

PART I – DELEGATED

**10. UPDATE ON THE WORK HUB PROJECT
(DCES)**

1. Summary

1.1 This report provides an update on the Work Hub, a project to create a shared work space for entrepreneurs, freelancers and homeworkers from Rickmansworth and the surrounding area. It sets out details of the proposal from 'Wimbletech', a Community Interest Company, to run and manage the Hub.

2. Details

2.1 The proposal to develop a Work Hub was agreed in principle as part of the Council's budget setting process in 2014/15. The original proposal related to a section of office accommodation in the lower ground floor of Three Rivers House (currently occupied by the Building Control Section and the IT Client side staff) and involved converting the space for use as a Work Hub. It was later expanded to include Basing House as part of the project.

2.2 A number of reports on the Work Hub have been presented to the Sustainable Development, Planning and Transport Committee. At its meeting on the 8 September 2015, the Committee was presented with a report by Wenta on the feasibility and viability of taking the project forward. The report set out in detail the case for the Work Hub with reference to the market research undertaken, explored how client needs could be met through a membership structure and looked at a design concept and design options. It considered the projected work flow, assessed how it would be managed and what business support services could be offered by Wenta and others. It also included financial projections in relation to income streams and costs.

2.3 From a financial perspective, Wenta concluded that around £140,000 would be needed in capital costs to bring both spaces up to the required standard in terms of redecoration and refurbishment, infrastructure (IT and telephony) and marketing. It also predicted that the capital outlay could be offset by the forecasted surplus resulting from the income stream of between £17,000 ('realistic') and £42,000 ('optimistic') per annum, by the second year of operation.

2.4 The Committee RESOLVED:-

- That the report produced by Wenta be noted and agreed that officers continue to work with them with a view to having a viable project in place by April 2016 taking into account the limitations of Basing House
- Request that officers explore the availability of external funding support for the project via the Hertfordshire LEP and other organisations
- Request that a further update be provided to the Committee once the availability of any external funding for the project has been established.

2.5 A further update report was presented to the Sustainable Development, Planning and Transport Committee on the 10 November 2015, which also dealt with a number of specific points raised by Members about the Wenta proposal and the availability of external funding for the project. The Committee agreed that, subject to the availability of LEP funding being available (and associated growth bid for match funding being successful as part of the Council's budget

setting process), the project be progressed with a view to having a viable project in place by April 2016.

Availability of external Funding

- 2.6 The Council submitted a bid for Single Local Growth Fund to the Hertfordshire LEP. This was both for funding from 2017/18 (Round 3) and also for any underspends arising from projects in Round 2 (2015/16). In terms of match funding from the LEP, the Council effectively made two bids:
- £125,000 (approx 80% of total costs)
 - £75,000 (approx 50% of total costs).
- 2.7 As part of a growth bid, a PID was prepared as part of the Council's budget setting process and was presented to both the Sustainable Development, Planning and Transport Committee (10 November 2015) and Policy and Resources Committee (7 December 2015). In the event that the LEP agree only 50% of the project costs, the Council would need to allocate an additional £45,000 from its capital budget to enable the project to proceed.
- 2.8 The application for Round 2 funding was not successful with priority being given by the LEP to other more established projects across Hertfordshire. The application for Round 3 has gone through the LEP's initial sifting process and is now awaiting a final decision. However it is not likely that such a decision will be forthcoming until February 2016, once the LEP is clearer about the level of Government funding that will be available overall for Growth Deal projects.

