Pumping Station is seen as having potential to become a destination for cultural, retail and restaurant activity, with active frontages and seating spilling onto the square. The improved physical environment of Exchange Square, in conjunction with its surrounding uses, is seen as becoming an important place for events and cultural activities.

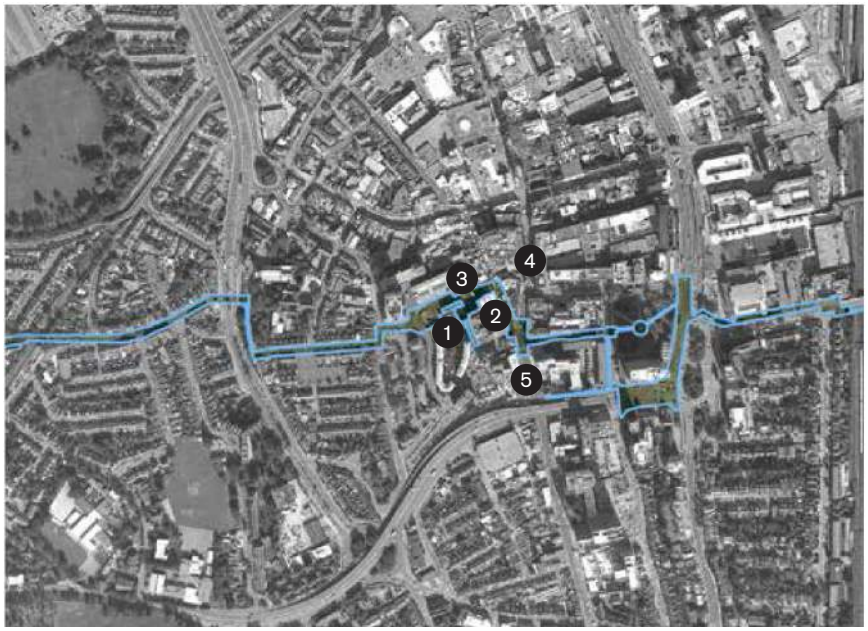
'Matthew's Yard...provides a modern workspace, a café and bar and a cultural venue in old Town. it is home to Croydon's growing Tech city organisation which aims to make Croydon an accommodating home for early-stage digital and technical startups. Matthews Yard plays an important role as an incubator for small businesses in the area and is an asset in this part of Old Town, drawing visitors throughout the day and during the evening.'

Old Town Masterplan

C5 CONNECTED CROYDON

Connected Croydon is a programme of co-ordinated public realm projects and transport improvements that will transform Croydon Metropolitan Centre (CMC) and places across the Borough into more walkable and liveable places through investment in their streets, squares and spaces.

Exchange Square, The Pumping Station and Matthews Yard are all on the route of Connect 2 - a new walking and cycling route connecting central Croydon to surrounding green spaces, coordinated with the Mayor's All London Green Grid. The Connect 2 scheme will link densely populated parts of the Borough to some of the area's finest green spaces and create opportunities for local people to make more convenient journeys on foot or by bicycle to and through the town centre.



1 Surrey Street Pumping Station
2 Matthew's Yard
3 Exchange Square
4 Surrey Street Market
5 High Street

5.6
CAMDEN COLLECTIVE

INCUBATES AND SUPPORTS GROWTH OF HIGH-QUALITY START-UP BUSINESSES IN CAMDEN

Date established	2011
Floor area	10,000 sqft coworking space (across 4 sites) 125 desks (across 4 sites)
Rental agreement	Free, with skill-sharing obligation for tenants
Hours of operation	24/7 access
Workspace operator	Camden Collective
Company status of operator	Charity
Financial arrangements	Over the past 2 years Camden Collective (CC) received funding as part of the regeneration of the southern part of Camden Town junction. Funding was provided by the Mayor of London, specifically the Mayor's Regeneration Fund (MRF), Camden Council and Camden Town Unlimited (CTU), a legal entity fronting Camden's Business Improvement District (BID) whose members are appointed by the business community. CTU currently operates from the 37 Camden High Street hub, CC's first coworking hub. The rent paid by CTU subsidises hub work space area below. The hub space is free to use for CC members.

BACKGROUND

Camden Collective (CC) is charity, part funded by Camden Town Unlimited (CTU), that manages coworking and accelerator space for creative industries in Camden, as well as some retail start-up spaces. The retail and workspace initiative was part funded by the Mayor's Regeneration Fund project for the south of Camden Town, which transformed the public realm around Cobden Junction and Mornington Crescent.

In 2009 Camden Council and CTU launched a pop-up shop project to tackle vacancy on the high street, offering rent-free space to new businesses in the creative industries. This began with four pop-up stores, three of which have now been let to long-term commercial tenants. In 2012 Collective opened its first co-working space (Collective Hub) in a first-floor space above the high street. Since then CC have gone on to operate 4 workspace hubs - Carlow House has recently closed - and are currently in the process of opening their newest coworking space, Collective Hub 96.

By diversifying the high street CC's vision is to create a sustainable economic future for Camden Town and enhance its status as a creative district. CC is a charity, motivated by the long term benefits of attracting and supporting new creative businesses to the area. It looks to achieve this objective by offering rent-free workspace to creative start-ups.

Above: Entrance to Camden Collective C/159, Camden High Street

CASE STUDY STRUCTURE

This case study examines four aspects of Camden Collective's extensive workspace offer.

A CAMDEN'S SUSTAINABLE HIGH STREET

An economic regeneration project, to takle vacancy on the high street, and improve economic diversity and retail offer.

B WORKSPACES AND RETAIL MEANWHILE USSE

Providing incubation spaces for creative start-ups and supporting the growth of young entrepreneurs working in the creative sector.

C HUB TYPOLOGY: A FREE WORKSPACE

Offering low-cost or rent-free space in a flexible and collaborative environment, CC look to foster skill-sharing between members.

D SKILL SHARING

CC promotes a programme of sill sharing between members. In order to secure their CC membership, businesses are asked to give 2 hours every month to assisting CC or other members.

KEY SUCCESSES

- £100k seed funding raised
- Over 80 start-up businesses supported, 20 new jobs created
- Used by over 200 people
- 22 new enterprises on the high street
- 35 creative events over 9 months
- Curated programme of cultural activity on Camden High Street across
- 10,000 sqft coworking space and meanwhile shops

A1 HIGH STREET REGENERATION

Camden Collective is part of an economic regeneration agenda, addressing vacant buildings on the high street and making public realm interventions. As part of a Mayor's Regeneration Fund, Camden Town Unlimited (CTU) worked on improving the streetscape and public realm in Camden High Street, specifically around Cobden Junction and Mornington Crescent. CTU was also involved in comissioning new facades for the area's pop-up shops.

7,350 sq ft co-working space
5,000sq ft pop up retail space

As part of CTUs 2009 investment programme targetting Camden High Street, CC turned empty units into temporary pop up shops and collaborative workspaces. The pop-up shops were carefully managed as a platform for new business activity, drawing in new retailers to Camden, before returning assets to the market for rent to more permanent tenant. Rent, utilities and business rates were paid for by CTU.

The workspace hubs are similarly intended to attract creative businesses to Camden High Street, supporting innovation and new business growth. Along with the shops, they also act as a host spaces for new cultural activity and networking events for the local community.

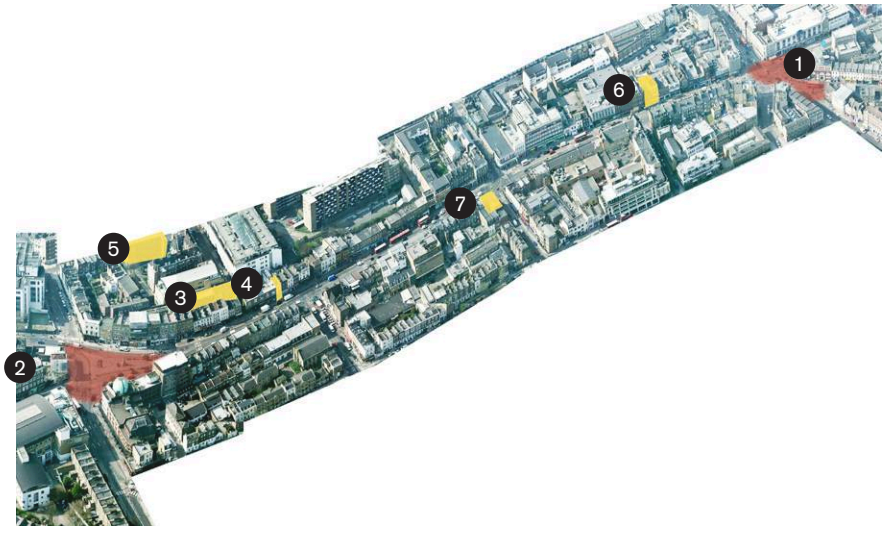
A2 CAMDEN TOWN UNLIMITED GOALS

CTU have been tasked with:

- Making streetscape improvements
- Creating an independent and creative business centre
- Tackling crime, antisocial behaviour, drugs misuse
- In a recent survey by CTU 80% of Camden businesses reported a drop in crime.

A4 LOCAL INITIATIVES

110 business on local discount card scheme for android and iOS Phones



1 **Britannia Junction**
Public realm improvements at Camden Town tube station

2 **Cobden Junction**
Public realm improvements at Mornington Crescent

3 **Collective Hub 37**
37 Camden High Street, NW1
3,000 sq ft coworking space
Camden Town Unlimited offices

4 **Collective 69**
69 Camden High Street, NW1
Pop-up retail space

5 **Collective Carlow House**
(now closed)
Carlow Street, NW1
7,500 sq ft

6 **159 / 161 Collecive Hub**
159/ 161 Camden High Street, NW1
3,700 sq ft ground floor retail space
3,000 sq ft coworking space on upper floors

7 **Collecive Hub 96**
96 Camden High Street, NW1
New co-working space
1,350 sq ft

1 Cafe
2 Space partitioned using scaffolding timber boxes with shelving and feature lighting
3 Shop front features prominent CC branding material – timber, scaffolding and backlit logo

B1 BUILDING TYPES

Four upper-storey workspaces and two ground-floor, pop-up shops fronting Camden High Street provide incubation space for creative start-ups. The buildings are varied, existing high street buildings, which are adaptable by nature.

B2 WORKSPACE FACILITIES AND LAYOUT

The co-working space offers an open plan hot desk environment to encourage collaboration and flexibility between CC's occupants. Occupying a modestly renovated industrial building, Collective Hub 37 provides 56 desks in a 'wall-less wireless' environment. The space (3000sq ft) benefits from generous floor to ceiling hieghts (4m) with open timber trusses and large windows along one wall. CC lease the space from David Roberts Art Foundation, who run their gallery on the ground floor.

