CABINET

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APPENDIX 3

MAIDSTONE Workhub
viability and demand study

Commissioned by Maidstone Borough Council

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MAIDSTONE Workhub
viability and demand study

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THE BRIEF

Maidstone Borough Council appointed us to deliver viability and demand study to test the potential for an Enterprise Hub in Maidstone Town Centre. Following our appointment it was agreed that the term used (to distinguish the proposal from existing types of workspace) was workhub.

We were asked to provide context regarding managed workspace, the benefits to growing the local economy and national trends regarding changing working practices and its impact on the different types of workspace being provided across the country.

We were asked to provide the following:

1. Evidence of demand for a workhub in Maidstone including but not limited to:
    a) Map incidence of home working, self-employment and in the travel to work areas.
    b) ONS and Labour Force Survey data tracking changes and estimate home-based businesses across Maidstone Borough
    c) Compare rural and urban home working trends and data.
    d) Focus groups and surveys of residents and businesses on needs wants from the Hub, services and facilities expected likelihood of using it, willingness to pay for tariff thresholds for time-based memberships/licence/tenancy etc.

2. A critical assessment of the existing space available to start up, micro and small businesses in the local area including but not limited to, occupancy levels, rents and licences fees and whether the two identified properties will compete or meet unmet demand and be financially viable over the long term.

3. An evaluation of the Crown Post Office and Gateway buildings and the type of workspace space they would best support to meet the needs of start-up, micro and small businesses.

4. Evidence of the size and configuration of space required to meet the identified demand.

REPORT SUMMARY

- Survey and focus groups conducted for this study both showed **strong demand** for a workhub facility in Maidstone.
- Over 90% of businesses separately surveyed in detail online said they **would pay** to use a workhub (see Section 4)
- The amounts these businesses were **willing to pay** averaged out at £152.50 per month for use as a main workspace (daily use), £135 for flexible membership (use when you want), £67 for limited hours access and £309 for a small self-contained office inside the workhub
- On average businesses said they would **travel 10 miles/20 minutes** to use a workhub
- Analysis of the potential workhub catchment area shows 10.4% of the workforce is self-employed and home-based: a total of **9,339 businesses**. This is the core target market, with company directors based at home and other collaborative small businesses likely to add to this number
- Homeworking has **grown 34%** in Maidstone in ten years (between 2001 and 2011 censuses), self-employment has grown 30%. These are the fastest growing parts of the local workforce
- Of the two options put forward, the **former Post Office** was overwhelmingly preferred to the Gateway by local businesses (see Section 3)
- In our professional opinion, the Gateway should be discounted as a location for a workhub. The main reasons are **lack of appeal** to the target market (as evidenced in the focus group, see 3.2), **unusable space** (28% of the Gateway cannot be put to practical use) and the **location/design** (large corporate building in shopping centre next to Sports Direct)
- The former Post Office in contrast offers a significant opportunity to create a unique, affordable and appealing location for a workhub.
- Using the evidence gathered through our ONS workforce analysis, interviews with commercial property providers and agents, start-up data from various sources and our own demand survey and focus group, we believe there is a minimum potential demand for **438 people** to use a Maidstone workhub regularly within three years

Based on our judgement as workhub experts and backed up by the findings of our research, we believe demand in the Maidstone area is strong for a well-specified and managed workhub. We recommend that the **Former Post Office** be pursued as the chosen site.

1
CONTEXT: workhubs and changing working practices

In 2010 the term 'workhub' was created to describe a new form of workspace that was becoming increasingly commonplace across the UK. Workhubs were beginning to offer a different kind of workspace to traditional single occupancy units and managed workspaces.

Offering instead an 'office-when-needed', their business model appeared to be more akin to a workspace version of a gym, with members paying to use them when they wanted to rather than a more rigid system of hiring out or leasing desk spaces.

The Workhubs Network (www.workhubs.com) was established, following publication of a report into the phenomenon for the UK Government's Department for Communities and Local Government.

At a conference at BT's Business Showcase facility in the City of London, the Network was launched to support the growing number of independent workhub operators. The website workhubs.com also operates as a 'find your nearest workhub' search site for people wanting to use such a facility.
At the time, branding the concept as a workhub was described as 'somewhat like the people who build Fords, Minis, BMWs, Fiats and Peugeots coming up with the word car'. Workhubs were all branded completely differently to one another; there was no generic word to describe the type of workspace on offer, even though they each had a great deal in common.

1.1
The market

Demand for flexible workhub space has continued to be led by two phenomena: First, the ongoing growth in the UK of the number of people **working for themselves** and often doing so from home. Elsewhere in this report we report the UK workforce shift towards flexible ways of working. It is notable that (using data obtained from both the 2011 Census and Labour Force Surveys) this shift has been consistent in the last ten years in both good times and bad: the trend appears to be disconnected from the economic cycle.

In headline terms, for example, the shift has produced these realities in the UK workforce:

- Two thirds of homeworkers are self-employed
- The fastest growing section of the UK workforce is the self-employed homeworker
- Homeworking is around 50% higher in rural than urban areas
- Many parts of more rural Britain now have more than one-in-five workers using their home as their main workspace
- Even in urban areas, though proportions working from home or for themselves (or both) may be lower than rural places, numbers are big. For example more than half a million work mainly from home in London
- Homeworkers are more likely to be men (66%)
- More affluent areas have higher levels of homeworking than poorer areas. Kensington & Chelsea in central London is the capital's hotspot for home-based business for example.

These trends partly explain the growing number of workhubs in the UK. At this point in time most are reporting a predominantly micro-business clientele (rather than use by employees who would need their employer to approve and pay for such use).

A small caveat would be that many workhubs offer not just open plan drop-in workspace but self-contained offices too – a blend. In these cases the client mix will vary. Mainly these offices are used by other micros with staff who value being close to a more diverse freelance 'workfloor' and see an opportunity to collaborate and network.

Some report use of smaller offices by larger employers as a local base in a town or area where they do not have their own office. This is a potentially strong growth market for workhubs, perhaps as a precursor to selling more typical drop-in memberships to employers for their staff (larger organisations appear to be more open-plan averse and comfortable with privacy and self-contained units).

The second (and notably more recent) phenomena is the move by many **larger employers** to reduce their exposure to office costs and require their staff to work more frequently from home or flexibly with no fixed desk.

Whether this trend continues if/when the UK and world economy recovers remains to be seen. It is likely however that those who have found advantages moving away from the traditional one-desk-per-commuting-worker approach will continue to explore ways to use workspace more imaginatively.

So far the larger employers have appeared to only take a half-leap towards workhub working. Many have reduced their desk to staff ratios and allowed (if not embraced) homeworking: but they have, perhaps unwittingly, held back from embracing the concept. Some examples:

- Many employers have created the equivalent of workhubs for their own staff only
- Even where spaces have been created that serve more than one organisation, these have often been risk-averse (eg public sector agencies in the same area sharing space)
- Larger private sector employers have not, to the authors' knowledge, created/funded workhub spaces that are shared with other different large businesses
- Anecdotally, employees wanting to use local independent workhubs have often reported employer resistance on grounds of cost or IT security
- Workhubs set up to mainly cater form smaller private companies and the self-employed appear to have a dynamic and flexible culture that can (interestingly) be off-putting to larger employers considering where their staff can work

This apparent reluctance to engage with the dynamics of genuinely flexible workhub use begs some important questions for larger organisations:

- Is there a market advantage (in terms of lower costs and productivity) for those who let go of the workspace control button and enable their staff to choose the most appealing and productive environment in which to deliver their agreed outputs?
- Have larger organisations failed to make enough savings in their downsizing? Could sharing the cost of workhub-type space across a variety of different organisations make more sense for all?
- More radically why not forego the cost of setting up and partly running a workhub by paying staff to use such facilities (where available) and sharing space with micros and freelancers as well as employees of other large companies?
- Will there be a need longer term for organisations to physically own or manage an office or their own workhub space at all?

When these questions answer themselves in the future, the potential scale of the growing workhub sector will become apparent. See section on the horizon below.

What can safely be assumed is that, whatever the willingness of corporates to engage in the flexible workspace market and workhub sector, the ongoing growth of home-based 'free agent' working is likely to continue, driven by individual preference, cost-consciousness and above all rapid technology improvements (from fibre broadband to the cloud, 4G and facetime phone conferencing).

1.2 Workhubs and their users

When workhubs.com was first set up four years ago there were perhaps around 15 such facilities known to the Workhubs Network, as well as a large chain of Regus serviced offices, which were not regarded as quite the same thing (more geared up to mobile workers than local groups of regular users).

Currently there are at least 70 workhubs known to the Network, with many more in the pipeline. Some notable recent additions include:

- Club Workspace – a new chain of five London workhubs run by Workspace Group plc, with a further six already being set up
- The Toffee Factory – large workhub in Newcastle run by same group managing spaces in Leeds and Sheffield
- Central Working – new chain premises combining workhub and café facilities with plans to expand, with centres at Bloomsbury and Shoreditch
- Devon Workhubs Network – a chain of county council supported workhubs run independently in six towns in Devon
- Smart working centres in Northumberland – a chain of workhubs in market towns such as Wooler, Berwick and Hexham near the Scottish borders
- E-office in London's Soho – part of an international chain
- Google Campus – near Old Street station, London's 'silicon roundabout' has a workhub space
- The Workbox, Penzance – a workhub with views over Mounts Bay in Cornwall supported by the UK Government's Regional Growth Fund.