The 'Wimbletech' proposal

- 2.9 As reported at the last Sustainable Development, Planning and Transport Committee, in order to better understand how a Hub would work in practice, a visit was arranged to 'Wimbletech' in the London Borough of Merton on 12 November 2015. The Lead Committee Member (Economic Development) together with the Leader of the main Opposition Group attended with officers. All members of the committee were subsequently invited to a further briefing at Three Rivers House on 2 December 2015.
- 2.10 In essence Wimbletech, which is a Community Interest Company, was set up to work with local councils to transform under-utilised space within public libraries into sustainable and affordable co-working and community hubs. Its aims are to:
- Generate sustainable, new revenue and income generation for host buildings
 - Increase footfall and awareness of existing/new services
 - Invest into buildings and to improve access to shared space
 - Provide flexible, affordable working space for a diverse set of entrepreneurs
 - Improve local employment opportunities and spending in the area
 - Improve access to innovation, skills and services for existing local organisations
 - Deliver free community events to young and old to share skills and knowledge.
- 2.11 'Wimbletech' is currently operating from space within Wimbledon library (London Borough of Merton) and is also operating under 'The Workary' brand at libraries in Hanwell and Northolt (London Borough of Ealing) and Chiswick (London Borough of Hounslow). The founder is also actively looking at expanding the concept across London and indeed the rest of the country. Further details of how these hubs operate can be seen at:
- <http://www.wimbletech.com> / <http://www.theworkary.com>

- 2.12 The basic concept is to improve unused or under-utilised space in a fairly modest way. Rooms are decorated and lighting improved and furniture is brought in (often second-hand). Rather than refurbishing accommodation to a very high (and expensive) standard, the focus is on providing what are considered to be the essential requirements to attract potential users. These include:
- High speed Wi-Fi and plug points throughout the space
 - Combination of seating options - quiet areas, team and lounge space
 - Kitchen area with complimentary tea and coffee
 - Dedicated presentation/meeting/video conference room
 - Secure access (24/7).
- 2.13 'Wimbletech' at Wimbledon is the longest established enterprise of the company. It was set up as a 'Tech Campus' to provide affordable co-working space for tech start-up and other technology businesses. It began with one start-up in May 2014, had 30 members within the first six months, 65 after 12 months and now (after 20 months in operation) has grown to 125 members. It now supports 80 businesses, five apprenticeships, has provided over 50 free community events and 'hackathons' where children and adults can learn about digital technology. It is reported to have helped raise £115 million from venture capitalists, business angels and others to develop apps/inventions, including a US tech start-up which recently raised £20 million to develop its digital products.
- 2.14 Users are able to join the Hub through flexible packages; these range from renting a 'hot desk' from £65 per month, a 'fixed desk' from between £95 and £125 per month and two fixed desks at around £195 per month (excluding VAT). Larger space for small companies is also available at a higher rate, dependent on size and availability of floor space.
- 2.15 Having visited Rickmansworth and undertaken an initial assessment, Wimbletech are keen to become established here. Their initial Proposal is attached as Appendix 1. The key features of the Proposal (which has subsequently been supplemented with additional information) are:
- To start small and expand as the client base increases: begin with using ground and first floor of Basing House, then expand into attic area and then into the Three Rivers House area
 - Relatively low investment cost (and risk) to the Council - the remaining £25k in the Council's capital budget for this project would be used for site set up and operations; there would be no reliance on other or external funding
 - The Hub and all of its operations will be managed by a Community Manager appointed by Wimbletech - the net cost to Wimbletech per annum would be 40k
 - The Council would grant Wimbletech a lease to use its buildings for 5 years (with a review clause after 12 months) and in return receive a rental income from year 2 onwards
 - The existing Community Interest Company would run the Hub, with key partners such as the Council sitting on its steering group
 - There would be significant scope to involve the community in events including with local schools and colleges. It could also be possible to involve the Chamber of Commerce and business organisations such as Wenta in offering start-up business advice
 - The project could go live very quickly (potentially from April 2016).

The finances

2.16 Table 1 below provides a comparison between the Wenta and the Wimbletech proposals in terms of set up costs, management costs and projected income to the Council. It is not a direct comparison as the way items such as running costs are taken into account varies between each proposal, but it gives a basic comparison between the two proposals:

Table 1

	Wenta	Wimbletech
Set up costs	150k	50k
Capital contribution TRDC	75k*	25k
Projected Annual Rental Income to TRDC (at Year 4)	17k ('realistic') – 42k ('optimistic') net **	24k net ***

* match funding element and subject to approval of LEP bid

** based on current running costs (2014/15 levels) for Basing House but not TRH

*** based on current running costs (2014/15 levels) for Basing House and TRH

2.17 Table 2 below provides a breakdown of projected rental income to the Council in relation to the Wimbletech proposal.