B3 DESIGN

Opened in 2012, Collective Hub 37 was designed in collaboration with Conran Design Group and Dexter Moren. The aspirations were for an attractive, pared-back space, one that was easily adapted to suit the needs of future occupants. The design looks to make the most of the building's existing qualitites, creating a spatious and adaptable open-plan layout.

B4 MEANWHILE USE

Collective actively seeks suitable empty properties linked to the high street. The terms are negotiated directly with the landlord through the BID. CC's pop-up shops improve the quality of the retailers on the high street. CC offers its pop-up spaces at a lower than market rate (£55 p/w), with a particular emphasis on attracting creative retail start-ups. Reduced rents provide these retailers with a partial safety net, allowing them to test their most innovative ideas. Opening in December 2013, C159 shop is CC's most recent pop-up. It currently hosts 12 creative retail start-ups.

COLLECTIVE HUB 37

- 37 Camden High Street, NW1
- Piloted 2010, opened Set 2012
- 3000 sqft coworking space
- Rented from David Roberts Art foundation
- 56 desks, 1 meeting room
- Workspace pays charity rates
- Space used to host events: 120 max capacity

COLLECTIVE 69

- 69 Camden High Street, NW1
- Free shop space for retailers

C159/161 CAMDEN HIGH STREET

- 159/161 Camden High Street, NW1
- Opened Dec 2013
- Rented from commercial landlord.
- 3,700 sqft retail space on ground floor
- 12 different retail stalls
- 20 jobs created since Jan 2014
- £55 per week per retail spot (below market rate)
- 3,000 sq ft coworking space first and second floor
- 48 desk spaces

COLLECTIVE CARLOW HOUSE

(now closed)

- May 2013 – Nov 2012
- Carlow Street, NW1 7LH
- 7,500 sqft
- 94 hot desk

COLLECIVE HUB 96

- Opened March 2014
- 96 Camden High Street
- A new mix of hot desking and anchor office spaces
- 1,350 sqft
- 25 desk spaces
- 3 meeting rooms

Above: C/159 pop-up retail space under construction

C1 FREE MODEL OF WORKING

CC offers low-cost or rent-free space to new businesses on the high street, in a flexible and collaborative environment. They are particularly keen to foster skill-sharing between members, who go on to become ambassadors and representatives of Camden Town Unlimited. However, CC is also looking to develop its own business model, an ambition it is putting into practice with the creation of its fourth hub, Collective Hub 96. While still providing free coworking space for members, the hub will feature a more conventional commercial offer. The intention is that businesses will start in a free space, before moving on to a paid co-work desk, and finally having the opportunity to take on a longer-term commitment to rent their own space or unit.

C2 MEMBERS

In order to be given access to free desk space, CC members must show that their business is in keeping with CC's vision of promoting Camden as a centre for creative enterprise, as well as demonstrating their commitment and individual contribution to CCs skill-sharing programme. Having fulfilled these criteria occupants are asked to sign 'license to occupy' agreement. The scale of businesses is small, with approximately 40 sole traders, and 40 business with 2–6 employees. Ongoing eligibility to use the space is decided by CC on a case-by-case basis, although many businesses move on on their own accord.

Above: C/159 pop-up retail space

- 218 members total
- 83 businesses
- 2 larger, more permanent businesses – teams of 6+ each
- 30 + pop up shop occupants

Coworking occupants include:
Sudden Black – a media production company, Race Yourself – develop apps for Google Glass, Ashley Marc Hovelle - Menswear fashion designer, Grub Club – Events platform for pop-up resteraunts.

C3 OFFER

- Free workspace in exchange for skills-share
- Additional costs limited to £60 key deposit
- 24/7 access to workspace
- 125 desks across 4 sites
- 10,000 sq ft coworking space

These terms area available until the business outgrows the space, or the space is no longer available.

C4 MAXIMISING BUSINESSES GROWTH POTENTIAL

The free model provides the opportunity for start-ups to experiment and evolve their business ideas without the inherent constraint of an expensive, long-term lease. Any profits made at this early stage, a crucial time in the development of any business, can be invested directly back into expanding the business.

The cost of renting an office is equivalent to the cost of an additional 1.5 employees

Since establishing their business 2.5 years ago CC occupant, Sudden Black, a production house, now employs 10 people and has a permanent desk space.

'Start-ups normally need to invest upfront in office space. By swapping this model around, startups here can invest in employing a person before office rent.'

Camden Colletive Hub Manager

'Having access to free desk space has given us the ability to choose our work, we have taken on more creative jobs and produced a higher standard of work at an earlier stage.'

Paris Zarcilla
Cretive Director, Sudden Black

D1 SKILL EXCHANGE

Like most start-ups, CC members start out with relatively little business experience or financial capital. However, what they they do have are specialist skills. Written into the Collectives ethos is a skill-sharing scheme and upon joining, members are asked what they can contribute towards the growth and success of the collective as a whole. Each member gives a minimum of 2 hours of their time each month to help other CC businesses. This can involve businesses employing the services of fellow members. However, advise is often more informal with tenants benefiting from being colaocated with businesses at a similar stage in their development. Skills-sharing is organised by the Hub Manager and 'Co-Labs which', an online forum for Hub Members to use

'Collective has helped me out a lot with growing the business. For me being around other people at the same stage of start-ups is invaluable.'

Jamel Edwards
SB.TV

D2 MENTORING AND SUPPORT OFFERED

CC offers members various types of business support, one of the most important being mentoring by the Camden Town Unlimited's Chief Executive, Simon Pitkeathley, and a Hub space manager. Other offers include:

- Quarterly members evaluation: providing evidence on project activity to financial backers
- Events and networking
- Peer to peer mentoring
- Access to the Collective Accelerator programme
- Fellowships – placing start up businesses and graduates with local creative sector businesses

D3 COLLECTIVE ACCELERATOR

In September 2013 CC ran the first Collective Accelerator programme targetting creative businesses. Running over 2 weeks it offered structured business support to start-ups, as well as mentoring from successful business owners. Participants were able to apply for a £10k interest free loan (2-3 years) via a pitch to the CTU board. The loan itself was managed by CTU, who received funding from the Mayor's Growing Places Fund. Businesses were eligiable for the accelerator programme if they were:

- Less than 2 years old
- A creative enterprise or idea
- Had no more than 3 founders

In total,10 businesses participated in the programme. Following the success of the first accelerator programme, a second 3 week programme was held (February / March, 2014) with mentors from Proud Galleries, Getty Images, Cockpit Arts, and Carlin Music.

D4 COLLECTIVE ACADEMY

CC also runs an outreach arm which is designed to up-skill young people (18–29 years), providing them with the practical experience and skills required for the world of work. So far more than 40 young people have participated. In order to be eligable particpants must:

- Have attended a Camden School in the past 5 years
- Live in the wider Camden Area
- Attend a Camden based University

Upcoming programmes include an 8-week, full time computer coding course. This will be offered to young people from the local area at no cost, and will be held at one of CC's hubs.

C/159 co-working area

5.7 IMPACT HUB WESTMINSTER

A SOCIAL ENTERPRISE EVENT SPACE AND HOT-DESKING COMMUNITY IN CENTRAL LONDON

Date established	2011
Floor area	12,000sqft
Capacity	530 members
Rental agreement	The cost of membership plans range from 50 hours/ month off peak, costing £35, to Hub Unlimited full time membership, costing £475/month
Hours of operation	Monday – Thursday 8am – 11pm Fridays 8am – 9pm Saturday & Sunday 11am – 5pm
Workspace operator	Impact Hub
Company status of operator	Community Interest Company
Financial arrangements	Impact Hub Westminster is a Community Interst Company owned by a joint venture of Project 00:/, Westminster Council and a private investor. Hub space is leased from the New Zealand High Commission.

BACKGROUND

Launched in 2011, Impact Hub Westminster is one of the largest workspaces run by Impact Hub, a global network of locally-owned collaborative working spaces. Impact Hub Westminster itself is owned by a joint venture of Project 00:/, Westminster Council and a private investor. Therefore, despite being part of the Impact Hub global network, Impact Hub Westminster remains in local ownership. All individual Impact Hubs collectively own the association which retains ownership of the global brand and governs and administers the network.

Hub Westminster comprises 12,000 sq ft of coworking space and incubator for social enterprise start-ups and entrepreneurs. Hub Westminster's primary aim is to support organisations with a positive social and environmental impact, help facilitate their growth and increase survival rates of start-ups. The flexible workspace environment is designed to incubate growth and collaboration between businesses and entrepreneurs and hosts a wide range of support programs and events.

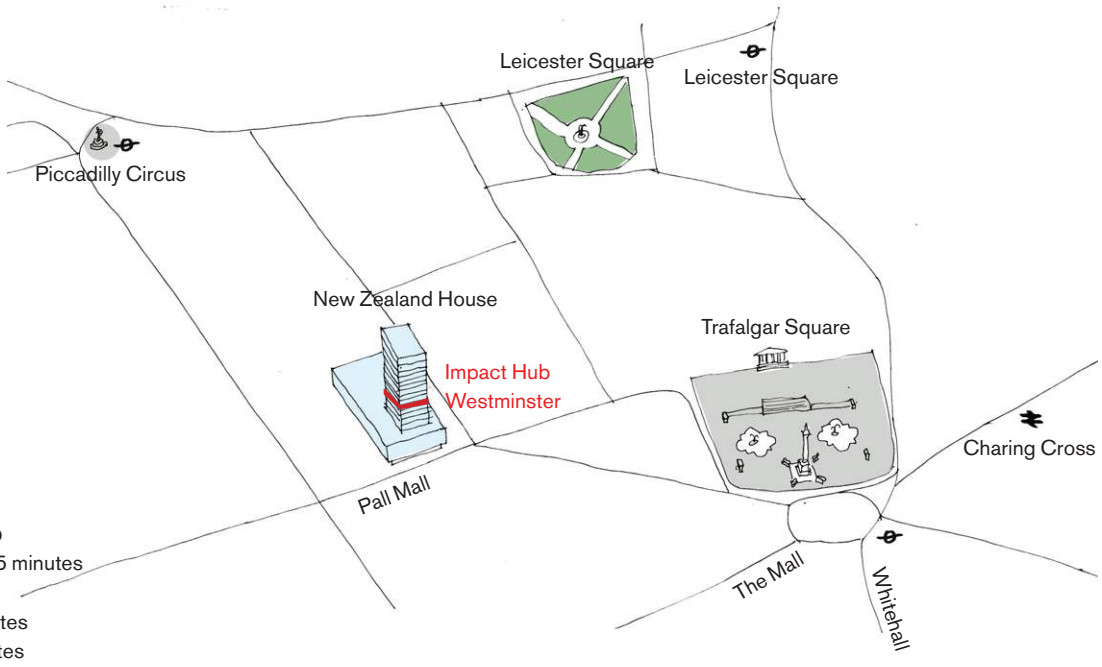
LOCAL CONTEXT

Hub Westminster is situated in New Zealand House, located off Pall Mall, a few minute walk from Piccadilly Circus, Trafalgar Square and Whitehall. The prestigious central location offers affordable, competitively priced workspace in a prime location. One of the primary factors attracting businesses to the hub space is the opportunity to be based in a prestigious, yet affordable, Piccadilly address.