There are many more.

The impact of these workhubs on their users and local economies is not measured by those who run them – although this is surprising as such information would presumably help them demonstrate the value of membership to new customers and to potential funders in the public sector.

It is perhaps appropriate to consider, where a workhub is funded with public sector support, for output information (such as new jobs created/protected, turnover attributed to collaboration, contracting between members) to be required to be monitored and reported as part of the package. In Maidstone's case this will presumably be part of the agreement with Kent County Council.

Notably, when pioneering workhub Digital Peninsula Network in Cornwall was first funded by ERDF, it was required to measure the GDP and turnover impact on its members. As long ago as 2001 this small town workhub grew from 12 to 290 members and tracked in a 2005 survey of just 35 members a shared turnover (where members collaborated) of £1.23 million with £510,000 paid directly from members to each other).

1.3 Coworking

In many countries a term used to describe what we call workhubs in the UK is 'coworking spaces'. For those interested to search online for examples of workhubs and similar, this is a useful term to use.

However, it is important to note that there are some coworking purists who attach a particular emphasis to the *way* people work in these facilities. Coworking puts an emphasis on people working together, often using large worktops. The idea is to harness the collaborative power of freelancers and to help them avoid isolation.

Although many UK workhubs offer coworking and support it, many are careful not to restrict membership to those wanting to work this way. The 'option to cowork' is constant in workhubs, the requirement to do so perhaps less strong.

Coworking can also (if narrowly interpreted) restrict membership to a particular demographic. A typical coworking space is likely to feel like a place for creatives in their 20s and 30s. It may not feel right for other micros. Importantly, coworking spaces defined as such may be off-putting to employers wanting somewhere their staff can work effectively without distraction.

Internationally the biggest chain of affiliated workhubs is known as the Impact Hub Group. Workhubs in 46 cities all over the world have signed up for this brand, formerly simply known as The Hub. So there is, for example, an Impact Hub Milan, an Impact Hub San Francisco, and an Impact Hub Tel Aviv and so on.

These certainly offer coworking but generally do not limit their appeal this way. Workhubs Network, in researching this new sector, has found examples of spaces that have set out to restrict their membership failing (eg Bristol Hub which set out to be a coworking space for environmentally conscious or green micros).

Whatever the branding (and most coworking spaces/workhubs do not use these words in their title – unlike hotels and cafes), the sector is growing at a very high pace.

According to www.whiteboardmag.com **'coworking spaces** are sizzling hot: in the last year, the number in the world outright doubled, from 1,320 in February 2012 to 2,421.'

1.4
The market in the USA

In the USA coworking spaces are now commonplace in many cities. As in the UK, the sector remains dominated by independently owned venues. Some are targeted more at particular groups (typically creatives, the environmentally-conscious or community activists). But there is a genuine mix; with each space's identity defined more by its owners/managers and their preferred customers than by a franchise.

Paragraph in New York is an example of a space dedicated to writers. Thinkspace in Seattle is mainly used by the city's high-tech entrepreneurs and is close to the Microsoft headquarters. The Hera Hub in San Diego is a women-only workspace.

As with UK workhubs, names are often deliberately unlike what an office block or centre would traditionally use. So for example New Work City in New York, Strongbox West in Atlanta, Klever Dog in LA and Independents Hall in Philadelphia (in the building where the Declaration of Independence itself was debated and signed). A number of examples are listed at Hongkiat.com.

1.5
The market in Europe

According to www.coworkingeurope.net, there are now over 1,200 spaces in Europe that classify themselves this way. Some interesting examples include MOB (Makers of Barcelona), Deskowitz in Amsterdam, Reaktor in Warsaw and Betahaus in Berlin. In under five years, the total number outstripped the number of incubator and innovation centres in the continent.

1.6
The market in the UK

THE WORKBOX

The workhub we run ourselves in Penzance, Cornwall, was part funded by the Regional Growth Fund. It is a 250 m2 space taking up most of the fourth floor of a tower block overlooking Mounts Bay. Its rates vary from £35pcm for limited use to £75pcm for unlimited and £120pcm for reserved workspace. There are also four rentable offices of 12 m2, video conferencing facilities, a boardroom and full screen white wall for presentations and events. The space is managed by a community interest company dedicated to assisting people who want to work for themselves. Members vary across sectors ranging from specialist technology companies to deep sea wreck software engineers, marketing and translation freelancers, book-keepers, landscape gardeners and start up social enterprises working on food and education projects. See www.theworkbox.com.

This is relatively small space, which cannot deliver many facilities that larger town workhubs would seek to provide such as seminar rooms and a good range of associated offices. Interestingly, there is already a large waiting list for the three offices included, suggesting a demand for many more of these next to the open plan collaborative hub space.

CLUB WORKSPACE

The Workspace Group plc, a large company previously known for providing managed workspace and commercial office space in large cities, decided in 2011 to enter the workhub market with a number of sites dedicated to a brand called Club Workspace. There are five London venues already in operation, with a further six in the pipeline. The membership rates are simple - £200 a month for three days a week, £300 for use anytime and £400 for a reserved desk.
http://club.workspacegroup.co.uk/packages

Although similar to the well-known Regus model (which allows mobile workers to drop in to a chain of Regus centres across the UK and abroad), Club Workspace – as its name suggests - offers a more 'local club' feel to regular users. This is more akin to the workhub model offered by smaller independent operators (see workhubs.com for many examples).

Another model funded by larger financial backers (in contrast to independently run workhubs and those partly funded by public sector intervention) is the Central Working chain run by a former Virgin employee who has used venture capital to expand this new brand.

What these more traditionally-funded workhubs appear to be constrained by is their big city focus, with London dominating. Given the rapid establishment of independent centres in market towns and smaller cities, it is unclear whether the aspirations of the urban chains to spread across the UK will be realised.

One other reason is the reported preference of many workhub users for locally-controlled and distinct workhub premises. The core initial workhub user market (independent-minded freelancers and micro directors) may prove resistant to a chain type offer.

Two interesting analogies here may be the café and hotel changes seen in the UK. Workhubs may end up being more akin to independent cafes and boutique hotels than to Costa Coffee, Caffe Nero etc. Most likely is that there will be a mix of both models, a diverse workhub marketplace.

1.7
Social trends

As well as market-driven and workforce factors, there appears to be a social phenomenon working its way through the workspace world.

It may not be stretching a point too far to ask whether the now well-accepted revolution on the high street (long term decline of retail goods premises caused by online shopping) may be replicating itself in the workplace. Is homeworking (and the workhub sector that supports this by plugging the downside gaps in the homeworking) changing the workspace world? Are 'offices' becoming outmoded?

In many big cities this may seem fanciful. But even in London some large corporates such as BT have chosen to radically reduce their desk-based office provision, preferring to bring mobile staff in to meeting spaces (in-house workhubs) rather than expecting workers to be at their desk every day.

In towns and cities across the UK it is not only the high streets that may never return to their former role. The parts of these places set aside for offices are potentially going to go through a similar shock to the system.

In particular, it looks as though reported loss of demand for speculative out-of-town offices in many locations may be the product of something deeper than a temporary economic downturn.

Homeworking trends and its pros and cons are detailed elsewhere in their report. Perhaps, from a social trends perspective, other factors should usefully be considered in the context of predicting the **future place of work** for staff and small businesses.

Some examples to consider:

- Young people are learning to multi-task (use PC, device and watch TV/listen to music at the same time) – they expect instant diverse connectivity
- This lifestyle control, the ability to avoid time-wasting and 'down time' may make it harder to expect younger staff in the future to expect/enjoy a rigid 9-5 commuting approach to work
- 'All about me' – Facebook, twitter and other tools are encouraging a strong sense of self-importance. Could this feed into self-employment preference?
- Technology, particularly video conferencing (e.g. through apple facetime and improvements to skype) are making face-to-face meeting less essential
- The next phase of this advance could make hologram-based 3D group meetings more real than those of us who once watched Star Trek could have ever imagined
- Jobs for life are becoming less common, as are the perceived advantages of jobs over self-employment (security, large pensions, early retirement etc)
- Environmental concerns and resistance to time-wasting could cause an increasing revolt against the costs and hassle of paying for/fuelling separate premises and a non-productive commute between them each day
- Globalisation means working with and selling to/buying from people who we will not meet often if at all. If this is the case, why travel to a traditional office space to communicate with them?

These are merely questions for consideration. The answers are not known. But those who the possibility of these social trends changing the way people see workspace may be the ones taking the biggest risks.

1.8
Plugging the gaps

Workhubs do not aim to stop their users working from home much of the time. They enable them to do so more effectively. This makes workhubs very different from serviced office, business centre and innovation centre environments which (in the traditional business growth model) are a step up and away from homeworking towards staff-and-office-based growth.

Workhubs can make homeworking staff and businesses more effective by offering:

- a social alternative to daily isolation
- a professional place to meet clients
- a professional business address
- face-to-face collaboration/networking
- shared and therefore cheaper high-end equipment and fast broadband

By plugging these services into the gaps in the homeworking model, homeworkers can get the best of both worlds and do so cheaply. The contrast to paying for and travelling daily to an isolated small office is stark.

