

# APPENDIX 2

## Rickmansworth – Co-working Hub

As outlined in the business case document, the Project Objectives are;

1. To provide local entrepreneurs with flexible and low cost work space to enable them to continue or establish local businesses.
2. To enable local entrepreneurs to share office facilities and networking and training opportunities.
3. To help integrate business support services with the Council and other agencies.
4. To improve local employment opportunities for all, particularly those wishing to start or establish a business.

Wenta currently manage over 180,000 ft<sup>2</sup> of workspace in Hertfordshire and North London, with over 250 clients based in our centres, with a further 300 using our facilities in other ways, such as virtual office services, meetings rooms and call answering.

Wenta have developed a number of spaces within its business centres and Incubators for co-working and collaboration. In the early days the offering was simple, traditional hot-desking workstations, but more recently created spaces to include softer furnishings and breakout areas with mixed success, suffice to say we have learnt about what does work as much as what doesn't.

Spencer Tagg, Managing Director of Wenta Business Centres Ltd is a Non-Executive Director of The Business Centre Association which represents Business Centre and Co-working providers. Spencer has gained a great deal of experience and exposure to the co-working industry with his time on the BCA board.

There are two possible options for the soon to be vacated offices within the Council facility; the first being a 'full blown' collaboration co-working environment, run as a [business] community, by the [business] community, perhaps with a Community Interest Company.

The second alternative is a business lounge/hot-desking space operated in conjunction with Basing House providing office accommodation for small businesses operated on a more commercial basis (but with a social purpose)

### **Option\_1 – Co-working/Collaboration Space**

Ideally, a co-working/collaboration space should consist of three distinct elements. First, a vibrant community of passionate and entrepreneurial people who share an underlying intention to collaborate and support others with their ventures. Second, is to be a source of inspiration that provides meaningful content through thought-provoking events, learning spaces, incubation, programs and facilitated conversations. Third, a physical space that offers a flexible and highly functional infrastructure to work, meet, learn and connect.

In addition to the above, to create such a co-working, collaboration space the following needs to be considered;

- Fast internet connection – Wi-Fi
- Printing / scanning
- Lockable storage
- Telephone access (although many clients use their mobile phones)
- Access out of normal office hours
- Invitations to networking events
- Access to meeting rooms
- Refreshments
- Mailbox / Business Address services

Ultimately the size/configuration and consequently the investment made available to such an area needs to achieve the right balance of an attractive community space for small businesses whilst being commercially viable.

Wenta would propose a mix of 'pods/permanent desk space' and more casual large benches and tables for users to work from. In addition, spaces for clients to work in quieter areas as well as being in the 'nub of it all.'

Other features could include; places, cubicles for clients to make and receive telephone calls without disturbing others together with soft seating, not only contributing to the aesthetics of the environment, but providing an opportunity for clients to collaborate.

Lighting would be key, to create the right atmosphere, whilst providing a useable working environment.

In conclusion, there needs to be a very clear reason why a small business should use/subscribe to the space rather than work from a home or a café, the space needs to 'communicate' the advantages.

## **Option\_2 – Business Lounge/Hot-desking in conjunction with Basing House**

A Business lounge/hot-desking environment would have some of the physical elements of the above, but less reliance on members to contribute to the community feel and actually running the facility.

It would still attract start-ups, small businesses and freelancers and in conjunction with business advice agencies, it could still support the social purpose to support those businesses, with the commercial element underpinning that purpose. The business support would 'add value' to the space and set it apart from other 'business lounges'

Ideally the location of the space itself should be in the 'hub' of its surroundings, i.e. high street visibility and/or near reception areas for maximum exposure without compromising the needs of the clients to be far enough away from distraction.

Therefore, due to the location of the proposed co-working hub, the 'space/environment' will have to work harder to gain 'traction' and continuously raise its profile, as the space will have a continual client churn, with clients leaving every month or so for various reasons (although some small businesses & freelancers may use the space for prolonged periods of time – years rather than months) Therefore, before the project can begin, detail work needs to be undertaken to identify the client base in the next 2,3 or even 5 years and not just the initial furore to be part of something new.