Occupying a refurbished office floor in New Zealand House, the hub's flexible layout is central to how the occupants practice and network. Hub Westminster actively collaborates with its members and hosts a range of public networking events for members and the wider business community.

'We are small startup and having an office located in Piccadilly says a lot about our business image'

Julian Smith
Director, I AM Recruiting

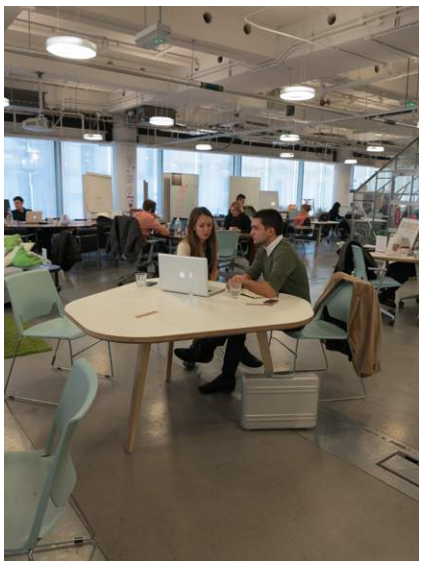


Travel times from hub
Charing Cross Station: 5 minutes
Waterloo: 9 minutes
London Bridge: 15 minutes
St Pancras Intl: 20 minutes

A1 BUILDING TYPOLOGY AND DESIGN

Hub Westminster inhabits a refurbished office floor in New Zealand House on Haymarket. The other building occupants include the New Zealand Embassy High Commission, commercial brokers and accountancy businesses. The building is a framed construction allowing for maximum flexibility; the workspace has a fully glazed façade, open floor plan and generous floor to ceiling heights with exposed concrete soffit and services. The workspace is laid out around a central service core and designated event spaces. In the open plan area the desks are arranged into clusters of 'café meeting tables', 'hot-desking', 'anchor desks', 'Hub Programmes,' 'long table' and two meeting rooms the 'Greenhouse' and 'Wiki House.' Two designated event spaces (180 and 50 person capacity) host large public and Hub events. The open plan layout allows flexibility with movable furniture to suit varied requirements.

Below: Co-working area at Impact Hub, featuring Architecture 00:/'s 'Open Desk'



A2 COST

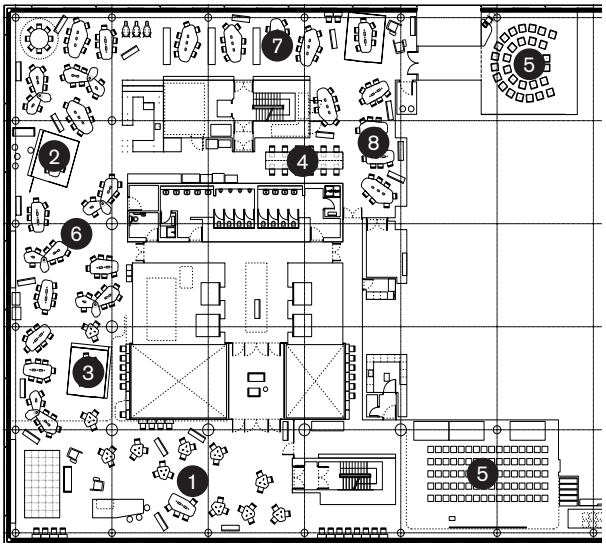
Hub Westminster offers two-tiered, flexible membership plans for established 'up and running' businesses and a cheaper tariff for 'startup' businesses. Hub Westminster offer a variety of membership plans ranging from 50 hours a month off peak access (£30 – £35 p/m depending on business type) to unlimited full time membership (£395 – £475 p/m depending on business type). Members get discounted access to events and meeting rooms. Hub also offers virtual membership, which gives access to HubNet and Hub-run events.

A3 OPEN DESK

Hub wanted to create a desk design that fitted the innovative character of the hub. Open Desk was designed as a prototype by one of the hub's founders, 00:/, an architectural practice based in Hub Westminster. A non-standard desk, it is designed to be sociably-proportioned, with corner angles chosen to promote a shared, group feeling, and making meetings less confrontational. The desks are CNC manufactured from a sheet of ply, with pre cut mortise and tenon joints for easy assembly, and fixed casters for movability.

'We decided on OpenDesk's designs because we believe in the merits of local manufacturing and their use of natural, sustainable materials.'

Alice Fung
Hub Westminster Co-founder



1 Cafe meeting area/ Reception
2 Wiki House meeting room
3 Greenhouse meeting room
4 Long meeting table
5 Larger meets/ event spaces
6 Hot-desking
7 Anchor desks
8 Hub Programmes workspace

B1 MANAGEMENT

Members at Impact Hub Westminster pay for a wider service, not simply a desk. Business services are managed by a core team of 12 staff, a board of Directors and 20 freelance staff. The staff actively engage with members, keeping track of who is in the space and making apprioriate introductions. The aim is to 'up-skill' and support early stage entrepreneurs and start-ups in their growth. Hub Westminster collaborates with its members to host a range of public networking events for members and the wider business community.

B2 MEMBERS

In order to become a member, the business have to demonstrate that they has a positive social and environmental impact. Members work across a broad range of sectors from future technology, education, environmental sustainability to impact investment.

Social enterprises based at the Hub include:

- upReach - support undergraduates from less-privileged backgrounds in finding internships and jobs
- Rainmaker Foundation - help charities maximise their fundraising potential
- Craftivist Collective - organise and facilitate public art projects which look to expose the problems of global poverty and human rights injustices
- Civic Systems Lab - consultancy that looks to revolutionise the way we understand, seed, and develop citizen-led change and the civic economy

Spread of businesses at the Hub include:

- 150 businesses are sole traders
- 30 businesses employ 2 people
- 30 businesses employ 3 to 4 people
- 19 businesses employ 5 to 6 people
- 7 organisations, employing a total of 90 individuals, are the Hub's 'anchor tenants'. These businesses are larger and more established organisations

230+ businesses in Hub Westminster
1500+ events hosted

B3 BUSINESS SUPPORT SERVICE

The Hub, in partnership with a range of providers, offers discounted or free business support services to Hub members. Advice and support covers areas including accounting and finance, legal, HR, recruitment marketing and communication. Support varies from structured weekly programmes and short, free clinics offering one-to-one mentoring.

B4 NETWORKING EVENTS

Weekly networking opportunities are offered for the community, including the Hub High Tea and Mix at Six. In the last year Hub Westminster has hosted over 1500 events from hackathons to fashion shows and panel discussions, to meet ups. These events generate revenue for Hub Westminster, a part of the hub's business model from the outset. However, although the hub's prime locations makes it a highly desriable events space, many events are relatively small affairs, held primarily for the benefit of Hub Westminster members.

B5 PERFORMANCE

In April 2014 Hub Westminster launched a fully integrated operating system that will allow the Hub to track its growth and the performance of individual businesses.

C1 MUTUAL BENEFITS

Hub Westminster is more than just a co-working space; it creates an ecosystem of economic activity comprised of like-minded entrepreneurs. Its members collectively engage and interact with each other, strengthening their business impact potential. Members benefit from having well-established businesses in their environment alongside early start stage ups.

'Hub-spirit' is the knock on effect of bringing people together'
Julian Smith, Director IAM Recruiting

C2 COLLECTIVE KNOWLEDGE AND WIDER NETWORKS

Other organisations approach Hub Westminster as it houses a community that collectively holds knowledge in innovations, new business models and emerging new ideas. The benefits of the collective knowledge held within the hub make it a valuable resource to Westminster Council.

The Hub Community has worked with:

- Westminster Council
- Internet of Things (IOT) Bay
- UK Trade and Investment
- BIS
- Cabinet Office – Open Policy Department, Social Investment Department
- Blue Chip Companies

C3 IMPACT OF HUB WESTMINSTER

The Social Innovation Partnership, themselves Hub Westminster members, are an advisory social business that are working with the hub to measure the future impact of the organisation and membership base.

C4 HUBNET

Impact Hub hosts an online virtual platform, that acts as a community engagement tool, connecting Hub members and Hub business associates worldwide. The online platform helps different members connect, and can be directed via location, business category and sector focus. It also allows those on off-peak and full-time membership using the space to interact.

C5 HUB PASSPORT GLOBAL

Hub passport scheme allows for any member to use their membership in any other Hub in the world up to one day a month.

'The three main crucial business decisions we made were: the name, the brand and finding the hub.'
Julian Smith
Director, I AM Recruiting

'We are teaming up with organisers of the hub to develop new ideas around social innovation'

'It is like being part of a big company while still being a start-up.'
Bertrand Beghin
Co-CEO, Numbers for Good.

Below: Library and break out area at Impact Hub

5.8
CHOCOLATE FACTORY WOOD GREEN

PROVIDING AFFORDABLE STUDIO SPACES AMD ARTS ENTERPRISE SERVICES IN HARINGEY

Date established	1996 Established Chocolate Factory 1 on Clarendon Road site
Floor area	Total 150,000 sq ft of workspace across Chocolate Factory 1 and 2
Capacity	Houses over 200 creative business tenants and provides work for over 500 people Team of 13 full time staff
Rental agreement	Rents are tiered, depending on studio space type (£8 – £20/ sqft p/a) 3 month deposit paid upfront
Hours of operation	24/7 Access
Workspace operator	Collage Arts
Company status of operator	Charity
Financial arrangements	Collage Arts has a 25 year and 50 year lease over the two sites, from the owner, Workspace Group. Revenue is generated through rental income, with additional income from the GLA and other grant funding.

BACKGROUND

The Chocolate Factory is an arts development charity and affordable creative workspace provider in Wood Green. Collage Arts's vision for the Chocolate Factory is to foster and support a vibrant centre for the creative industries and for this to be the key catalyst within the development of the 'Wood Green Cultural Quarter.' Spread over two sites, Chocolate Factory 1 and 2, it houses a diverse mix of 'designer-makers', manufacturing glassware, ceramics, clothing, metal works, films and lighting production.