1.9
On the horizon

If current trends continue and the predictions made by authors of this report prove well-founded, what might the future hold for the workhub model in economies such as the UK, USA, SE Asia and various EU member states?

- A large and recognised workhub sector will be established with most cities and market towns having a facility that offers such services – potentially a number competing
- The growth in the use of the home as a main place of work, already typical for the self-employed, will become typical for many types of employee too. It is possible to envisage around a third of the whole workforce being home-based
- Many large employers will have downsized their office portfolio to offer workhub and event space for their staff rather than traditional desk and office based workspace
- A growing number of large employers will have moved further, forming partnerships with other employers to share the costs of workhubs
- Some employers will have gone the whole way towards treating their staff as self-managing in workspace terms, with an allowance to enable them to source their own workhub facilities to complement homeworking
- Some cities and towns will have workhubs that service a large number of employers
- Workhubs whose target market is the self-employed micro will continue to be one step ahead of those who seek only contracts with large employers. Some will be differentiating themselves from the employee-servicing model, to retain the entrepreneurial energy and atmosphere of workhubs
- Workhub passport type services will be widely available, enabling users to visit facilities in different towns and cities while on the move, even if these are run by a different company (a bit like the way you can get cash from a different bank's cashpoint machines using your card)
- There is potential for workhubs to help add demand for services to high streets that have lost much of their retail. Workhub users will still need lunch, cafes, haircuts and other services that are hard to buy online
- In rural areas, disused churches, pubs, libraries, schools and post offices will have been converted into workhub use – potentially with non-work community uses in the evenings and on weekends. This trend is already under way today (see for example The Old Church School in Frome, Somerset).

2
MAIDSTONE'S WORKFORCE: how people are working in 2013

2.1
Maidstone borough workforce, Census 2011

Maidstone's homeworking and self-employed workforce (the key market for workhubs) compares to other boroughs in Kent as follows...

TABLE 1
Boroughs in Kent ranked by numbers of people homeworking

Borough	Homeworking	% workforce	Self-employed	% workforce
Medway	10,421	8.23	16,985	13.41
Maidstone	**9,407**	**12.05**	**12,897**	**16.52**
Tunbridge Wells	8,215	14.35	11,304	19.75
Sevenoaks	7,850	14.01	11,395	20.34
Canterbury	7,759	11.82	10,934	16.66
Ashford	7,438	12.93	10,176	17.68
Tonbridge and Malling	7,052	11.75	9,885	16.48
Swale	6,759	10.76	9,800	15.60
Thanet	5,913	10.71	9,672	17.52
Shepway	5,413	11.21	8,141	16.86
Dover	5,295	10.51	8,042	15.96
Gravesham	4,075	8.55	7,012	14.72
Dartford	3,972	8.01	6,968	14.05

Source: ONS Census 2011. Homeworking are those who are 'working **mainly** at/from home'. The figures do not include those who work sometimes from home.

2.2
Trends towards 'free agent' working

The trends in homeworking and self-employment, tracked from the 2001 to the 2011 censuses show a significant shift in many parts of Kent.

TABLE 2
Boroughs in Kent ranked by growth in homeworking in last 10 years

Borough	Homeworking growth 2001 to 2011 (%)	Self-employed growth 2001 to 2011 (%)
Tunbridge Wells	41.44	29.29
Dover	37.03	35.41
Canterbury	36.22	30.03
Maidstone	**34.33**	**30.36**
Ashford	34.24	33.21
Tonbridge & Malling	33.51	33.17
Thanet	33.09	31.95
Swale	32.35	28.44
Sevenoaks	31.98	22.79
Dartford	30.49	44.15
Shepway	29.13	32.35
Medway	14.72	24.56
Gravesham	12.66	29.04
Kent overall	**33.89**	**23.85%**

Source: ONS Census 2011 and Census 2001. Homeworking are those who were 'working **mainly** at/from home'. The figures do not include those who work sometimes from home.

2.3
Catchment wards workforce analysis

Based on typical maximum distances travelled by regular workhub users in the UK, we have defined a full **catchment area** for a Maidstone workhub with an approximate six mile radius.

This would include people living/working in all wards in Maidstone borough and certain wards in the east of neighbouring Tonbridge and Malling, which are relatively close to Maidstone town centre.

In total this creates a **31 ward** catchment. This comprises….

Maidstone town wards
Bridge
East
Fant
High Street
North
Shepway North
South

Maidstone borough rural/suburban wards
Allington
Barming
Bearsted
Boughton, Monchelsea & Chart Sutton
Boxley
Coxheath and Hunton
Detling and Thurnham
Downswood and Otham
Harrietsham and Lenham
Headcorn
Heath
Leeds
Loose
Marden and Yalding
North Downs
Park Wood
Shepway North
Shepway South
Staplehurst
Sutton Valence and Langley

Wards in parts of Tonbridge and Malling
Aylesford
Ditton
East Malling
Kings Hill
Wateringbury

Our analysis of these wards is based on their total working population. Clearly some living at the furthest reaches of some of the 31 wards will be less inclined to use a Maidstone workhub than those living closer. But given there are no workhubs in Kent (of the type being proposed for Maidstone) and given that the proposed workhub will be branded as the lead workhub for all Kent, we consider the 31 ward workforce catchment to be an appropriate measure for potential demand.

2.4
Catchment area workforce statistics

Census 2011 data shows that in the 31 ward workhub catchment area (outlined above), the workforce profiles are as follows:

- **16.67%** are self-employed (**14,592** people)
- **10.39%** work mainly at/from home (**10,615** people)

Putting these ward figures into a geographical perspective shows how significant the local area's home-based enterprise sector is to those in work. See table below.

TABLE 3
Catchment area compared

Geographical area 2011	% workforce self-employed	% workforce working mainly at/from home
England & Wales	15.7%	10.7%
Kent	17.3%	11.9%
Workhub catchment area	**16.7%**	**10.4%***

Source: ONS Census 2011. Homeworking are those 'working **mainly** at/from home'. The figures do not include those who work sometimes from home. * Please note that released Census data gives self-employment at ward level but currently homeworking only at district level. We have estimated the catchment area homeworking level based on the Maidstone and Tonbridge and Malling 34% rise in homeworking, applied evenly to all wards.

TABLE 4
Workhub catchment wards ranked by self-employment

WARD	Self-employed	% of workforce
North Downs	362	30
Boughton Monchelsea and Chart Sutton	319	25
Headcorn	612	25
Marden and Yalding	929	25
Sutton Valence and Langley	321	24
Harrietsham and Lenham	585	22
Loose	248	22
Coxheath and Hunton	716	20
Staplehurst	593	20
Wateringbury	204	20
Leeds	233	19
Bearsted	688	18
Detling and Thurnham	285	18
Barming	174	18
Downswood and Otham	265	17
Aylesford	376	16
Kings Hill	615	16
Boxley	727	16
South	656	15
Shepway North	596	15
East	661	15
East Malling	320	14
Bridge	422	14
Shepway South	319	14
Ditton	320	14
Allington	410	13
High Street	626	13
Fant	653	13
Heath	393	13
North	641	13
Park Wood	323	12
Catchment Area Total	**14,592**	**16.7%**

Source: Census 2011. At ward level we have rounded up %s to nearest decimal point

TABLE 5
Workhub catchment wards ranked by homeworking

WARD	Homeworking estimates*	% of workforce
North Downs	303	19
Boughton Monchelsea and Chart Sutton	281	18
Staplehurst	533	15
Marden and Yalding	691	15
Headcorn	440	14
Leeds	198	14
Detling and Thurnham	260	14
Loose	186	14
Wateringbury	162	13
Barming	153	13
Bearsted	571	13
Sutton Valence and Langley	205	12
Aylesford	324	12
Harrietsham and Lenham	393	12
Allington	422	12
Coxheath and Hunton	498	12
Boxley	624	12
Ditton	285	11
Downswood and Otham	194	10
South	456	9
East	468	9
East Malling	230	9
Bridge	306	9
Shepway North	387	9
Shepway South	220	8
North	441	8
Fant	419	7
Heath	240	7
High Street	343	6
Kings Hill	229	5
Park Wood	151	5
Catchment Area Total	**10,651**	**10.4%**

Source: Census 2011 and Census 2001. Homeworking is 'mainly working at/from home'.
* Maidstone LA census numbers from 2011 census showed a 34% increase in homeworking between 2001 and 2011. Here we have applied this increase to ward data from 2001 to give ward estimates for 2011. The wards in Tonbridge & Malling (where homeworking also rose by 34%) are treated the same way.

2.5
Home-based businesses

Most homeworkers are self-employed. Most self-employed are homeworkers. We can also produce figures for the workhub catchment area that show those who are *both* homeworking and self-employed. This sub-group is smaller than the other two but highly significant in a workhub demand context.

Our numbers on what we call here 'home-based businesses' is based on commissioned data from the Office of National Statistics. We have detailed ward level data from the Census 2001 giving the incidence of those in work that are *both* mainly working at/from home and are self-employed.

We have also obtained the same data from subsequent ONS Labour Force Surveys (LFS) (to Q4 2012). Using this LFS data we have previously been able to project home-based business figures to wards to give up-to-date estimates (applying regional or county data, if sufficiently robust, down to ward level, to recalculate numbers from actual 2001 census data).