Table 2

	Basing House		Three Rivers House	
	Monthly	Annual	Monthly	Annual
Year 1	0 *	0 *	0 *	0 *
Year 2	1,500	18,000	600	7,200
Year 3	2,000	24,000	800	9,600
Year 4	2,500	30,000	1,200	14,400
Year 5	2,500	30,000	1,200	14,400

* assumes a rent (and rate) free period for first 12 months.

2.18 The running costs to the Council for Basing House for the last complete year (2014/15) was around £15,000 per annum, covering repairs and maintenance, Fire Officer's requirements, gas, electricity, rates and security equipment. It is more difficult to provide a similar figure for the Building Control space in Three Rivers House as the running costs are not broken down into individual office spaces in Three Rivers House (TRH). However in 2014/15 these were estimated to be about £13,000 per annum for this area based on the floorspace as a proportion of the overall building.

2.19 The combined current annual running costs for both Basing House and TRH in 2014/15 were therefore approximately £28,000 (and this is reflected in Table 1 above in relation to the Wenta proposal). However in future years, this amount is likely to increase, particularly in relation to business rates payable at Basing House when it becomes fully occupied (subject to further assessment and any rate relief that may be applicable). Running costs by Year 4 for both Basing House and TRH (excluding the Museum) are estimated to be around £40,000 in total.

2.20 Nevertheless, the projected rental income from the Wimbletech proposal over 5 years is still expected to exceed the running costs with a net income to the

Council of about £14k per annum by Year 4 of the operation, at which point the Hub would be fully established and at full capacity.

- 2.21 In terms of 'opportunity costs' and what each space could generate on the open market for commercial office space, it is estimated that a rental income of around £165 per square metre could be generated for TRH and £200 per square metre for Basing House. At these rental levels both areas could generate a combined gross income to the Council of around £62,500 per annum (£22,500 net after allowing for running costs). However this would assume that both spaces are fully let and a significant level of investment would first be needed to make the spaces attractive to the commercial sector.
- 2.22 Whilst the projected medium term rental income from the Wimbletech proposal is likely to be lower than could be achieved commercially, it does not take into account the significant economic and community value of the project. Furthermore investment into setting up local businesses will in future years generate additional business rate revenue for the Council.
- 2.23 In taking forward the Wimbletech proposal, it is proposed that a more detailed financial appraisal is undertaken to verify the projected costs (including rates), rental levels and income, and this will be reported back to Members.

References

- 2.24 Initial informal feedback received from London Borough of Merton in relation to their experience with Wimbletech has been positive with the operation going well and the level of take up exceeding initial expectations. The Proposal for Rickmansworth would be based on a similar concept with the following common factors:
- The Council provide a certain element of seed funding to help establish the Hub, refurbish space and improve infrastructure such as ICT
 - A lease/contract is entered into between the two parties, with a review clause and clear outputs expected
 - A certain rent and rate free period is provided by the Council to enable the Hub to become established
 - The Council sits on a Steering group (which meets on a quarterly basis).

Basing House and the Museum

- 2.25 Currently the Three Rivers Museum occupies three rooms within the ground floor of Basing House. At the Policy & Resources Committee on the 6 July 2015 it was resolved to grant the Museum a one year extension of its lease with the Council, ending in September 2016. Any proposal to convert Basing House for the Work Hub purposes would not affect the Museum's use of the building.

3. Options/Reasons for Recommendation

- 3.1 The key benefits of the Wimbletech proposal are that it offers a relatively low investment/low risk to the Council, it can be started off quickly on a small scale and can grow organically over time, it uses a tried and tested model which is working elsewhere with other councils and there is potentially a significant amount of community gain. It is also much closer to the original community based model for our Work Hub (which was originally focussed just on the space within Three Rivers House).
- 3.2 It is recommended that the Council moves forward with the Wimbletech proposal, with the next stages being further work in preparing a suitable

leasing arrangement and contract, defining the rental arrangements and income and agreeing a defined set of outputs in relation to occupancy, business and job creation.