In 1995 Collage Arts negotiated temporary occupation of an empty building in Wood Green to support a bourgeoning local artist scene. In 1996 Collage Arts moved into the Chocolate Factory 1 on Clarendon Road and converted the derelict building into artist studios. In 1999 Workspace Group purchased Chocolate Factory 1. Today half of the 100,00 sq ft building is managed by Workspace, while the other half is managed by Collage Art. In 2002 Collage Arts renovated Chocolate Factory 2 on Coburg Road on the same industrial estate, offering a further 50,000 sq ft of creative workspace.

CHOCOLATE FACTORY 1

Collage Arts has a 25 year lease on building with 10 years remaining.
The building itself is owned by Workspace Group.

CHOCOLATE FACTORY 2

Collage Arts has a 50 year lease in place, with 40 years remaining

CASE STUDY STRUCTURE

This case study focusses on three key characteristics of the Chocolate Factory.

A SUPPORTING INDIVIDUALS AND CREATIVE BUSINESSES

Providing affordable studios for artists and the creative community.

B REGENERATION AND CULTURE IN THE LOCAL AREA

Collage Arts hosts free local cultural events and exhibitions and has strong links with local creative institutions.

C CREATIVE LEARNING AND SOCIAL INCLUSION

Collage Arts runs creative training and educational programmes for young people from the local area, offering them apprenticeships with Choclate Factory tenants

A1 BUILDING TYPOLOGY

The Chocolate Factory is sited within two large, light-industrial buildings in an industrial estate in Wood Green. The buildings have a history of makers – famous confectioners Barratt were established on site in the 1880s. Both buildings are largely concrete frame construction with open spans and robust concrete floor slabs allowing for flexible partitioning of studio spaces.

The Chocolate Factory 1, the larger of the two sites, is comprised of 3 adjoining 5-storey buildings with a courtyard space at their centre. The complex is characterised by smaller self-contained studio units, generally used by fine artists. A public restaurant is accessed off the central courtyard at ground floor.

Chocolate Factory 2 is a wedge-shaped 5-story building, which follows the curved contour of Coburg Road. The site plays host to Karamel restaurant and gallery at street level. It contains larger independent studios – averaging 600 sq ft – arranged in a compartmentalised plan with no visibility between studios.

A2 CREATIVE STUDIOS

Typical studio size in Chocolate Factory 1: 200-250 sqft
Typical studio size in Chocolate Factory 2: 600 sqft
Larger studios typically shared between 2-3 practitioners

Creative businesses apply for a studio space via a formal application process. There are currently 170 people on Collage Arts' studio waiting list. Yearly no more than 10% of studios become available for rent, with available studios often being leased within an hour. Collage Arts leases 20% of studios as low cost incubator spaces aimed start-ups, as well as occasionally providing space for free. The charity is currently supporting 6 people in free studios. Collage Arts offers contained studio units open 24/7.

Shared studio space in Chocolate Factory 1

A3 CREATIVE STUDIOS DESIGN

Businesses adapt studios to their own needs and Collage Arts supports tenants by covering the cost of installing any specialist equipment. Creative studios often have an area within which to do desk-based work and a workshop area to manufacture or make their goods. This will commonly include a sink, workbench and space for specialist machinery. Large windows mean workspaces are well-lit and the exposed concrete floor and ceiling slab space allow for wet-based work and machinery.

Chocolate Factory 2 has 18 recording studios for producers and 4 specialist classroom spaces, often used for Collage Arts' outreach work.

A4 SUPPORT SERVICES

Collage Arts organises yearly 'Open Studio' events where for two days tenants' studios are open to the public. This includes a 'trade evening' specifically targeting London buyers. College Art's Managing Director stated that the Open Studios attracts around 10,000 visitors, including potential buyers, other businesses and the general public. Many Choclate Factory tenants can survive on sales made during the two-day event alone.

Collage Arts supports tenants through regular networking events and workshops. Previous workshops have focussed on creative marketing and how to present work to buyers. College Arts partner tenants with contacts from London galleries, as well as collectors and buyers. Collage Arts also host tenants' work profile on their website at no extra charge.

A5 COST

An upfront 3 months deposit is required and terms are 28 days. Rental cost of studios range from £8-£20/ sqft p/a, which includes service charges, heat and lighting and facilities. A 25sqft studio would therefore cost up to £420 p/m. In Chocolate factory 1 internet access is an additional charge, costing £25 p/m. Workshops, mentoring and website profile hosting are all included in the rent.

A6 TENANTS

A community of over 200 creative tenants provides work for over 500 people from a range of creative community, voluntary, micro and social enterprises in creative and third sectors, including art, design, music, film, production and technology. Tenants are a mix of established creative companies and solo fine artists. Strong attractors for tenants are being located within an established creative community and affordable studio provision.

Tenants include:

- Wonder Works Ltd Specialist technical lighting production company. Involved in London 2012 Olympic Ceremonies. Started with 2 people at Chocolate Factory and now employ 35 people.
- Goodwin and Goodwin Sign and lighting designers/manufacturers. Beginning in a modest 200 sq ft space, over the past 2 years the practice has grown to occupy a 3000 sq ft space.
- Sweetling Design teen bras products now stocked in John Lewis store.
- Studio 306 CIC Arts therapy facility funded by Haringey Council.

B1 CLUSTER OF CREATIVE ORGANISATIONS

Chocolate Factory has been established in Wood Green for over 25 years and has developed a good reputation for hosting cultural and creative events, including yearly studio open days, industry events and a running a programme of cultural events at Karamel. A cultural host space and restaurant, Karamel is managed by Collage Arts in the ground floor of Chocolate Factory 2. It showcases local music, comedy, theatre, film and art on a monthly basis. Artists based in the Chocolate Factory contribute work to various shows and exhibitions. All events are free and open to the public.

LOCAL HOST VENUES

Mountview Academy of Theatre Arts One of the UK's leading drama schools. Having moved in 2005 to a permanent new home on Corburg Road, next to the Chocolate Factory, the academy brings around 500 students to Wood Green Academy on a daily basis.

Heartlands High School New £33 million secondary school on Station Road with strong links to Chocolate Factory. Collage Arts partners creative students with Chocolate Factory businesses.

Livingston Studios Recording studios for world music. Nick Gold's Buena Vista Social Club album was mixed at Livingston studio and most of Gold's World Circuit – an important world-music record label – is recorded and mixed at Livington Studios.

B2 LOCAL AREA REGENERATION

Collage Arts has witnessed a clear growth in demand for creative industry space. There is a huge potential for this to be further supported and developed by the local authority. Up until 2010 Haringey Council had a seat on the board at Collage Arts and was instrumental in brokering the relationship between Collage Arts and Workspace Group. Despite resigning its seat, Haringey continue to see Chocolate Factory as key to improving the area's cutural and employment diversity, and as a player in the potential extension eastwards of the Wood Green Metropolitan town centre.

The Chocolate Factory sits in the 'Haringey Heartlands', designated as an Area of Intensification under the London Plan, which sets out minimum targets for new housing and employment in the area. The core of the development was to 'expand and enhance the creative and cultural industries cluster, around Chocolate Factory and Mountview Theatre School' and encourage 'expansion of these facilities' […] particularly where it would 'facilitate development of training and employment initiatives associated with the cluster.'

Wood Green contains the largest brownfield land in the borough and a high proportion of light industrial buildings, which could be further developed for cultural, creative industries and artisanal manufacture. The Chocolate Factory has the potential to become the primary arts and cultural platform in the area and to support area-wide cultural development in conjunction with local authority support and planning.

C1 OUTREACH AND LEARNING

Collage Arts provides a range of creative learning courses in music - both business and production - performance, film and media, offering in-work training for young people on vocational placements.

C2 PROGRAMMES

Collage Arts currently runs two creative learning programmes.

Aspire 2.Be Collage Arts is the lead partner of the ASPIRE-2.BE partnership (comprising of 12 organisations). A pan-London Training for Work youth project, Aspire-2.be provides targeted support to young people aged 16 –19 who are Not in Education, Employment or Training (NEET) or at risk of becoming NEET.

The project offers bespoke learning activities and mentoring for young people to gain transferable skills helping improve their career prospects and to gain a foothold in the creative industries' competitive labour market. The project is co-financed by European Social Fund and Skills Funding Agency.

Performance outreach programme involving local school children

Talent Match London 5 year programme designed and led by young people to support unemployed young people in London through training and placements. Collage Arts is one of the lead delivery partners of the programme. The programme is supported by the Big Lottery Fund.

C3 CREATIVE APPRENTICESHIPS

Collage Arts offers creative apprenticeships in partnership with businesses based at the Chocolate Factory. Young people have the opportunity to work and earn a wage whilst studying towards a Diploma Level 3 in Creative and Digital Media (accredited by Pearsons/EdExcel and OCR awarding bodies.) This is available for free for 16-18 year olds and part subsidised for 19+, acting as a vocational route into to creative industry work. The course is funded by the Skills Funding Agency and delivered in partnership with Wandsworth Lifelong Learning.

Collage Arts programme currently has 96 apprentices in the Chocolate Factory training programmes.

90% of young people participating in the programme start out with no formal qualifications. Upon completing their apprenticeships, the vast majority leave with 3 GCSE's, 2 diplomas and a wealth of practical experience of working within the creative industries.

Entrance to C/159 pop-up retail space

6
IACS AND REGENERATION

6.1 INTRODUCTION

This section considers the regenerative effects that can occur as a result of the IACs being located in an area and their related activities. The findings below have been informed by the various research tasks undertaken as part of this report, particularly the local authority surveys, the case studies and the provider interviews.

A continuing theme has been the wide range of models and types of spaces that make up the London IAC market, which is something that is continuing to evolve along with rapidly developing demand for new space and different types of space. The extent to which these particular benefits can be facilitated is highly dependent on the IAC in question, including the model of provision, the funding and on the activities of the IAC managers and occupiers themselves. The driver behind some of the regenerative benefits tends to come from outside of the IAC business model – from activities that are deliberately aimed at providing wider benefits.

6.2 PHYSICAL RELATIONSHIPS AND BENEFITS

This section considers the relationship between IACs and their physical surroundings. This includes the effect of local area improvements and the link to the success of an IAC located there. It also looks at the effect that IACs have on their physical surroundings.