However we can now go one better. Data from the 2011 Census shows real homeworking by local authority boundary and (separately) real self-employment by ward. Using these figures, we can now apply LFS figures to these totals to give a more accurate estimate of home-based business numbers in each ward.

We would ideally want to obtain the 2011 census dataset supplied to us by ONS on the 2001 census (those who are *both* self-employed and homeworking). However this is not published by ONS. We have been told we can commission it, but not until next calendar year.

We have applied these Kent averages to the catchment area.

TABLE 6
Home-based business comparisons

Geographical area 2011	Home-based self-employed as % of total workforce*
UK	8.4 % (total number: 2,518,117)
Kent	10.1% (total number: 78,609)
Workhub catchment	**9.1% (total number: 9,339)**

Source: ONS.
Labour Force Survey (Q4 2012) proportions of self-employed working from home applied to Census 2011 data. 'Home based business' here means those both mainly working at/from home and self-employed.

The total number of 'home-based businesses' cannot be exactly counted because ONS does not track the incidence of home-based company directors (who are not 'self-employed'). Given that those running home-based limited companies (our surveys show there are many in this area) are not included in the self-employed figures, the proportion of the workforce running a business from home **including company directors** is going to be considerably more than 9.1%.

We can with confidence state that **well over one in ten** working people in the catchment area run a business from home.

TABLE 7
Workhub catchment wards ranked by % homeworkers self-employed

WARD	**Both homeworking and self-employed***	**% of All Workers**
North Downs	232	15
Boughton Monchelsea and Chart Sutton	204	13
Headcorn	392	13
Marden and Yalding	595	13
Sutton Valence and Langley	205	12
Harrietsham and Lenham	374	12
Loose	159	11
Coxheath and Hunton	458	11
Staplehurst	380	11
Wateringbury	131	11
Leeds	149	10
Bearsted	440	10
Detling and Thurnham	182	10
Barming	111	10
Downswood and Otham	170	9
Aylesford	241	9
Kings Hill	394	9
Boxley	465	9
South	420	9
Shepway North	381	8
East	423	8
East Malling	205	8
Bridge	270	8
Shepway South	204	8
Ditton	205	8
Allington	262	7
High Street	401	7
Fant	418	7
Heath	252	7
North	410	7
Park Wood	207	7
Catchment Area Total	**9,339**	**9.1%**

* Figures are derived from 2011 self-employed Census numbers in each ward, with the SE region's proportion of self-employed who work from home applied. This was 64% in LFS Q4 2011

2.6
Start-up businesses in the Maidstone area

There is no one single data source on business start-ups. We have considered a number of sources to make our own estimates for this report. One thing is clear: micro businesses dominate both the overall business numbers and new start-ups.

BIS data from *Business Population Estimates for the UK and Regions 2013* shows that nationally 63% of sector businesses are sole traders, 28% companies and 9% ordinary partnerships. According to this data, 75% cent of all private sector businesses do not employ anyone beside the business owner.

Interestingly this report also shows that much of the new business growth in the UK is among micros: 'As in previous years, the latest rise has been driven by the growth in the numbers of smaller, non-employing businesses – there were 127,000 more of these than at the start of 2013.'

Unregistered businesses accounted in 2013 for 56% of all private sector businesses. Unregistered in the BIS definition means 'businesses run by self-employed people that are not large enough to be VAT registered and do not have a PAYE scheme and therefore will not appear on the government business register'.

To get down to regional level, we need to refer to separate ONS data: its mid-year population estimates. Using this source we can see that, at the start of 2013 in the **South East region,** there were 453,055 unregistered businesses and 154,205 registered businesses. Again a domination by micros – who we believe are more likely to consider workhub membership.

Turning to start-ups specifically, we must first recognise that we will not be able to find figures ward by ward to fit our workhub catchment area. We can however source studies that give an estimate of start-up numbers in Maidstone as a borough.

Kent County Council's most recent analysis of business demography in 2011 was based on ONS's *Business Demography: Enterprise Births and Deaths.* It shows the number of businesses started in Maidstone that were both VAT and non-VAT registered but did employ staff on PAYE.

KCC's estimate of start-ups on this measure in Maidstone between 2004 and 2011 (including both high growth and recessionary periods) showed numbers ranging from 890 starts in 2004 down to a low point of 610 starts in 2009. The figures have been rising since then to **650 PAYE business starts in 2011** and (if general trends apply) are likely to be higher than this in 2013.

Another source is Bank Search Information Consultancy Ltd's recent analysis of small business start-ups produced in September 2013. This is based on data from local banks and includes a much wider range of businesses than the ONS data above. It includes sole traders (30% of Maidstone's total starts in the August 2013 sample).

The BSIC report shows 88 new starts in August 2013. Its moving average of starts in 2013 is not particularly out of kilter with data from the previous three years. The average between 2010 and 2013 is around 100 per month or **1,200 starts per year.** This is a much higher figure than the 650 above but this is not surprising as it includes non-PAYE businesses.

We do not believe there is a statistically reliable way to estimate the number of non-self-employed start-ups each year in Maidstone. BSIC estimates in its most recent report that 68% of starts were limited companies or partnerships (not sole traders). This would give us 816 non sole trader starts. But we have no way of knowing what proportion of these is working from home – probably a significant number.

2.7
Summary of relevance to Maidstone workhub

- The figures above show that there are **10,651** people who work from home, either for themselves or an employer, in the catchment area

- Of these **9,339** are self-employed homeworkers

- We estimate that at least a further 700 non-self-employed homeworkers are running a company from home

- In addition to these target groups we would also suggest that homeworking employees may be potential workhub customers (if their employers allow this and fund them to work this way)

- There is also additional potential demand for workhub occupancy from companies seeking to take an office space in a workhub environment

- And there is further potential for the workhub to offer corporate memberships to companies and organisations willing to pay for their staff to be workhub members in the open plan space

- Business start-ups in Maidstone area (including sole traders) average at around **1,200 start-ups** per year. But not all of these will be included in the figures above.

2.8
Potential customer base for the Maidstone workhub

Workhub users will be an ever-changing mix of home-based self-employed, homeworking company directors and employees, office-based self-employed and a range of small/medium businesses including start-ups. The core market is likely to be those who work from home, though the exact proportion will differ from location to location.

There is also potential for workhubs to be particularly appealing to start-ups who will value the lower cost of premises. In numerical terms, many start-ups are also likely to appear in the totals we have given for other categories of business (most start-ups are home-based according to BIS, for example). But we can use estimates for start-ups that are not sole traders to add a further market segment to the total.

Total Potential Workhub User Market
- 5,253 self-employed not homeworking in catchment
- **9,339 home-based self-employed in catchment**
- 1,312 homeworking employees in catchment
- **816 non sole-trader start-ups in Maidstone borough each year**

Using highly conservative conversion rates of 2.5% (of the homeworking and self-employed categories) and a higher 5% of non-sole trader start-ups, we would suggest that the workhub membership within three years should comfortably be able to exceed:

- 131 self-employed (not homeworking)
- 233 home-based self-employed
- 33 homeworking employees
- 41 start-ups (non-sole trader)

This gives a total of **438 workers** using the facility. These targets are of course strictly dependent on the workhub being well-equipped and well run.

3
FOCUS GROUP

MAIDSTONE WORKHUB EVENT
17 September 2013, Maidstone Town Hall

3.1
Overview

A total of 30 local business people attended this focus group event, which was held to explain the workhub concept, take those attending on a virtual tour of workhubs across the UK and enable them to find out about how others make workhubs work.

As part of the event we asked a series of questions to test the level and nature of demand for a possible workhub in Maidstone. The results and some key comments are summarised below.

The group was a good mix of self-employed and company directors, home-based and office-based and male/female. This enabled us to test the market for a local workhub across a good range of typical potential customers.

Taken in conjunction with our online survey results we are confident that this event has provided sufficient insight into demand to inform decisions by Maidstone Borough Council on the best way forward in terms of possible workhub delivery.

3.2
Choice of premises

We were able to discuss initial impressions among this group of the two main options the authority is currently considering: The Old Post Office and The Gateway.

It is important to note that, following an open discussion, not one business attending wanted the Gateway to be the location. There was, in contrast, considerable enthusiasm and even passion expressed for use of the Old Post Office.

This is not in itself sufficient reason to rule out The Gateway. However it is our professional judgement that such a marked lack of interest in the location could prove hard to overcome. Reasons to reject the Gateway given by those commenting included:

- Difficulty 'debranding' it from its well-known public sector service reputation especially given proximity to council headquarters.
- Too corporate – the wrong look for a more intimate club type space that appeals to micro businesses seeking an affordable workspace option. "It looks like a big business venue not a place designed for self-employed people"
- Large amount of space that cannot be used (lobbies and walkways). "I wouldn't want to pay more to cover the costs of all the escalators, lifts and empty space."
- Too 'public' a space to be a club – large glass frontage out of keeping with workhub concept
- Its two floors could split up collaborative hub space – not ideal
- "Right next to Sports Direct and attached to a multi-storey car park – it's just the wrong location for a place like this"
- General sense that the architecture and its umbilical link to the main car park would work better with other uses eg retail
- Wrong interior design, materials and furnishings. "Too cold and anonymous".

In essence the consensus was that it would be too big (and expensive) a challenge to try to turn a building designed externally and internally for completely different uses into a workhub.
In contrast the Post Office was seen as unique, unusual and – critically – a blank canvas allowing a workhub layout to be created from scratch.