Operating Basing House as a small business centre would generate revenue to contribute to the sustainability of the project.

Perhaps Option\_2 is less aspirational than Option\_1, but more sustainable given the location, budgetary and physical restrictions available for this project.

In line with the business case document, Wenta agree the offering would include;

- Daily packages for clients to 'pitch up & go'
- Monthly packages giving clients a maximum number of hours per month.

To compliment both the co-working and business centre space, a credible meeting room offering is essential. The forecasts in the business case document are, in our opinion optimistic for the size/type of room shown on the plan.

However, with both a meeting/conference room in the Basing House and the co-working space, furnished to a high standard and with the required online exposure and facilities to book via the web,

together with staff available to support the needs of meeting room clients, this could be a very lucrative source of income.

The meeting rooms would be a mix of a large conference type facility and smaller 6 to 8 person meeting rooms. Each room containing projectors or LCD screens for presentations, access to the internet and the ability to offer conference telephone calls.

The design of the meeting rooms will be a continuation of the shared space, to compliment the environment and create a 'destination venue' for external clients to 'want to have their meeting at the centre.'

The use of the meeting rooms by external clients will be part of the marketing strategy to 'promote from within and generate footfall into the centre'

Wenta have developed an online meeting room portal, for both for internal and external clients to check meeting room availability, book and pay online.

## Design

The business case document makes reference to a number of work hubs both in and outside of London and some of those, (i.e. Totnes Work Hub) are fitted out in a very functional way. However, as referred to earlier, to make the space speak for itself, Wenta believe a far more innovative approach is required and the current budget of £30,000 will not be sufficient to create such a space.

Below & overleaf are ideas/concepts to be considered. Not copied, as these would be far too expensive, but emulate a similar 'vibe' to attract clients;





## Financial Forecasts

If the council intends to convert just the office within the main building, Wenta supports the concept of a CIC type arrangement to make it viable as Wenta don't believe it would generate sufficient income to fund a Management Fee AND provide a return to the Council. In addition, there are numerous pitfalls and relies heavily on personalities for a large amount of goodwill both at the start and in the future.

If only the Co-working environment was created due to limited funds, Wenta would endeavour to be part of the project, but would not be the 'project lead' as Wenta do not have the resources to run and support programmes without at least covering its costs, let alone making a financial contribution to its Social Purpose. However, Wenta have wanted to support Three Rivers District Council with an element of Business Support programmes for many years as we have successfully engaged with a number of local authorities across Hertfordshire and Bedfordshire. With Rickmansworth being so close to our offices in Watford we would provide our time and expertise on a free of charge basis (subject to conditions).

Therefore, to move the project from an idea to a reality, from a Community project to a commercially sustainable venture, Wenta propose to include Basing House to generate income to offset the costs to employ a managing agent with associated staff and infrastructure to market and fill the co-working space together with operating Basing House as a Managed Workspace facility.

Surplus revenues in subsequently years could also contribute to business support & training courses for clients within the centres.

To put it another way; the licence fees from Clients renting offices in Basing House, enables a Managing Agent to run both Basing House AND the Co-working space.

If Wenta were asked to run the project in a phased approach, i.e. initially convert the Co-working space and then convert Basing House several months later, Wenta would need more of its overheads to be guaranteed/paid by the Council, as the co-working space alone, will not fund a full time member of staff and associated costs. Wenta do not believe this is a viable/commercial proposition for either Wenta or the Council.

Based on the dimensions provided, excluding the kitchen and training room, we have created a financial forecast on 2,223 ft<sup>2</sup> being available to rent within Basing House.

We have revised the meeting room income as £15,000 referred to in the original plan for the small room, was in our opinion very optimistic.

We have reduced the 'Ave Desk Price/Month' from £250 to £200 and reduced the locker income to more modest levels (included below in 'Other Hot-desking Income')

Below is a breakdown of the first year income together with a summary including projections for year 2 & 3.