The effect of IACs on their physical surroundings is becoming an increasing feature of provision. A driving factor behind the provision of IACs is the need to cater for small and growing businesses whose access to workspace would ideally be provided on a flexible and affordable basis. These factors have led to IACs being increasingly linked to other forms of temporary and flexible use of space – including meanwhile space and pop-up uses. Both of these approaches relate to increasing the use and changing the nature of spaces to provide temporary or short-term activities. The use of vacant space that has become available on high streets may have a particularly important role to play in the future as numerous local high streets are currently in decline. The use of some spaces for meanwhile use means that the problems of vacant space are mitigated and the buzz of the area is helped.

An example of the use of pop-up space for IACs is the introduction of pop-up co-working events which make use of spaces for a short period (usually a day or half day) for co-working. A pop-up co-working event was held recently for example at the South Kilburn Studios, which are a social and creative enterprise run in partnership with LB Brent. Access to the facilities, space and services was given free of charge and small or start-up businesses were encouraged to bring their laptops and engage in a co-working session.
The links between IACs and meanwhile space were picked up in the case study with Camden Collective. Camden Collective hubs and pop-ups within local area use empty shops, combating the negative impact of vacant buildings, improving the visual appearance of the high street, supporting new and local business by giving them a visible new presence on the high street, and attracting a more creative, innovative offer to the high street. Through this process, Camden Collective has encourage commercial landlords to bring back into use vacant buildings which has contributed to the regeneration of Camden High Street.

LB Brent has been investing in a similar offer at the South Kilburn Studios (included web link and images), by borrowing vacant space form a landlord (not always the council) at nil rent. Workspace is then offered on a low or nil rent basis to occupiers for a limited time period. This is listed as a way in which councils may help to provide space where businesses can test ideas and experiment. LB Brent expressed the view that meanwhile uses are not sustainable in the long term but are playing an

important role in giving businesses space to test and develop their ideas in the hope of translating this into a tradable business. The GLA has previously also supported a meanwhile co-working space with Brent Council in Willesden.

These meanwhile spaces are often linked to IAC providers. They are typically linked to retail and design uses which require high street retail spaces, though recent examples include a kitchen space at Carlton Kitchen South Kilburn (now closed).

6.3 SOCIO-ECONOMIC RELATIONSHIPS AND BENEFITS

An over-arching point about relationships and benefits of IACs is that such activities help bring investment, development/refurbishment and activity to areas, making an incremental contribution, together with the wider local economy, to the physical and economic regeneration and improvement of areas. Where the businesses they have supported stay and grow in the area this contributes to a wider process of benefit.

A role that many IACs have in their local environment is the increased footfall by users of and visitors to the IACs which helps create a sense of vibrancy in a local area and is also beneficial to local businesses who then attract more trade. The introduction of new facilities such as cafes and events spaces in addition to the running of events, often open to the wider public, also increases the general footfall in the area and income for the IAC. They effectively become private community centres hosting all sorts of events.

This is further enhanced by the general look and feel of IACs, which is often a key focus for providers. The branding (image) of an IAC is considered an important factor in order to identify the unique offer of the IACs in relation to the wide range of competitors.

There are a number of examples of IACs who are engaging with their local community through a programme of hosted events. This can increase visitor numbers and can also have wider social benefits such as enhancing the sense of community in a local area.

In Hackney there are some good examples of workspaces fostering sense of place and contributing to a vibrant local economy in the immediate surroundings. For example at Bootstrap Company in Dalston the footfall of businesses and visitors to the large facility increases footfall on the neighbouring high street and surrounding areas, with both businesses and visitors using local shops, Ridley Road Market, and nearby cafes for meetings and lunches. Bootstrap's own cultural programme, including film screenings, art shows, concerts and markets, and the events programmes of Bootstrap's theatre and music venue occupiers, have made Ashwin Street an increasingly attractive destination in the last three years or so alongside public sector funding for public realm and shopfront improvements. This contributes to the wider economy of Dalston, making it a desirable, interesting place to live and work.

Slightly further north, Hackney Downs Studios (shown on the Dalston cluster map in the Case Studies section) is having a significant impact in an unlikely-seeming location next to a park, where a café, weekend market, workspace and offices are creating a sense of place, which appears to be encouraging a wider change, with new and refurbished shops and bars, gym and other studios and workshops emerging on a previously-run-down area of the busy neighbouring through-fare, Amhurst Road.

At Matthews Yard in Croydon a community ownership model exists where local businesses are investing in workspace through shares. Mathews Yard also facilitates a range of community arts and cultural events from within the IAC. People using Matthews Yard and facilities, such as the café, have not only increased footfall for the surrounding local area but have also enhanced the use of nearby streets and spaces in the Old Town Conservation area and market.

In addition to cultural and creative events programmes a number of IACs have also been shown to have a positive impact on their local communities through the running of community outreach and education programmes.

Bootstrap, Camden Collective, Matthews Yard and Chocolate Factory all facilitate community outreach programmes working with young people in the local area. For example they run academy-style teaching and in-work training with the aim of up-skilling them for employment. Bootstrap also runs a work-placement scheme with its occupiers, which has led to previously

25 The Goldsmith Centre, for example, runs Foundation Courses.

unemployed young people obtaining full-time employment. These types of programmes support employment growth and create knock-on effects from the economic regeneration of the area. Further detail on these is set out in the detailed case studies.

An innovative model is also being used at the South Kilburn Studios. The South Kilburn Studios are funded by LB Brent and offer workspaces to creative businesses. In lieu of rent, occupiers have pledged to train a young person from the local area, helping them learn new skills, build a portfolio in their chosen trade and be part of a final exhibition show, attended by potential employers. Occupiers also help to deliver a public programme of free creative events. This idea of actively training and engaging with the local community would probably necessitate public sector funding to allow the provision of rent free space over the long term. Local authorities like Brent have indicated that the measurement of the performance of these spaces may not be directly in economic indicators. Although the positive economic impacts of supporting local businesses exist, these are often difficult to capture through data analysis. Our provider interviews and case studies have shown that often the benefits being provided by IACs for local communities are less tangible, including changing the way that local areas feel and are used. Anecdotal evidence gathered as part of this study suggests that these benefits are felt as a positive impact across wider communities.

6.4 PUBLIC SECTOR FUNDING IACS

The public sector already recognises the importance of IACs role in generating economic growth and bringing about socio-economic benefits. Camden Collective and 639 Tottenham High Road are two examples discussed already highlighted which are financially supported by the GLA. Other key examples are mentioned briefly below.

Recent examples of public sector interventions to support SME workspaces include GLA's £2 million investment into the public realm improvements to support a new 'fashion hub' being developed in the centre of Hackney. The hub will include a new subsidised manufacturing and sampling space for business to use, which will allow fledgling design based companies to produce small unit runs at commercial prices which will help to develop their businesses. It will also offer training and apprenticeships and programmes aimed at helping local fashion start-ups showcase their work in this new facility.

Another example is the Mayoral investment which has been given as part of a £7m regeneration funding from the Outer London Fund for regeneration schemes at Cricklewood (Brent/Barnet). Part of the funding is committed to supporting the Youth Engagement Scheme (YES) run by local charity Ashford Place, which helping 10 young people take up apprenticeships and also offers incubator space and training for start-up businesses.

The Blackhorse Workshop is another example of GLA investment. This is a public workshop – co-making space in Waltham Forest providing access to tools, making space and affordable workspace. The space offers facilities for both occasional and professional users. The space also facilitates a regular programme of classes and activities centred around the rich heritage of making at Blackhorse Lane. Blackhorse Workshop opened in 2014 and is run as an independent, not-for-profit organisation – overseen by a board of trustees and day-to-day ran by two FT staff. It has been supported by the Mayor of London's Outer London Fund, the London Borough of Waltham Forest and match funded by Create, Legacy Trust UK and Arts Council England.

Further projects being planned by the GLA include a £7.7m loan from the LEP's Growing Places Fund to transform part of the Old Vinyl Factory development in Hayes, West London into a new Central Research Laboratory (CRL) - a proposal from Cathedral Group and Development Securities. The CRL, formally the home of EMI and HMV, will be a facility to offer manufacturing start-ups support to become successful commercial businesses including mentoring through partnerships with local universities. The CRL will be the first of its kind in the UK providing research and development laboratories, a small-batch production facility and seed funding. Construction is expected to commence in 2014.

The London Enterprise Panel (LEP) has been allocated €746.8m (£678m) for the delivery of the European Structural and Investment Funds Strategy (ESIF) for London 2014-20. The 2014-2020 ESIF Strategy for London, which is currently being agreed with HM Government and the EU Commission sets out the LEP's proposal to Government for themes including in Theme 3 under 'Investing in London's Infrastructure' its aims to address business workspaces in terms of geographical, sectorial or other gaps in the provision of workspace including incubators, accelerators, follow-on space, co-working and support services. Indicative activities include: Provision of start-up and grow-on incubator

facilities. Provision of affordable workspace and business guidance including mentoring and access to finance. Ensuring good access, appealing environments and maximising regeneration potential of these places of work.