3.3
The questions and summary of participant answers

1. What kind of facilities should a Workhub in Maidstone offer

Open plan drop-in workspace
86% liked

Professional meeting rooms
100% liked

Top quality broadband
100% liked

Bring your own device
95% liked

Plenty of comfortable (sofas etc) informal spaces
91% liked
"Bean bags"

Top quality coffee
86% liked
Cafes in town might not be helped
An independent business should provide this
And tea!

Self-contained private offices
73% liked this
As long as sound proofed

Professional printer/scanner/copier
100% liked this

Post and business address facility
73% liked this

Virtual office phone answering support
64% liked this
Cost could be an issue
Ability to have own line vital

Projector and screen for presentations
91% liked this

OTHER?
Parking nearby
Boardroom/meeting room
Evening space for socialising/bar

2. What kind of services?

Collaboration/networking events
95% liked
Key to bringing businesses together

Job/contract alerts
82% liked

IT support
59% liked
Costing could be issue – ideal for local members to provide

A local 'HQ' for business support
64% liked

Base for start-up businesses and those who support them
68% liked

Training/events tailored to members' needs
77% liked

Social events
59% liked
Yes but let members set up

Active website with members' area
86% liked

Email news, facebook, twitter updates
68% like

'Dragons Den' type Investor Events
55% liked
If demand

Mentoring and Expert Business Advice Surgery events
73% liked

Physical notice boards for events/news/business cards
95% liked

OTHER?
Business mentoring
Local student work experience
Affordable food/lunch
Binding/report preparation
Out of hours access

3. What kind of environment would make a Workhub in Maidstone popular?

A building of character, somewhere unique/unusual
86% liked
Post Office ideal

All-in-one space with easy access to all facilities on the same floor
68% liked

A typical modern office environment with all the things you expect from this
36% liked
No! We need something quirky

Designed for users to collaborate and connect with others easily
77% liked

Designed for privacy/security, mainly self-contained units
18% liked

Club atmosphere
68% liked

A mix – plenty of open networking space combined with some self-contained glass walled units nearby
82% liked

Formal and business-like, suits and smart clothes
18% liked
Many said no
Not too formal
A mix
No dress code welcome all

Casual, funky and cool
41% liked

No dress code, welcoming to all
77% liked
Otherwise no point having it
Apart from shorts!

Welcoming and friendly
95% liked

OTHER?
The more limits and guidelines you put in the less people use it and more policing required. Give users trust, they will respect it

4. If a Workhub with such facilities/services were set up here how might you use it?

Rent my own office there (if right size/price)
41% would do this

Main workspace, but use open plan area to work on a desktop
41% would do this

Join as a member, come in whenever I want
55% would do this

Join as a member, pay less per month for restricted access?
50% would do this

Wouldn't join, pay extra for day use or hire a room
5% would do this

Use as a meeting space of choice, somewhere to take clients and colleagues
73% would do this

A place to promote my business and network
91% would do this

OTHER?

Hold networking events here
Hire an advice space so members have constant access to support

5. How much do you think people like you would pay for these uses…

Rent my **own office** there (please specify number of people)
£325 average
Capacity required varied from 1 to 4 with space for 2 the most common requirement

Main workspace, but use open plan area to work on a desktop (monthly fee)
£153 average

Join as a member, **unlimited access** (monthly fee)
£106 average

Join as a member, pay less per month for **restricted access** (monthly fee)
£51 average
Average number of hours per month suggested: 27 hours (equivalent to around one day per week)

Day use only
£25 average

5. Overall do you think demand to use a well-equipped and managed Workhub in Maidstone would be (please tick one)…

Overwhelming	
Very strong	41%
Strong	18%
Positive	32%
Reasonable	5%
Uncertain	5%
Weak	
Non-existent	

Ratings above are self-explanatory. There were a number of comments made which qualified ratings. For example a call to ensure major promotion/open days etc to make the workhub work, plus a call for car parking costs to be tackled to make visits more appealing.

4
ONLINE SURVEY

The online survey was completed by 53 businesses. Compared to other areas we have done similar exercises, this is a good sample. It should be noted that home-based businesses are hard to reach and 'under the radar'. As the survey results show (see below) there was a good range of business types taking part in this survey and a large number of them are home-based.

For full figures see the summary in the appendix.

Nature of business: Respondents gave the following as their business:

Business plan writer
Training, consultancy
Masterplanning, Architecture and Interior Design
Clinical hypnotherapy. Health and Wellbeing
Investment Advisory
Mechanics
Facilities Management - Confectionery & Computer
Marketing and Communication
Charity - Careers advice and Guidance
Will Writing and Estate Planning
Expert witness in construction related disputes
Car and van rental
Construction and office refurb
Mobile Marketing Consultant
Renewable Energy and Mechanical Services
Software Development
Web design and online marketing
Accountancy
IT Trading Company
Serviced Office Space
Office Supplies
Banking
Project management and construction consultancy
Digital and print marketing - graphic and web design
Health and Social Care consultant
Photographic Retail
Education Consultant and Professional Development provider
Training and consultancy
First aid training to schools
Coaching/Mentoring/Training
Web design and development
Environmental consultant
Roofing & Property Maintenance
Marketing design, printing and web
Web design
Freelance photography and social media consultancy
Recruitment and HR Services
Fundraising
Business investments
Print Design and Multi Media
Digital Marketing and Design
Web and app design and programming
Construction Marketing and Business Development
Law firm
PR/Marketing/Communications/Events
Public Relations

Who do you work for?

Interestingly, a large 52% of the sample ran their own limited company, 31% were self-employed. Over 90% ran their own business. Usually in surveys of this kind the self-employed numbers are higher than the limited company directors. Coupled with the high proportion being based at home the survey suggests that a good number of home-based businesses in Maidstone are relatively mature (companies not freelancers).

Where are you based?

Two thirds of respondents (66%) are home-based, 24% have their own office and 10% are employees who commute. This is broadly in line with the demographic typical of workhubs. It shows a good range of respondents for the purpose of this report.

How many work for you?

Around 40% work for themselves. Again, this suggests a good number of single person limited companies – a strong market for workhubs. There were also over 40% with more than two staff (12% five or more).

Why do you work from home?

A range of typical answers were given to this question. Most related to wanting to avoid the cost of an office (66%), control of working hours (60%), making better use of travelling time (54%) and more energy efficient (46%).

Stay home-based or take premises?

Respondents were evenly split 50:50 on whether (if home-based now) they wished to continue working this way. Both answers work with workhub membership, but the 50% saying they would consider taking premises is a strong number, suggesting that workhub office premises might be an ideal first step for this group.

Have you used a workhub or similar?

Three quarters (75%) had not but a quarter (25%) had done so – probably mainly in London. This is a good finding as a number of local businesses have already seen such premises, making the concept more familiar.

Are you a member of any business networks?

Some 60% are members of groups, some of which may wish to use a workhub in Maidstone as a base. These included FSB, IoD, Maidstone South Business Association and one called Ladies that Latte!

How do they help you?

The answers given here were typically valuing the power of networking (100%), collaboration (73%) meeting like-minded businesses and informal business support and a chance to sell services to others (all around 68%). The high ratings given to a variety of activities in such groups again bodes well in terms of the appeal of a workhub, which would enable these things to take place more frequently and intensively.

What do you find difficult about homeworking?

The main downsides were listed as unprofessional meeting space (83%), isolation (57%), distractions (54%) and intrusion of family members (50%).

Maidstone workhub – what would you use it for?

The most popular answers here (for combination of regularly/occasionally) were:

- Informal meeting areas (97%)
- Networking events (95%)
- Café facility (89%)
- Bookable meeting rooms (89%)
- Find people to work with (88%)
- Use equipment there (83%)
- Get business support (83%).

There was also significant interest in services such as use as a registered office (55%) and virtual office phone answering (50%)

Detailed figures are in the appendix.

Maidstone workhub – anticipated engagement

Here the most in-demand use was as a full access member (30%), as a regular user but not daily (27%), as a limited hours user (27%) and daily as main workspace (7%). Well over 90% would pay to use it (less than 5% not at all).

Workhub options - likes/dislikes

The answers here are detailed in the appendix. Top likes included:

- Reception area/service (91%)
- Café (82%)
- Socialising (82%)
- Collaboration/networking (80%)
- Car parking (77%)
- Easy to reach without car (66%).

The renovated character building option scored 64%. Most disliked was formal dress code (52%) traditional office look (29%) and Business Park setting (29%). Clearly there was a mix of preferences and tastes here but the town centre character building scores were significantly higher than business park/traditional office scores.

Workhub monthly charges

The answers given to various levels of membership varied considerably, but interestingly averaged out at levels very similar to monthly costs charged by other workhubs

- To rent a small self-contained **office**, the average was £309
- For use as a **main workspace** (daily use) the average cost was £152.50
- For use flexibly (come **when you want**) the average cost was £135
- For use on a **limited hours** basis (restricted access) the average cost was £67
- For single **day access** the average cost was £15

How far would you travel to a workhub?

The averages given (which back our choice of catchment area wards) were 10 miles or 20 minutes.