Year_1		Mth_1	Mth_2	Mth_3	Mth_4	Mth_5	Mth_6	Mth_7	Mth_8	Mth_9	Mth_10	Mth_11	Mth_12	Total
<b>Basing House</b>														
Letable ft²	2,223													
Annual Rate / ft²	28.00													
Mthly Rate / ft²	2.33													
Mthly 100%	5,187													
Ave. Size of office (ft²)	185													
Units Occupied		1	2	2	3	4	5	6	6	7	7	8	8	
ft² Occupied		185	370	370	555	740	925	1,110	1,110	1,295	1,295	1,480	1,480	
Occupancy		8%	17%	17%	25%	33%	42%	50%	50%	58%	58%	67%	67%	
Rental Income		£ 432	£ 863	£ 863	£ 1,295	£ 1,727	£ 2,158	£ 2,590	£ 2,590	£ 3,022	£ 3,022	£ 3,453	£ 3,453	£ 25,468
<b>Hotdesking</b>														
No. of Clients		1	2	3	3	4	4	5	5	5	6	6	6	
Ave Mthly Licence	200	£ 200	£ 400	£ 600	£ 600	£ 800	£ 800	£ 1,000	£ 1,000	£ 1,000	£ 1,200	£ 1,200	£ 1,200	£ 10,000
Other Hotdesking Income		£ 25	£ 25	£ 30	£ 30	£ 50	£ 50	£ 50	£ 60	£ 60	£ 60	£ 60	£ 60	£ 560
Meeting Rooms		0	0	50	100	100	200	200	300	400	500	600	700	£ 3,150
<b>Total Income</b>		£ 657	£ 1,288	£ 1,543	£ 2,025	£ 2,677	£ 3,208	£ 3,840	£ 3,950	£ 4,482	£ 4,782	£ 5,313	£ 5,413	£ 39,178

### 3 Year Summary

	Year_1	Year_2	Year_3
<b>Basing House</b>			
Average Occupancy	41%	85%	85%
Rental Income	£ 25,468	£ 52,907	£ 52,907
<b>Hotdesking</b>			
Ave No. Of Clients Each Mth	4	7.5	9
Ave Mthly Licence	£ 10,000	£ 18,000	£ 22,000
Other Hotdesking Income	£ 560	£ 700	£ 1,000
Meeting Rooms	£ 3,150	£ 5,000	£ 10,000
<b>Total Income</b>	<b>£ 39,178</b>	<b>£ 76,607</b>	<b>£ 85,907</b>

### Conclusion

Wenta believe this is a viable project (taking into account the need to pay staff and associated management fees) and with the business advisory elements from Wenta, in partnership with Three Rivers District Council, objectives based around training, integrating support services with the Council and improve employment opportunities for all, particularly those wishing to start a business can be achieved.

However, investment in excess of the agreed £30,000 is required and Wenta suggests engaging with some design consultants, those whom are specialist in this field, to scope a project/design to identify the capital required. – In short, design the wrong space and it will remain empty.

In addition, the £2,000 marketing budget outlined in the business case document is nowhere near sufficient, especially if Basing House is to be included the project.

Lastly there are other costs to establish Basing House as a managed office environment and further surveys would need to be completed to ascertain those costs.

Wenta would welcome further discussions to scope in more detail the project and how Wenta could support the following;

- Working with designers/contractors to fit out the space
- Identify costs to create a business centre in Basing House
- Devise Marketing plans/website
- Create licence agreements/set up monthly invoicing systems and direct debit collection of client's monies.
- Online booking/payment systems
- Recruit/train/employ staff to operate the space
- Offer advice/training/mentoring to start-up businesses

Therefore, if Option\_2 is of interest to the Council, Wenta propose the next steps to include;

1. The Council to formally request Wenta to scope / price a detailed report to include;
  - a. Market research
  - b. Design concepts and detailed pricing of fit out (Co-working & Basing House)
  - c. Infrastructure needs (Co-working & Basing House)
  - d. Work flows / system & billing requirements
2. On receipt of the above quotation from Wenta, the Council to provide a letter of engagement for Wenta to proceed at the agreed rate.

**Prepared By;**

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