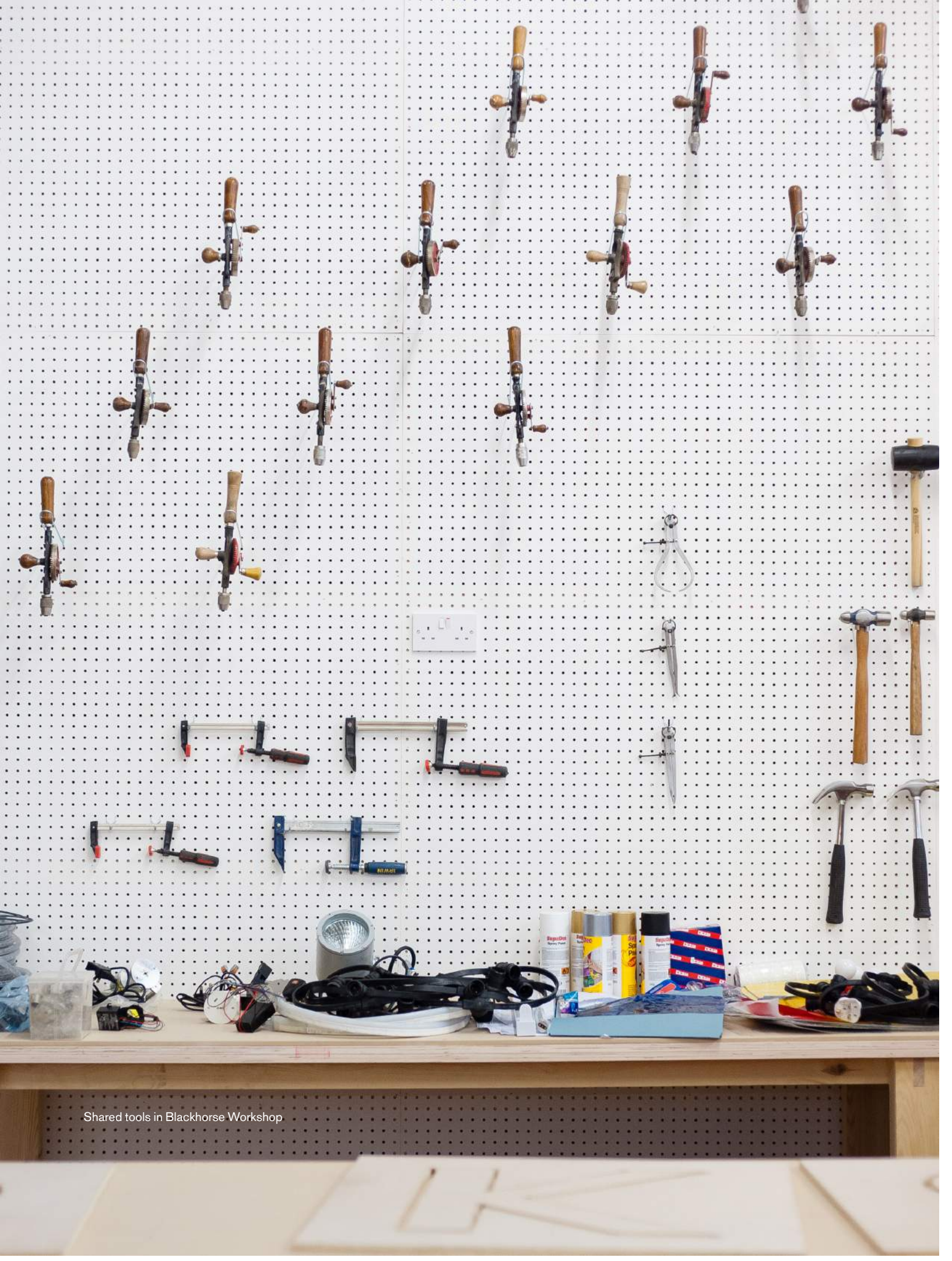
6.5 SUMMARY

Overall the main benefit of IACs is in terms of the additional wealth and local multiplier and catalytic spend that they bring to areas. This includes the likelihood that a proportion of the businesses they support will stay in the local area and contribute further to the local economy.

The regenerative benefit of IACs in relation to the physical environment is often linked to the increasingly effective manner in which temporary spaces are being used to enhance and further business ideas, including meanwhile spaces and pop-up uses. The temporary and flexible nature of these uses makes them ideal for small and start-up businesses who do not yet have financial security or who wish to test out developing ideas. The utilisation of space which is temporarily vacant has a positive regenerative impact, not only because it brings back into use redundant commercial space but also because it helps to tackle any negative perception issues which could potentially impact on surrounding businesses.

The presence of IACs and related facilities such community events, cafes and events spaces has the potential to increase community cohesion, learning and the number of visitors to a local area and create a local buzz. This is enhanced by the provision of creative and cultural programmes which are often run by IAC providers and are open to the public.

Many IACs also run community engagement programmes which have a direct impact on the local community in which they are located. This can be in the form of help for aspiring young entrepreneurs form the local community also for training programmes which aim to enhance or expand the skills of the local workforce. There is some evidence to suggest that IACs help to provide some education courses too. There could potentially be a model here which sees public assets managed by a third sector organisation providing some training and education courses alongside IAC provision in exchange for affordable rent.



Shared tools in Blackhorse Workshop

7
GAPS IN PROVISION AND BARRIERS TO GROWTH

7.1 INTRODUCTION

This section focuses on the gaps in provision and the barriers to growth of IACs and the businesses within them. This information has been drawn from the research tasks carried out as part of this study, including the data gathering and mapping, the provider interviews, surveys and consultations.

This section focuses on the question of whether there is evidence of market failure in the provision of IAC spaces. Market failure is broadly defined as an imperfection in the market mechanism, which means that the market is not delivering an efficient allocation of resources. Public sector interventions should be justified in relation to addressing market failures, i.e. tackling economic inefficiency.[27] The most relevant type of market failure in the context of IACs is likely to be imperfect information and uncertainty, and the provision of public goods.

7.2 GAPS IN IAC PROVISION AND POTENTIAL MARKET FAILURE

The most notable 'gap' in IAC provision is the current scarcity in the outer London. This has been highlighted in the mapping exercise, section 3.3. In absence of a profile of demand by geography, it is questionable though whether fewer IACs in outer London, compared with inner London locations, is representative of supply being underrepresented. What we do know is that IACs are located in areas where there is a high level of public transport accessibility and sectoral clusters, such as around the core of Tech City, which could provide some insight into where growth will occur in the future, and that the supply for IACs, particularly coworking, has increased significantly over the past few years. Over time we anticipate that gaps in the market will be reduced as the commercial market responds to demand.

Our mapping found that 75% of IACs in Central London are primarily backed by private sector investment, though there also many examples of IACs backed being part or wholly backed by public sector investment. The view from providers is that even in central London it is hard to run an IAC which is financially profitable (operational costs met by membership and rental paid by occupiers).

In outer London, by contrast, this study has identified a high level of awareness and investment by the public and third sector into IAC provision. Where IACs are being set up with an agenda that specifically includes community engagement and regenerative benefits, there is potentially a good case for public sector support.

There is scope for IACs with a social focus to be fostered in areas of outer London and central London where such activity would provide socio-economic benefits for the wider area. For outer London locations in particular it is likely that these IACs would benefit from having a unique offering which is different to the central London locations. This could be in terms of rent offer, for example rent free or a social offer.

Such provision could fit within the public good element of market failure – i.e. the provision of business support, training and wider community benefit services which are not provided sufficiently by private trade in the market.

In central London, where there is currently a high level of provision especially around central and parts of inner east London, there was anecdotal evidence from consultees and providers of a struggle to accommodate demand. Providers who are already operating in multiple locations were extending provision at a rapid rate, and yet simultaneously evolving their model of provision to

27 These can be classified in four categories: externalities; market power; imperfect competition; and public goods, i.e. economic goods with common wider benefits. For more information see The Green Book, HM Treasury, Annex 1

enable them to compete with the increasingly diverse and innovative range of providers who are setting up and expanding IACs across central London. Some suggestions have been made regarding the links to meanwhile spaces or short term leases to allow existing providers to quickly and flexibly expand their provision, and allow businesses and organisations to test their ideas over the short term. However, the benefits of using short-term leases for businesses or organisations needs to be considered in light of the uncertainty it can create.

There is probably not sufficient evidence at this stage to say that such gaps are evidence of market failure but is a case of the commercial property market going through a process of responding to change, and which has yet to catch up with demand. More work should be done to identify the shape and nature of demand for IACs, which should be compared against the characteristics of supply identified.

Gaps in provision are also apparent in relation to certain sectors. The perception of this as a 'gap' may be misleading, as the current focus on certain sectors is simply a reflection of where demand is greatest. However this study has found that there are new models of IAC provision which present an opportunity for start-ups and small businesses to access specialised equipment, giving them the chance to test and develop their ideas without having to secure a large capital investment.

Examples of equipment sharing occurs in designer/maker spaces (such as Blackhorse Workshop, which is funded by the GLA) and shared kitchen spaces. These forms of provision are considered to be at the early stages of development, but consultees have expressed support for the expansion of a model for shared specialist tools and equipment. In the rapidly evolving market of IAC provision it would be beneficial for the sharing of best practice and lessons learned to be encouraged and facilitated at this early stage.

Another sector-related gap that has become apparent through the case studies is the need for more grow on space for bioscience firms who need to relocate once their time in incubator space such as Queen Mary's Bioscience incubator is complete. Currently, small firms often move onto bioscience facilities outside of London. The links between grow on space and IACs vary, and there may be scope to expand and strengthen the level of support that businesses are given when moving out of an IAC into their own or more formal workspaces in order to ensure that the benefits provided to these businesses while in the IAC are not then wasted or lost from a locality/London. Ideally then IACs and grow on space should be located in relative proximity.

It is not clear at this stage though whether the lack of such space in London is a consequence of wider market characteristics (e.g. provision of suitable space at lower cost elsewhere) or due to market failure in London.

We have found few examples of industrial IAC activities and this may be an area worth exploring in more detail. The Queen Mary Bioscience facility illustrates the benefits of focused facilities to specific R&D/industrial business activities (in this case high specification specialised space). A theme that may be worth exploring is where SMEs in particular sectors may benefit from having common access to specific resources or facilities. A useful parallel may be in the arts field where artist printmakers typically come together to set up print studios to share resources, space and a common ethos.[28] The Goldsmith Centre is another such example where highly specialised equipment can be made available for training outside academia. Such arrangements could be relevant in more commercial settings, maybe for example including new fields such as 3D printing and its links to small batch industrial production. There could be market failures around imperfect information and uncertainty given the nascent nature of such markets.

7.3 CONTRIBUTION TO BUSINESS GROWTH

The barriers to growth for SMEs tend to follow universal trends and are not typically related to a particular locality. Key barriers are likely to include a lack of finance and/or inability to sign up to long term commitments (due to uncertainty over business growth) and a need for external support and guidance. IACs clearly offer a promising environment for small and start-up businesses through their core offering of flexible/affordable terms and additional packages of support. The wide range of models of IAC provision also make this type of workspace particularly encouraging in providing the right kind of working environment and level of support according to

28 For example see East London Printmakers: www.eastlondonprintmakers.co.uk

the particular needs of an individual business.
The exploration of the links between IACs and the use of temporary meanwhile spaces and pop-up uses is proving businesses with access to spaces where they can test out ideas on a customer base that could otherwise be beyond their reach.

The issue of affordability is clearly a key concern for small businesses. For some sectors it may be that the desire for related business providers to be located within a central London cluster begins to price-out some businesses from the most desirable areas of central London. There is much evidence to suggest that demand for this type of space will continue to grow, therefore giving rise to new opportunities for space to be provided at more affordable levels in new localities. These could be linked to existing clusters in more affordable areas including in outer London.

In areas where there is pressure on employment space from the development of housing it may be beneficial to ensure that some provision is made for the inclusion of space for IAC provision. The positive impact that these spaces can have on local areas has the potential to benefit new residential communities, through the provision of retail and leisure facilities and creative programmes of events. However the branding of IACs appears to be important in order to create a unique identity for the space that will appeal to small, innovative businesses. The letting of spaces to IAC providers as part of residential development would therefore need to take the potential for separate branding of the workspace into account.

Consultation feedback suggested that it could be beneficial for more networking to be taking place between IACs – both between the businesses located there and also between the providers/managers of these spaces.