5
WORKHUB OPTIONS: two potential sites assessed

As part of this study we were asked to assess the likely viability of two sites being considered for a workhub in Maidstone: the Gateway (currently a one stop shop for public services, with access from the main shopping street and multi-storey car park), and the former Post Office (also in the centre of town, a disused 1920s post and sorting office adjacent to the BT telephone exchange).

The two buildings are quite different.

The Gateway, recently constructed, is a large glass fronted modern space next to a Sports Direct branch, with a considerable amount of lobby space, an escalator and two floors of space that is currently used by a variety of services and council staff areas and meeting rooms. It would appear to be bigger than required as there is a move away from face-to-face meetings to online transactions. This building ideally needs a user that can plug easily into its interior layout and will benefit from high visibility and proximity to The Mall shopping centre.

The former **Post Office** is in a slightly more challenging position close to other empty or marginal retail spaces. However it has a great deal of charm (inside and out) and is clearly one of the towns's hidden gems which, if restored, could become a significant space with distinct style. This is a regeneration site, an opportunity to bring back into use a piece of Maidstone heritage and help increase footfall in this area.

The question for the purposes of this report is: would either or both of these buildings work as a workhub?

5.1
The Gateway

It is our professional opinion that The Gateway should be discounted from consideration as a workhub. In essence our reasons are:

- It has the wrong look – corporate and expensive. Workhub users across the UK clearly prefer intimate and unique environments which are very different to this
- It has a large amount of space that cannot be used productively (including its entire ground floor). This is at odds with how workhubs work – by monetising lobby/breakout areas with paid for membership
- Its layout is wrong for a workhub. Its two useable floors would reduce the collaborative hub space potential to a part of a third of the overall floor space
- It is in a purely shopping area and its entrance is dominated by Sports Direct signage. This is not an appealing location for a club-atmosphere private workhub space seeking to attract members
- Locally in the focus group there was no interest in it at all. We could discern no local demand for it and therefore would regard its choice as highly risky
- From an environmental and value for money perspective, it is hard to justify the works that would be needed to try to change its layout and its whole interior fit out given that the building was designed and constructed quite recently for a very different use to the workhub model.

Some of the detail behind this is considered below, where we have compared the site to the former Post Office.

With all our knowledge of workhubs across the UK and what their customers prefer, we cannot see this particular building having the right appeal. There is considerable risk therefore that its choice would prove to be a major mistake with insufficient income/demand to make it work.
We would not see the use of grant and/or subsidy towards creation of a workhub at this site as prudent, especially as the internal layout might well be better suited to alternative commercial uses.

We have not been commissioned to propose other uses here but would suggest that this is a **prime retail opportunity** with easy access to the multi-storey car park and large multiple nearby.

5.2
The Post Office

There are significant advantages to choosing this site for a workhub in our view. The factors that our local research shows would appeal to individual workhub members include:

- unique and unusual space with character, distinct branding and 'better than an office' interior design
- proximity to BT's exchange – potential for very high bandwidth and trialling of new technology on site
- co-location with a number of important business support organisations/projects who have already committed to taking space if the site is chosen
- the building's layout will easily enable large screen walls and other unusual features encouraging a special club atmosphere
- all space pays (reception/lobby area monetised - see box below on Making the lobby pay).

We would add to this that the building also fits well with the profile of other successful workhubs in similarly unusual reclaimed buildings in town and village centres. Examples of these (whose names reveal their former uses) include the Old Church School in Frome, The Glove Factory Studios in Holt and the larger Toffee Factory in Newcastle. Similarly renovated old open plan spaces are also typical in London workhubs such as The Hub at Kings Cross.

Making the lobby pay

It is important to understand one of the key differences between workhub use and workspace, whether managed/serviced of otherwise, with a large comfortable lobby/breakout area. In the latter, the space does not directly generate income. No-one directly pays to use the space to work. In contrast, workhubs create revenue from those who pay membership fees to use this space, which becomes the focus of the building. No more 'just passing through'.

This point also applies to hotels and large employers' offices. It is not uncommon in such buildings to find the most comfortable and appealing space in the entrance lobby area, shortly before being led through to relatively unappealing offices/rooms beyond or above. The difference with workhubs is that they make their most appealing space central to their business model and monetise its value.

At the Post Office there is potential for a large central floor offering such a space not only to members (to use as they please depending on their membership access status) but to those wanting offices that open out onto and are highly visible to this space. We suggest two categories of self-contained space around the open plan area:

- rented offices – for businesses and organisations that add value to the workhub offer
- bookable rooms – for a variety of one-off or regular uses.

The proposed layout of the Post Office allows for a variety of uses in both of the categories above. Here are some examples of the type of use made possible in the areas and self-contained units that surround the lobby/hub space:

- **concierge** (workhub staff on hand to help members – much more than just a reception, an information point and professional help)

- **business support** organisations taking office space (easy access to clients and members/potential members eg FSB)
- **grow-on space** (expanding members taking on staff and small office)
- **event spaces** (bookable rooms for private training sessions/business meetings) with full use of the open facilities outside the room
- **quiet space** (for members to make private phone calls if rooms are not booked or have business meetings)
- **coworking project spaces** (rooms where teams can work together on projects, sharing space/costs)
- **café/bar** (there is scope for a space for food/drink with either in-house or contracted provider)
- **business surgery** (bookable space for advisers, mentors, professionals to meet clients including non-members on a day pass basis).

Above all the Post Office space's layout would allow for a flexible use of these rooms which may take on different uses as the workhub becomes established. It will be the task of any workhub manager to assess the most sustainable revenue flows and choose an appropriate mix of normal rented workspace and bookable rooms for a variety of purposes.

The stated interest in key stakeholders such as FSB and the Chamber in taking units facing into this area is an indication of demand for this kind of modern workspace model. We also noted in the focus group that a number of private sector companies (lawyers, IT and business support) also saw particular advantage to being based in a workhub like this – access to new business and to the business buzz of such a space.

This in turn gives us comfort that the prices of space at The Post Office will be achievable. There is potential for tenants/licensees of the space to be prepared to pay a premium to be located within the hub (much as, say, a shop at an airport lounge would want to be near potential customers in the open plan area).

One model to benchmark bookable event rooms against is called The Hive in Manchester, where a variety of different organisations book rooms around a shared atrium where all can share lunch, coffee, sofas, wi-fi etc. Here in Maidstone it would make sense to provide a number of spaces that can be used on an ad hoc basis this way (as well as regular rented units). This will increase the buzz of the space and also bring footfall. Those attending events/training etc in the space will be encouraged to consider joining and returning.

5.3
Comparing the two possible workhub sites

On the following pages we have summarised the key cost and efficiency factors. These factors (alongside very poor focus group response and our extensive knowledge of the wider workhub market) have also guided our recommendation that the Gateway be ruled out as a workhub.

It cannot be ignored that the extra core comparable running costs of the Gateway in comparison with the Post Office (at least £250,000 per year for rent/rates/services, even more in early years) would be costs either passed onto workhub users and/or highly subsidised, making an already unpopular location for a workhub considerably more expensive to join and use.

We are also struck by the comparatively inefficient layout at the Gateway, where almost a third of the total floorspace cannot be used for workhub purposes but would have to be paid for.

THE GATEWAY		**Comments**
Delivery	Break clause October 2016, could open spring 2017	Local businesses expressed need to act quickly – could be considered too slow?
Rent	£287,600 pa (£16 psf)	Has not been assessed separately to Maidstone House. Excludes service charge. Understand may be negotiable
Available floor space	With atrium 17,976 ft2 Without atrium (usable space) 12,917 ft2. 10,839 ft2 could be let as self-contained offices	Only 72% of space useable – restricts flexibility to generate income
Capital development cost	Estimated £750,000 plus (reconfigure to make suitable for workhub). Unclear if this includes separate broadband	Much lower build costs than the Post Office – a clear advantage of the Gateway
Impact on Maidstone's overall office stock	Up to 10 additional new self-contained offices	Unlikely to undermine office demand in Maidstone – small numbers
Floorspace efficiency	Over 5,000 sq ft of unusable space	No income can be generated from ground floor/stairwells, reducing open plan working capacity. Lifts, escalator and fire exits further reduce useable space Hub space split over two floors which would reduce ease of collaboration
Business Rates	Payable £81,000 pa (RV £164,000)	Small offices within could attract small business rate relief – most at 100%
Use restrictions	Current conditions requiring no 'detriment' to Mall. No advertising/signs (except name) to street	Unclear what these may mean in practice – not ideal. But could presumably be renegotiated
Service charges	Around £36,000 pa (£2 per ft2)	Considerably higher than Post Office, would be passed on to members or could require subsidy
Overview	**Total fixed building running costs (rent, business rates, services) at least £400,000 pa**	**Unclear from demand evidence that membership levels would cover this level of cost. However capital costs of build out are much lower**

THE POST OFFICE		Comments
Delivery	Technically available now for development work to start	Could see a workhub delivered earlier than Gateway and enable early marketing as development undertaken
Rent	To be negotiated: Opening offer £35,000 pa (£2.20 psf) rising to £70,000 pa year four (£4.50 psf)	Year four rent is less than a quarter the rent at The Gateway – reducing costs that would be passed on by over £217,000 (over £250,000 in first year)
Available floorspace	12,000 ft2 all usable Includes 2,000 ft2 for anchor tenants on floors above	No 'dead' space unlike Gateway more cost efficient. Floors above hub space already contain lettable offices – anchor tenant potential
Capital development cost	Estimated at £1.5 million	Around £750,000 more than Gateway. However has additional regeneration value (disused building brought back into productive use)
Impact on Maidstone's overall stock of offices	Likely to be fewer than 10 *additional* units (upstairs units already available as part of local office stock)	The units inside the hub floor would have a very different appeal to existing offices in the town which do not offer extra workhub services
Floorspace efficiency	Lobby/'reception' area can generate income (workhubs members will pay to use this)	More efficient use of space than Gateway
Business rates	Remodelled £75,000 pa (RV £147,500)	Small offices within could attract small business rate relief – most at 100%. Not much different to Gateway though so this is not an comparative advantage
Use restrictions	No known restrictions	Potential to partner with adjacent BT telephone exchange
Service charges	Currently £7,900 pa	10% of cost at Gateway
Overview	**Total fixed building running costs (rent, business rates, services) £118,000 pa (rising to £153,000 pa)**	**Only 30-40% of the running costs of the Gateway. Therefore considerably cheaper for members and more likely to succeed. Set against higher capital costs**

Provided the space is well-designed and well-managed, we believe that micros and home-based businesses will take out membership of the workhub here in good numbers. If the workhub is to be the pilot facility for Kent, there will also be scope for widening the catchment area beyond the 6/7 miles radius we have applied in our analysis in Section 2.