3.3 The Wenta proposal remains an option for the Council but, given that it is reliant on a more significant level of capital investment from the Council (with or without a grant contribution from the LEP), it is unlikely that this proposal can be pursued further. Any update on the LEP bid will be provided verbally at the meeting. As noted in this report it is still hoped that Wenta can be involved in helping to provide outputs from the Wimbletech project by using the Hub as a part-time base to deliver its own programmes in relation to advice on start-ups and training.

3.4 The proposal would be in line with the Council's economic development objectives as set out in the Strategic Plan, the emerging Three Rivers Economic Development Strategy and the national economic growth agenda.

4. **Policy/Budget Reference and Implications**

4.1 The recommendations in this report are within the Council's agreed policy as set down in the Strategic Plan to promote the local economy, jobs, training and skills.

4.2 The Strategic Plan contains objectives for the Council to encourage business, champion the local economy and work in partnership to provide training, skills and access to employment. The recommendations in this report relate to the achievement of the following performance indicators:

- ESD 07- Change in Employment Floorspace
- ESD 08- New business registrations per 10,000 resident population
- ESD 09- Economically Active People in District
- ESD 10- Vacancy Rate for Town and District centres.

4.3 The impact of the recommendations on all these performance indicators is likely to be positive if the Work Hub goes ahead.

5. **Financial Implications**

5.1 £30,000 is set aside in the Council's capital budget for the original Work Hub Proposal. However this was only for refurbishing the identified space in Three Rivers House. The Sustainable Development, Planning & Transport Committee agreed that £5,000 be used for further feasibility and investigations, leaving a balance of £25,000.

5.2 Taking forward the Wimbletech proposal would utilise the remaining £25k in the capital budget for this project (15k for furnishings, desks, and broadband and 10k for operations and marketing). There would be no reliance on any other capital funding (internal or external). The financial comparisons between the Wimbletech and the Wenta proposals, the projected rental income and the potential opportunity costs are set out in paragraphs 2.17-2.23 of this report.

6. **Legal Implications**

6.1 The Council is required to have regard to economic development in its area through the Localism Act and Growth and Infrastructure Act.

6.2 In taking this project forward, further work will need to be carried into relation to the contractual and leasing/licencing arrangements. At this stage, there are not considered to be any major legal obstacles to taking the project forward

though care will need to be taken to ensure that the individual business units do not obtain unintended security of tenure as against the Council.

7. **Equal Opportunities Implications**

7.1 **Relevance Test**

Has a relevance test been completed for Equality Impact?	Yes
Did the relevance test conclude a full impact assessment was required?	No

7.2 **Impact Assessment**

What actions were identified to address any detrimental impact or unmet need?
None required.

8. **Staffing Implications**

8.1 The initial set up will be overseen by existing staff within the Council (Economic & Sustainable Development, Asset Management, Legal Services, Finance, ICT, Partnerships etc.). The day to day running of the Work Hub will need to be carried out by a community manager, appointed by Wimbletech. They would be responsible for arranging all bookings, managing the website, IT and office equipment and for general marketing. Wimbletech's proposals assume a level of collaboration with the Council in relation to security of the premises and in signposting business enquiries via the Customer Service Centre.

9. **Environmental Implications**

9.1 Providing local employment opportunities will enable people to work locally rather than commuting out to areas further afield, thereby providing environmental benefits.

10. **Community Safety Implications**

10.1 None specific.

11. **Customer Services Centre Implications**

11.1 The CSC will be briefed on the project once it is in place including dealing with requests for information on economic development and business advice.

12. **Communications and Website Implications**

12.1 The Work Hub will be actively marketed via the Communications team. A specific brand will need to be developed for the Rickmansworth Hub.