7.4 SUMMARY

The gaps in the coverage of provision of IACs are typically by geography and sector. These gaps could be temporary as the IAC market itself is rapidly broadening its scope and spread to embrace new locations and business types. With increasing awareness of the demand for space it is likely that the private sector commercial market will, over time,bring forward schemes across a geographical wider area. Public sector support in the short term could close the current geographical split between inner and outer London levels of provision where focused on specific types of market failure such as provision of public goods such as business support, training and community outreach. Care though is needed in such initiatives as a key ingredient of the success of IACs is the specific entrepreneurial drive and knowledge that IAC providers bring and this is not easily replicated in a public sector led environment. For commercial models of operation, there is a danger too of the public sector investing prematurely in areas where suitable levels of demand have yet to be evidenced and where such provision could be dependent on long term, ongoing public sector investment in order to be sustainable.

Though there are examples of long standing private – public collaboration, the proliferation of IAC provision into multiple sectors and models of provision is judged to have been predominately a recent phenomenon.
In order to ensure that there spaces are having the maximum impact on supporting the growth of their occupiers, monitoring, engaging and sharing in the success and failure of IACs will be an important activity for policy makers in the future. IACs have an important role to play in the support and growth of the capital's SME population. The expansion of IAC models which target social engagement and local economic development may be done with investment and engagement from the public sector. Support for this sector should take account of the great variety and changing nature of this provision.

Dalston Roof Park and community garden
Bootstrap Company

8
CONCLUSIONS AND RECOMMENDATIONS

8.1 CONCLUSIONS

The IAC market in London is relatively young and rapidly growing and developing. Indications are that it will continue to grow and evolve at least in the short term. The GLA-hosted IAC mapping, which is being set up using the data gathered as part of this study, will provide an important resource for the future monitoring of the supply of IACs in the capital.[30] Provision covers a wide range of models and formats, which are continually evolving, although broad trends have been identified.

The geographical spread of provision mapped for this project is focused mostly on central London. IACs generally correspond to sector clustering and good public transport links. Although affordability is a key priority for small and start-up businesses, the draw of central London is seeing IAC provision for such businesses located in expensive areas or those associated with rising costs. Whilst most offer prices that are lower than traditional office space, a key 'affordability' factor of these spaces is the level of flexibility they offer by giving fledgling businesses the option to use a space without having to commit to a long term investment. They also allows businesses to easily scale up or down in size as their business plans evolve.

In addition to the concept of flexibility of use, which applies mainly (but not only) to co-working spaces, levels of support are high in IACs, with provision and intensity higher in incubators and accelerators. The co-location with like-minded businesses also gives a valuable opportunity for networking and idea sharing, and inter-business trading is often encouraged or facilitated. These actively managed support mechanisms can give SMEs located within IACs a competitive edge. The quality of management of IACs was therefore highlighted as a key aspect of the IAC offer.

The sectoral focus is in the digital tech and creative sectors, which are known to attract small entrepreneurial companies with the prospects of rapid growth and high profits for those who are successful. However there are a number of other sectors for which IACs provide a vital function. The case studies included a biosciences incubator, which was highly specialised in its offer and was one of the few of this type available. Such incubators are expensive to build and kit out and have long lead-in times, but there are many more sectors which are suitable to the use of IACs.

The funding of IACs is largely private. Closer inspection reveals that many private sector run IACs are commercially viable because they are cross-subsidised by other larger spaces such as conventional office space or an anchor occupier. Other IACs are run by charitable organisations or social enterprises and may benefit from reduced rents and taxes. However there is growing awareness among local authorities of the potential benefits of these spaces, both for businesses and for local communities. There may be particular scope for public sector investment in the expansion of provision in outer London, using models that subsidise provision in return for tangible community benefits such as training and outreach programmes. The IAC sector has the potential to take on increasing functions serving communities and deliver outputs in terms of assisting people into employment and training.

The proliferation of different models has also increased the spread of IAC provision across different sectors. This is likely to undergo further evolution in the future, with

30 To this map the GLA will add the provision of artist workspace, which is being informed from a separate study.

current trends showing IACs providing shared workspaces and incubator spaces for small or new businesses requiring special equipment. A number of spaces offering shared kitchen facilities and designer/marker space have recently been provided in London. This is still a recent development but is likely to be an indication of the possibilities that exist for IAC providers who wish to provide spaces to provide this specialist offer to small and start-up businesses who wish to test and develop their ideas. Artist studio providers moving into the IAC market and diversifying their client base by including more profitable creative sector businesses may lead to further growth.

The links between IACs and community engagement programmes and 'meanwhile' spaces has created tangible links between IACs and regenerative, socio-economic benefit for their local area. The use of meanwhile space to give businesses temporary access to, for example, a vacant shop front space has the potential to help businesses to try out ideas on a customer base and also provides temporary use and increased footfall to an otherwise unused space. The increased footfall generated by IACs and also by related facilities such as cafés and events programmes, increases spending on other local businesses and gives areas an increased vibrancy.

The community engagement activities being undertaken by IAC providers are also developing to form new models, including spaces that specifically offer free or subsidised work space in return for support from the occupier businesses with up-skilling or inspiring the local community in which they are located. These models of provision may have a particular role to play in outer London, where affordability could be a key factor in persuading businesses to locate there, suggesting that some form of public sector support in exchange for community and local economic benefits could be mutually beneficial for providers and local authorities.

Though there is plenty of anecdotal evidence which suggests that some businesses using IACs experience strong rates of economic growth and become successful businesses, this study has found a lack of systematic evidence, in the form of for example trend data, which can support claims that IACs improve business growth or deliver additional wider socio-economic benefits. For those businesses using IACs which experience economic growth, there is the added question of what additional growth can be attributed to IAC tenancy. The difficulty of capturing data on the impact of IACs is complicated by the fact that businesses may fail or revise their activities many times before achieving success. The churn of businesses through an IAC (again particularly for coworking spaces), given the flexibility of membership is high and hard to monitor and providers are not inclined to onward track the progress of a business (though many incubators and accelerators providers are given their closer working and sometimes ongoing financial ties). Providers' knowledge of businesses that have gained success and moved into more formal office space is therefore often anecdotal, and many are quick to emphasise that IACs also provide a format of space for successful, established businesses who wish to stay small and continue to occupy an IAC.

The main gaps in the current provision of IACs are geographical and sectoral. The supply of IACs has increased considerably in the past few years, which is indicative of how the commercial property market is responding to demand, though as with most forms of built assets lagging behind. We anticipate that the market will continue to respond to demand and increase provision. Currently the coverage of IACs in outer London tends to be sparse and relatively isolated. Although it may be beneficial in some outer London areas to expand IAC provision, there are arguments against attempting to generate demand in sectors and locations where it does not already exist. As with private sector intervention, any publicly funded scheme should be market tested and exit strategies to recover assets and capital investment considered. There should also be best practice guidance including spatial and organisational advice which can be used where relevant and also a supportive evidence base that shows a need for the additional provision. An example could be the best practice framework for incubator provision which has been issued by UKBI.[31]

Incubators and coworking spaces are more closely related when compared with accelerators. Compared to incubators and coworking spaces, accelerators are more narrowly focused on businesses which are scalable and have significant potential for growth in turnover or profit. Incubators and coworking spaces therefore serve a

31 UKBI (2013) Accreditation, Development and Monitoring Process

much broader set of agenda and offer a great role for the public sector to deliver socio-economic benefits. There are also a number of sectors which could make use of IACs which do not currently have the benefit of provision. The food and beverage industry is one of the three largest sectors in London and shared kitchens could help to support SME growth in this sector. These include the bioscience sector, for which costs and planning have been a factor in putting off new provision, and also businesses which require specialised equipment or facilities (other than office spaces) which could be used on a temporary basis or shared. New models of IAC provision are being developed which would cater for such businesses, though these are still at an early stage.

It is possible that as the market evolves incubator and accelerator space providers may increasingly resemble business angels syndicate models where a number of investors provide capital which is invested in higher-risk, high-return opportunities. This will rely on having a critical mass of business supported, where the few highly successful businesses cover the costs of the failures and less successful businesses.[32] This may create a driver towards a smaller number of larger, more structured and dominant organisations in the market.

8.2 RECOMMENDATIONS

R1: After launching the on-line mapping and database of IACs in London, the GLA should keep the site up-to-date and monitor its effectiveness and value to IACs and SMEs in London. The study findings should be shared publicly via this on-line site to provide guidance.

The IAC sector is growing and developing new models and types at an increasing rate, which is a trend set to continue over the short term at least. In order to benefit businesses who wish to see what is available in the capital, the GLA mapping should be launched and kept up-to-date and available to SMEs and those likely to gain benefit from its use. The resource should be monitored for its effectiveness and subject to tests of value for money. It should be continually evolved to ensure it maintains its usefulness and reflects the changing nature of the sector.

32 This is a model relevant to other sectors such as the film and publishing industries.

R2: Encourage research and monitoring of the performance of incubators, accelerators and coworking.

The evidence base regarding the success of businesses located within these spaces should be built up in order to establish their effectiveness in providing business support to start-ups and SMEs. At present we are not aware of any systematic collection of data on for example business success rates and follow-on stories, or other quantitative indicators such as growth in output, turnover or employment or more qualitative variables such as enhancements to business networks or confidence in product/service development. Such research should be encouraged as an activity to be undertaken by the incubator and accelerator providers, for whom evidence of the success of their business development services should be a beneficial outputs. This information could be particularly useful when promoting their services to businesses; in making the case for funding (for a social enterprise or charity); and helping to evidence the IACs role in supporting economic growth.

At the level of the IACs we have not seen any clear evidence of market failure and/or gaps in provision in commercially orientated IACs in London. It is possible that such gaps may become apparent over time and we suggest monitoring the evolution of the sector.

R3: GLA to explore setting-up a forum tasked with facilitating networking across IAC providers in London.

There are already many informal networks between IAC providers, particularly in the City Fringe/Tech City area. However some consultation feedback suggested there could be additional benefit in establishing a more formal and extensive networking forum led by the GLA. This could also enhance the concept of London as an 'incubator of businesses' itself – making use of the wealth of business development activity taking place across the capital. We recommend that the GLA explores further the benefit and potential form and model for such a forum, and arrange a pilot event.

R4: Facilitate the sharing of best practice guidance on the establishment and management of IACs and work to get recognition in planning policy.

There could be benefit in developing a deeper and more wide-ranging understanding of best practice examples from the sector that can be used by interested parties to inform their approaches and learn from the experience of others. This could include a best practice design and management guide. This could help particularly with new buildings where developers might struggle to get the specification right. Any design guidance should be worked up in collaboration with expert operators and developers.