There is also, as with any workhub, no significant planning constraint on conversion into larger offices should demand for hub use diminish or prove less strong than anticipated. B1 use will enable a flexible approach to space which could include fewer bigger offices or a reduction in open plan hub space if necessary. There is scope for this in a building of this size and layout, which should be seen as an important factor in any risk analysis.

Although not in the scope of this study, another long term risk-minimising option should demand for hub use be insufficient is the conversion of the floors above the main space to residential or to live/work uses. The National Planning Policy Framework has sufficient scope to make this possible if required.

This is a large space which will be able to cross subsidise affordable workhub membership (eg for start-ups) if take up of the anchor tenant offices on floors above and the hub-level units is strong. It will be essential to let these units – including self-contained spaces on the hub floor, to cover the overall costs of the workhub. These lets are critical to the income of the building.

In the next section we review current provision of offices in Maidstone and how a workhub would fit into this market.

6
CURRENT WORKSPACE: what works, what doesn't

We assessed the current market for micro businesses using existing literature (data provided by Maidstone BC), relevant local workspace provider websites, plus interviews and email surveys of a range of facility managers and commercial property agents.

Below we summarise what is on offer in a range of locations in the town (to compare with other town centre workspaces) and assess them in terms of their market relevance to the proposed workhub.

6.1
Feedback from local agents

Nick Threlfall of Watson & Day told us that the office market overall was struggling in Maidstone, "especially at the lower end of the quality market". He reported that Link House and Turkey Mill were coping with tough market conditions. The latter has good parking which he believed was important for larger office users.

He did not believe that there was anything like a standard 'market' price based on square footage currently: "Prices vary enormously between £5 psf and £30 psf" depending on a range of quality factors."

Turkey Mill was singled out by Nick Threlfall as an example of a higher quality site achieving better rental rates than many others. It does however benefit from out-of-town parking capacity, a factor that the proposed workhub will not be able to compete with on any scale. Given the difference between such sites and the in-town locations, we have here concentrated on how a workhub would differentiate itself from town centre traditional workspace.

Alison Owen of **Smiths Gore** reports that for old stock within buildings of 5,000-10,000 sq ft, the accommodation usually has to be let in smaller suites as there is no demand for offices of this age and size.

"Hence the lowest rents (for example in the office buildings along Pudding Lane) achieved have been £5 psf (often quoting rents in the region of £7.50 psf) although rents between £6.50 to £7.35 psf have also been agreed. Service charges will then apply on top.

"For 1980s and 1990s stock which has been refurbished (eg along King Street), space under 3,000 sq ft has achieved rents of £10-£11 psf. For larger space the rents fall down to around £8.50 - £9 psf.

"Good quality conversions in the town are limited, and the best example is probably Turkey Mill. For the larger spaces it has achieved rents in the region of £12-£13.50 psf. For space under 4,000 sq ft this has increased to around £14-15 psf."

Recent new builds are very limited, she reports. They have been quoting £19.50 psf, but with incentives agreed the net rent falls down to around £17.50 - £18 psf.

Below we give an overview of what some of the main office providers in Maidstone itself (as opposed to out-of-town locations) are providing. These tables show that most office blocks are dedicated to larger spaces than a workhub would provide. They also show how few office blocks are delivering workhub-type services as added extras. There is clearly a gap in the market for offices which do this in the town.

On this basis we would suggest that a workhub would fulfil unmet demands, differentiate itself from the current market and provide a unique collaboration centre for businesses in Maidstone all in one place.

6.2
Summary of typical B1 office buildings in Maidstone centre

Facility/service	**What/where**	**Our comments**
Office complex with similar sized units as proposed workhub	**Link House**, Knightrider Street, ME15 6LU Five two work-station offices One six work-station office One 'ten work-station' office One work-station costs £269.98 a month plus one off installation fee of £49.99	Full at present, showing demand for smaller units but these are all two person plus No hot-desking or workhub type facilities Costs are higher than workhub units as they are 'per workstation'
Incubation units	**Kent House,** Romney Place, ME16 6LH Incubator space for business from one plus Average 230 sq ft units	£760 per month average 1 office remaining to let at £357 pm
Larger office units than workhub will offer	**Miller House** - Lower Stone Street, ME15 6LN From 500 sq ft to 29,470 sq ft £5.95 per sq ft	No serviced office at present but possibly in the future
Larger office units than workhub will offer	**Springfield House** ME14 2LP A range of suite and room combinations to suit businesses from 271 sq ft upwards. Serviced office available From £5 per sq ft	
Mixed sized office units complex	**Romney Place** ME15 6LJ Individual offices for 1 or more people Prices from £225 - £1200 pcm	

6.3
Assessment of office complexes offering comparable services to a workhub

Workhub-type Service	Who provides this is Maidstone?
Membership based access	**Link House** - n/a **Kent House** - n/a **Miller House** - n/a **Springfield House -** n/a **Romney Place** - n/a
Business support/training services on site	**Link House** - n/a **Kent House** - n/a **Miller House** - n/a **Springfield House -** n/a **Romney Place** - n/a
Bookable meeting rooms?	**Link House** - yes **Kent House** - n/a **Miller House** - n/a **Springfield House -** n/a **Romney Place** - yes
Virtual office post or phone service?	**Link House** - P/A Secretarial support **Kent House** - Yes **Miller House** - n/a **Springfield House** - n/a
Incubation/start-up support	**Link House** - n/a **Kent House** - incubator **Miller House** - n/a **Springfield House -** n/a

Conclusions

6.4
Buildings offering similar sized offices

There is an oversupply of traditional larger offices in Maidstone. However the provision of smaller units of comparable size to the envisaged units in the workhub is much more limited. Most of the buildings we looked at had minimum office sizes larger than the spaces proposed within the workhub.

Those buildings that do offer smaller unit sizes in some instances report better take up. As previously stated costs per square foot vary a great deal and relate to a number of quality factors ranging from the design and feel of the building to location and car parking.

There is no evidence of a weak market for higher quality small offices.

6.5
Availability of typical workhub services/facilities

None of the office providers we reviewed are offering anything comparable to full workhub facilities. There are incubator units at Kent House, and some PA/secretarial services at Link House. But very few of the services we regard as typical of workhubs (and which our research shows are in strong demand in Maidstone) are currently offered.

This would suggest that the overall offer of an office space at a workhub in Maidstone will be tangibly different to the general office market in Maidstone. We believe that the services and added value of taking a workhub-based offer will put the workhub into the 'high quality' bracket. This will especially be the case if rents are set competitively.

6.6
Current state of the market

It was notable that Kent House, which has smaller serviced spaces, was almost full, suggesting that the market for smaller units with certain shared services may be stronger than traditional self-serviced larger premises.

Of those offering similar sized units in the town centre that we contacted, prices and availability were relatively higher than the proposed workhub office rents. For example each single workstation at Link House is around £270 pcm (£540 for two people and so on). In contrast a two person office at the Post Office if this were the workhub would be around £325 - £425 inclusive of business rates, insurance etc.

Car parking is an issue in the overall market, with some larger office users preferring sites out of the centre with easy access parking. But it is worth noting that Link House is in the centre and is busy. This suggests that higher quality spaces catering for smaller units can perform well in the centre.

6.7
Why current office space will not meet demand

The potential workhub users we surveyed and interviewed, in common with those in other parts of the UK, have different needs and preferences to traditional office-based companies with staff numbers sufficient to fill larger offices.

There is empty office stock in Maidstone – as in many towns. But part of the reason for this is that these spaces no longer appeal to micros and the kind of people who prefer to work mainly at home (the fastest growing part of Maidstone's workforce). In an era of cloud computing, facetime calls made from iphones and affordable broadband and computing which enable global business to be conducted on the move, the traditional fixed cost office space is declining in its appeal and will, we believe, continue to.

Workspace needs to be reconfigured to connect with how people work and live today. It has a great deal of catching up to do. This is where a workhub can plug the gaps in Maidstone's workspace offer.