13. **Risk Management and Health & Safety Implications**

13.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

13.2 The subject of this report is covered by the Economic and Sustainable Development service plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

13.3 The following table gives the risks if the recommendation(s) are agreed, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
1	The level of take up and income generation for the Work Hub is below expectations.	III	D
2	Expenditure invested into the Work Hub is not recovered.	III	E

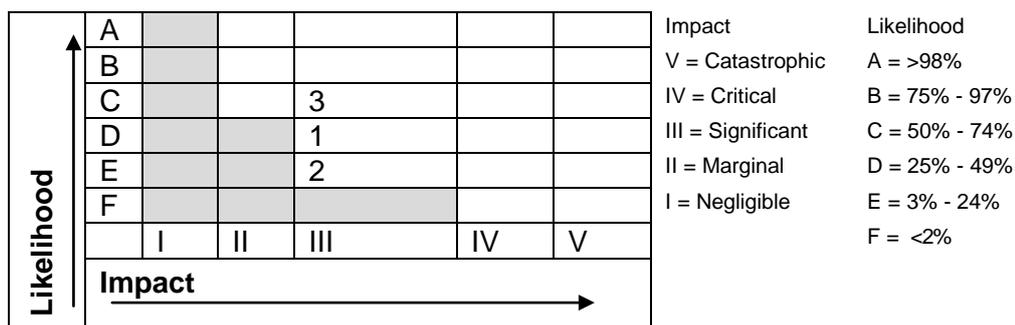
13.4 The following table gives the risks that would exist if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
3	The Council's objectives and targets in relation to economic development in the Strategic Plan would not be fully achieved.	III	C

13.5 Of the risks above the following are already included in service plans:

Description of Risk		Service Plan
1-3	The Council is committed to producing an economic development strategy.	Economic & Sustainable Development.

13.6 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.



13.7 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

14. Recommendation

14.1 That Policy and Resources Committee:

- Notes the contents of this report and the Wimbletech proposal
- Agrees in principle that that the Council moves forward to the next stages with Wimbletech in developing a suitable leasing arrangement and contract, defining the rental and income arrangements and agreeing a defined set of outputs, with a view to having a viable project in place by April 2016.

- Agrees that details of the final proposal be reported back to the Sustainable Development, Planning and Transport Committee on 10 March 2016.

Report prepared by: Renato Messere, Head of Economic & Sustainable Development.

Data Quality

Data sources: Not applicable.

Background Papers

Three Rivers Strategic Plan 2015-18.

Reports to Sustainable Development, Planning & Transport Committee 9 June 2015, 9 September 2015 and 10 November 2015.

Appendices

Appendix A- Proposal for a Community Work Hub Wimbletech CIC (December 2015).

Form A – Relevance Test -

Function/Service Being Assessed:

1. Populations served/affected:

√ Universal (service covering all residents)? Yes.

2. Is it relevant to the general duty? (see Q and A for definition of 'general duty')

Which of these three aspects does the function relate to (if any)?

√ 1 – Eliminating Discrimination

√ 2 – Promoting Equality of Opportunity

√ 3 – Promoting good relations

Is there any evidence or reason to believe that some groups could be differently affected?

√ No although the Work Hub would focus on helping people wishing to start up and expand their businesses.

3. What is the degree of relevance?

In your view, is the information you have on each category adequate to make a decision about relevance?

√ Yes

Are there any triggers for this review (for example is there any public concern that functions/services are being operated in a discriminatory manner?) If yes please indicate which:

√ No Not at present

4. Conclusion

On the basis of the relevance test would you say that there is evidence that a medium or high detrimental impact is likely? (See below for definition)

No

Note: if a medium or high detrimental impact has been identified then a full impact assessment must be undertaken using Form B.

Completed forms should be attached as an appendix to the relevant report and a copy sent to the Community Partnerships Unit in Corporate Development, Strategic Services.

Definition of Low, Medium or High detrimental impact.

For any one (or more) equality group the following evidence is found:

	<p>Evidence may come from one or more of the following sources:</p> <ul style="list-style-type: none"> • Local service data • Data from a similar authority (including their EIA) • Customer feedback • Stakeholder feedback • National or regional research
High Relevance	<p>There evidence shows a clear disparity between different sections of the community in one or more of:</p> <ul style="list-style-type: none"> • levels of service access; • quality of service received; or • outcomes of service.
Medium Relevance	<p>The evidence is unclear (or there is no evidence) if there is any disparity in terms of:</p> <ul style="list-style-type: none"> • levels of service access; • quality of service received; or • outcomes of service.
Low Relevance	<p>The evidence shows clearly there is no disparity in terms of:</p> <ul style="list-style-type: none"> • levels of service access; • quality of service received; or • outcomes of service.