R5: Promote further the potential for IACs to extend into non-office, quasi-industrial, workshop and studio uses.

There is a wide breadth of occupier types within IACs. While there is currently a particular focus on the tech sector, the range of actual and potential occupiers is in fact much greater, and there is potential for catering for different needs. The focus on broadening the provision into new sectors could enable the growth of small and start-up businesses that previously would not have been able to access an IAC. This includes the expansion of provision beyond office type space to include specialist facilities, with possible examples including shared kitchens and high tech processes such as 3D printing.

The Mayor of London can help promote the sector by investing in new types of IACs, where there is clear indicators of long term demand but evidence of market failure. In particular, given incubators and coworking spaces serve a broader set of agenda than accelerators and offer a greater role for the public sector to deliver socio-economic benefits, the public sector should promote non-tech sector incubators and coworking spaces in outer London.

R6: Develop models and programmes for public sector investment in the provision/support of IAC-related activities and buildings that address market failure. These are likely to focus on more social-orientated initiatives with a strong element of training and community support.

The study revealed a number of successful, more socially-orientated examples of IACs that could form a useful model for public sector investment and support (particularly Bootstrap and Camden Collective).

IACs can been linked to regenerative benefits through capital investment, the bringing back into use of vacant or underused space to provide business space, increased footfall and associated economic benefits such as local spend and community engagement. Facilitating these initiatives could lead to benefits for local high street in particular, many of which are currently experiencing decline and could be used on a temporary basis to test and showcase new and innovate business ideas. There is also scope to develop models for provision as part of regeneration initiatives and mixed-use developments. Bootstrap in Dalston shows a correlation between investment in public realm and workspace/ community space which has had a multiplier effect on the local economy. Interventions in workspace should be combined with wider initiatives to maximise public outcome. The development of these should be done with a careful approach to the branding of the IACs, as the unique identity of the space is important in order to attract businesses to locate there.

Overall a key ingredient in the success of IACs is the entrepreneurial drive and vision of their founders and management teams. This is often a difficult ingredient to replicate, and it is probably best for the public sector to focus on ways to facilitate the activities of IAC providers rather than becoming direct providers. Activities could for example cover assistance with provision of suitable low-cost spaces for entrepreneurs to use and/or to give support for selective outreach programmes that complement core commercial offerings. Incubators could benefit from links with an academic institute to support drive and vision. There could be an advantage in exploring offers which promote increased affordability of the space in return for community engagement activities led by the businesses and IAC management.

APPENDICES

APPENDIX 1: Key Characteristics of the Ten IACs Interviewed

	BOOTSTRAP	CAMDEN COLLECTIVE	CHOCOLATE FACTORY	CLUB WORKSPACE	IMPACT HUB WESTMINSTER
YEAR ESTABLISHED	1977	2011	1996	1987	2011
TOTAL NUMBER OF ICA SITES	1	3 (not including 2 pop-up retail shops)	2	6	1
INCUBATOR	-	-	-	-	Yes
ACCELERATOR	-	Yes	-	-	-
COWORKING	Yes	Yes	Yes	Yes	Yes
TOTAL FLOORSPACE	60,000sqft	10,000sqft	150,000sqft	9,800sqft	12,000sqft
OPPERATOR TYPE	Charity	Charity	Charity	Public Limited Company	Community Interest Company
INNER / OUTER LONDON	Inner London	Inner London	Outer London	Inner London	Inner London
PRIMARY BUSINESS SECTOR	Creative / third-sector	Creative	Artists / creative	Designer makers / digital technology	Social enterprise
NUMBER OF BUSINESSES	75+	200+ members	200+	280+	530 members
MEMBERSHIP COSTS	£255 - £290/ person pcm	Free	N/A	£200 - £400/ person pcm	£20 - £470/ person pcm
BUSINESS SUPPORT	Networking events	Networking events, 1:1 mentoring, accelerator programme	Open studios, sector specific networking, career workshops	Networking events	Networking events, workshops, accelerator programme
COMMUNITY OUTREACH	Vocational placements for local young people	Free training and courses for local young people	2 creative learning courses and vocational placements for local young people	N/A	N/A

LEVEL 39	LONDON YOUTH SUPPORT TRUST	MATTHEWS YARD	QUEEN MARY'S BIOSCIENCES	WARNER YARD
2013	2000	2012	2012	2013
1	1	1	1	1
-	Yes	-	Yes	Yes
Yes	-	-	-	Yes
Yes	Yes	Yes	-	Yes
30,000sqft	34,000sqft	5,400sqft	48,780sqft	7,000sqft
Limited Company	Charity	Limited Company	Limited Company	Limited Company
Inner London	Outer London	Outer London	Inner London	Inner London
Financial services / digital technology	Production, TV, music & photography / social enterprise	Creative	Bio-science	Digital technology
60+	16-20	6-10	N/A	16-20
£63 - £525/ person pcm	£30/ person pcm	£10 - £117/ person pcm	N/A	£25 - £350/ person pcm
Various	Networking events, career workshops, business mentoring	Networking events, workshops	Networking events	Networking events
N/A	Host community group events in exhibition space	Hosts local community group meetings in event space	N/A	N/A

APPENDIX 2
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APPENDIX 3
IACS IDENTIFIED

Below is a list of the 132 IACs identified as of May 2014. The sector is changing rapidly though particularly in central London areas. This list and the mapping of IACs should be updated on a regular basis.

1 @Work Hubs
2 639 Enterprise Centre Tottenham
3 Accelerator
4 Barclays Accelerator
5 Barking Enterprise Centre
6 Bathtub2Boardroom
7 Bethnal Green Ventures
8 Blackhorse Workshop
9 Bootstrap Company
10 Business Launchpad
11 Camden Collective
12 Campus Cafe
13 Central Working (Bloomsbury)
14 Central Working (Shoreditch)
15 Centre for Creative Collaboration
16 Centre For Fashion Enterprise
17 Club Workspace (Bankside)
18 Club Workspace (Chancery Lane)
19 Club Workspace (Chiswick)
20 Club Workspace (Clerkenwell)
21 Club Workspace (Kennington Park)
22 Club Workspace (London Bridge)
23 Cockpit Arts (Deptford)
24 Cockpit Arts (Holborn)
25 Collider
26 Cottrell House
27 Creative Blocks
28 DeskLodge
29 Digital Enterprise Greenwich
30 Edtech Incubator
31 eOffice (Noho)
32 eOffice (Piccadilly)
33 eOffice (Soho)
34 Exchange (Somerset House)
35 Healthbox
36 Hoxton Mix (Bonhill Street)
37 Hoxton Mix (Old Street)
38 Hoxton Mix (Paul Street)
39 Impact Hub (Islington)
40 Impact Hub (King's Cross)
41 Impact Hub (Westminster)
42 Imperial Incubator
43 Incubation at Ravensbourne
44 Innovation 90
45 Innovation Warehouse
46 Junction 9 Studios
47 Le Bureau
48 Level 39
49 Matthews Yard
50 Nexters
51 Piano Club
52 Rainmaking Loft
53 Renaissance Works
54 Shoreditch Studio
55 Shoreditch Works (Epworth House)
56 Shoreditch Works (Scrutton Street)
57 SOHOST
58 Stag Stations (Haggerston)
59 Stag Stations (Old Street)
60 TechHub (Google Campus)
61 TechHub (Old Street)
62 Techspace (Bath Street)
63 Techspace (Underwood Street)
64 Techstars
65 Techtopia
66 The Bakery
67 The Brew (Commercial Street)
68 The Brew (Eagle House)
69 The Brew (Leonard Street)
70 The Brew (Shoreditch stables)
71 The Brew (Victoria House)
72 The Cube
73 The Hangout
74 The Sandpit
75 The Trampery (Bevenden Street)
76 The Work Lounge (Brixton)
77 Third Door
78 Tileyard Studios
79 Uber Office
80 Ugli Campus
81 Warner Yard
82 West one working
83 White Bear Yard
84 WhiteSpace (Clerkenwell)
85 Winkley Street Studios
86 WorkPad
87 At work hubs
88 CEME Innovation Centre
89 Centre for Fashion Enterprise
90 Co-work Angel
91 Co-work Borough
92 Co-work City
93 Co-work Putney
94 http://www.lbic.com/
95 Industry Workspace
96 InnovationRCA
97 Knight's Court
98 London City Incubator
99 metroLAB (Camden)
100 Mezzanine Bus Works
101 Millers Junction
102 Rent a desk 1
103 Rent a desk 2
104 Rent a desk 3
105 Seedcamp
106 The office group 1
107 The office group 2
108 The office group 3
109 The office group 4
110 The office group 5
111 Wayra UK
112 The Soho Collective
113 180 Piccadilly
114 KingslandRoad Studio
115 MeWe360
116 Swfour
117 Canal Studios
118 Barnet Youth Incubator
119 Carlton Kitchen
120 Into Enterprise - The Hub
121 Stanmore Innovation Centre
122 Shakespeare Business Centre
123 Streatham Business Centre
124 Oplex Business Centre
125 The Talent Factory
126 The Generator Business Centre
127 SHINE (Sutton Hub for Innovation, Networking and Enterprise)
128 Makerversity
129 Goldsmiths' Centre
130 Make Space / Metropolitan Works
131 Institute of Making (UCL)
132 Thames Innovation Centre

APPENDIX 4
IACS IN CENTRAL LONDON

Borough	Incubator	Accelerator	Coworking	Total
Barking and Dagenham	1	1	1	1
Barnet	1	0	1	1
Bexley	0	1	1	1
Brent	1	0	2	2
Bromley	0	0	0	0
Camden	4	3	17	20
City of London	1	0	6	6
Croydon	0	0	1	1
Ealing	0	0	0	0
Enfield	0	0	0	0
Greenwich	2	1	1	2
Hackney	5	1	21	23
Hammersmith and Fulham	1	0	0	1
Haringey	0	0	1	1
Harrow	1	0	1	1
Havering	0	0	1	1
Hillingdon	0	0	0	0
Hounslow	0	0	1	1
Islington	5	4	18	21
Kensington and Chelsea	0	0	0	0
Kingston upon Thames	0	0	0	0
Lambeth	0	0	6	6
Lewisham	2	0	2	3
Merton	1	0	0	1
Newham	0	0	0	0
Redbridge	0	0	0	0
Richmond upon Thames	0	0	0	0
Southwark	1	0	5	5
Sutton	0	0	1	1
Tower Hamlets	0	1	7	8
Waltham Forest	1	1	1	1
Wandsworth	1	0	3	4
Westminster	6	3	14	20
Total	34	16	112	132

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