Many work flexibly, often from home or on the move. Others are looking to downsize but want to retain some kind of 'hub' space for their staff rather than shift to a 100% home-based workforce. Some are simply concerned about costs and (in an era when mobile working is so much easier) do not want to spend a great deal on an office that does not appeal as a working environment.

Many of those we spoke to spoke of not only the isolation of working from home, but also the isolation of working in confined offices away from collaboration and networking opportunities.

The workhub model offers two main factors that differentiate it from normal office lets:

- lower cost/flexibility (pay only for what you use and when you use it)
- collaboration with other businesses (one space many businesses, easy to make connections).

In contrast, taking on an office for a minimum period at a price that cannot fluctuate, in a building where interaction between businesses is limited and shared facilities uninspiring, is less appealing to many in the local business community. Especially those embracing new ways of working.

6.8
Why the workhub model is different

The proposed workhub will be marketing a number of services/facilities that existing workspace providers in Maidstone do not offer. These include:

- open plan flexible workspace for members as well as tenants (freelancers, micros and mobile workers)
- drop in single visit/week pass workspace
- layout and facilities designed to maximise collaboration and networking between a wide variety of businesses
- onsite provision of advice and training services with their own rooms
- onsite seminar and event space.

However, here in Maidstone the workhub proposal is a **hybrid model**. What is not proposed (and rightly not) is a space that can only be used by members with no self-contained offices. (These are often known as coworking spaces).

Instead, learning from workhubs which combine both in one building (eg The Old Church School in Frome – a useful benchmark), the idea here is to appeal not only to micros but to established businesses wanting to take an office space in a building where micros and others are encouraged to collaborate and interact.

6.9
The cluster effect

At its best, a Maidstone workhub will be a centre for entrepreneurial activity, where businesses of all sizes team up to win contracts, learn from one another and of course buy services from each other: The beehive effect.

The effect of creating a single point of business collaboration can be (and usually is in other workhub locations), an increase in GDP and in inward investment. By offering the first workhub in Kent, Maidstone will be able to increase its appeal to particular types of business considering where to base themselves.

In contrast, no other office facility that we have found in Maidstone can offer anything remotely like this. The other buildings are offering inward looking private office space – suitable for many but not appealing to the businesses a workhub will appeal to.

In time a workhub in Maidstone could and should lead to greater demand for other offices nearby and for services (restaurants, cafes, stationers, printers etc) that wish to service the cluster. There are many examples of this effect in having centres/workhubs in areas that regenerate – for example the streets around Hastings Media Centre.

6.10
Incubators

There is some limited incubation space in Maidstone, at Kent House. However, as with many such facilities, this offer has rules that limit occupants to a maximum period of stay.

At a workhub a start-up can choose not to take an office but to take a membership. This reduces their costs which helps their business to succeed. But it also means they have an alternative to 100% home-based isolation. Importantly, most UK businesses are now started from home. Workhubs offer them a route into growth at lower cost than the incubator office model.

By offering a gradual and flexible route into office occupancy (for those seeking to take on staff in particular), a workhub could also increase demand for office lets in Maidstone.

It is important to note that in many workhubs in the UK, members who are otherwise home-based are often those who take up offices in the same complex later (wishing to retain a presence in a collaborative work building). But workhubs also enable the shift to be both ways (eg shifting from office to open plan membership if times are tight). This is reported in our study for the Government *Workhubs – smart workspace for the low carbon economy* 2010 (see section on Leeds Round Foundry).

7
HOW TO GO FORWARD
Making best use of the workhub space to meet identified demand

As previously outlined in section 6, we would suggest a core open plan hub area complemented with surrounding rooms with highly flexible use for both regular tenants and one-off hire out.

Overall the main elements of the building if it becomes a workhub should in our view be…

7.1
Public high street space

The street level entrance area provides an opportunity for those passing to come in and use the area. We suggest it should be considered for uses such as:

- gallery space (eg photography)
- pop up retail (eg temporary use by workhub members to sell services or products)
- community consultation.

The advantage of these uses and the way they vary is that visitors will be able to see the workhub in action operating behind on its large mezzanine floor. Workhub members will have their private space protected but people will effectively be able to see what is on offer (the equivalent to looking at a menu in the window of a restaurant)

7.2
Main open plan hub space

This is the space that should define the workhub, the main members' area used by those who join on a 'workspace when needed' basis and as break out space by those who rent the associated offices. The main features of this space we would recommend include:

- tastefully restored floor, walls and ceilings to reflect original use (the sorting office floor)
- a good amount of workbench space around pillars and near edges where space allows (for drop in use by members). High 'bar level' worktops and stools may prove popular
- large shared deskspaces that can become regular workstations for daily users (3/4 people per unit)
- plenty of sofas and snug areas with tables/chairs for informal meetings and browsing
- small self-contained pods where private calls can be made
- a large wall which can be used to project giant film loops and presentations to the whole room
- an attractive and welcoming concierge (equivalent to reception) area near the entrance
- a café/bar area with excellent quality coffee as a minimum.

7.3
Seminar space

There is a large space to the right hand side which can be used for seminars and related events. While these events are taking place, normal business can continue in the open plan hub space and in the self-contained offices. The open plan space can double as a breakout area. Those attending events here will see at first hand what the workhub offers, making this use of space an important marketing tool to bring new members into the workhub.

7.4
Discussion pods

If budget allows, it would be useful to install some small moveable pods where individuals can make private phone calls. These could be used by a variety of members and visitors. There are examples at Dublin's Digital Hub and Berwick Workspace.

7.5
Service rooms

A number of the offices around the open plan space could be set aside for organisations that provide services to the target workhub market of smaller businesses. These could range from FSB and Chamber (we understand they have both already expressed an intention to take such space) to accountants and lawyers.

There will also be scope for organisations such as HE/FE colleges to take a space as a satellite base where they can offer training to workhub users and potentially work experience space for students.

All of these providers could offer an open-door access to workhub users. The advantage of their presence would not only be for workhub members having access to what they offer. They themselves would be able to increase their memberships/client base.

7.6
Self-contained offices

Aside from the proposed anchor tenants in the existing office space floors above the Post Office ground floor, there is space for a good number of rented units to be taken up by those businesses (as evidenced in the surveys and focus groups) who would prefer their own secure space within the complex – rather than open plan working.

These can be provided flexibly, with glass partition walls that allow high visibility into the open plan hub space but also can be configured for smaller or larger office layout.

The advantage of such spaces is that they offer 'grow on' units for micros as well as satellite space for larger businesses wanting a presence in the workhub (or indeed in Maidstone itself).

7.7
Workbenches

We would advise including some higher worktops at stool level, around the edges of some walls and/or the pillars. These can be used easily by members bringing their own devices and wanting a space to work for short periods of time without a full desk. These have worked well at The Workbox, where the moveable high tables double as stand-up areas and can be used for events (eg for food/drinks).

7.8
Worktops

Some members may prefer to pay more for a reserved space where they can leave their own PC/Mac and be certain of a space they prefer. These workstations should not look too desk-like and can potentially be large enough to have 2/3 working on them this way, encouraging coworking and collaboration on specific projects. The key thing is to provide a range of worktop choices and to (wherever possible) have moveable furniture that can be adapted to suit demand.

7.9
Lockers and storage

It is critical that members can access secure storage space so they do not have to bring all their equipment in every time they visit. This facility can be include in some packages or charged as extra. Some workhubs (eg Electric Works in Sheffield) incorporate phone/device chargers inside lockers.

7.10
Host Area
More than a reception, this area should offer business concierge services – a place where the workhub staff operate and can help members and tenants with a wide variety of requests. There should be easy seating nearby, enabling users to spend time finding out what is on offer within the workhub and to be signposted to other businesses they may wish to collaborate with or provide/offer services to#

7.11
Lively collaboration/idea wall
There should be a space where users can write or post information. Many workhubs and coworking spaces now use glass walls or special white painted ideas walls that can be written upon and cleaned simply.

7.12
Café space
Whoever provides the café service, it should be excellent quality and should be close to the Host Area. The important aim here is to service the informal meetings taking place and to ensure members are not forced to leave the workhub to find a comfortable and appealing space for a meeting with a client/visitor (which often happens with traditional office spaces).

7.13
Informal meeting zones
These are one of the defining features of modern workhubs. Echoing modern cafes, boutique hotels, airport business lounges and lobbies, they offer sofa and comfortable chair areas where business meetings can take place without the background of piped music, drafts from doors opening, children etc. Again whatever the preferred furniture, it should not be remotely 'office' in style. And it should be moveable so that a two or four or six person zone (or mixture of these) can easily be provided. Some members may well choose to work from these spaces.

7.14
Full screen wall
We suggest that there is at least one large white wall with a powerful ceiling projector that offers whole workhub presentation screen for events and also informal film loops (eg forest, beach, mountains) to add to the wow factor that distinguishes the space from normal business centres/offices.

The advantage of this idea is that it is very cheap to provide and highly flexible. One option might be to have the main wall on the outside of the seminar space set up for this.

7.15
Open for ideas
The ideas above are based on what the Post Office floor space makes possible – and what works well elsewhere. However any well-run workhub will quickly adapt to what local demand determines is needed. A workhub should be able to scale up or down any of its services to suit users. If Maidstone businesses want more individual offices, more open plan worktops or more informal seating areas, the workhub should be designed from the outset to enable this.

/ends